DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES

HOUSE OF COMMONS

FIRST SESSION—FOURTEENTH PARLIAMENT

12-13 GEORGE V, 1922

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COMPRISING THE PERIOD FROM THE TWENTY-SECOND DAY OF MAY TO THE FIFTEENTH DAY OF JUNE, 1922, INCLUSIVE

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OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1922

CANADA

House of Commons Debates

OFFICIAL REPORT

Monday, May 22, 1922

The House met at three o'clock.

AGRICULTURE AND COLONIZATION

On motion of Hon. Mackenzie King the name of Mr. Bouchard was substituted for that of Mr. Stein on the Committee of Agriculture and Colonization, the Banking and Commerce Committee, and the Committee on Miscellaneous Private Bills.

GENOA CONFERENCE

Hon. W. L. MACKENZIE KING presented a return showing correspondence exchanged between the Government of Italy anad the Canadian Government with reference to the International Conference at Genoa, including Order in Council appointing delegates from Canada and instructions given to such delegates by the Canadian Government.

SOLDIER SETTLEMENT ACT AMENDMENT

Mr. JAMES MALCOLM (North Bruce) moved for leave to introduce Bill, No. 108, to amend the Soldier Settlement Act, 1919. He said:

Section 57 of the Soldier Settlement Act contains the following clause:

"From all sales and grants of land made by the board all mines and minerals shall be and shall be deemed to be reserved—"

And so on. This clause works an unintentional hardship on men located in the province of Ontario purchasing land and tendering the same to the board as security for the loans. Take an illustration from my own district. Tracy J. Anderson, a returned soldier, desires to continue his occupation of farming in his own county. He buys a farm, and conveys it in security for a loan to the Soldier Settlement Board. When he pays off his loan he finds that the title given him has a reservation as to mines and minerals, while the title he conveyed to the board, had no such reservation. This bill simply covers that point as follows:

Section 57 of the Soldier Settlement Act, 1919, Chapter 71 of the Statutes, of 1919 is amended by adding thereto the following proviso—

"Provided, however, that the provisions of this section shall only apply to sales or grants of ungranted land belonging to His Majesty in the right of the Dominion, or lands heretofore granted by His Majesty in the right aforesaid, in which His majesty reserves the mines or minerals and which lands are situated in the provinces of Manitoba, Saskatchewan or Alberta, or in the Northwest, or, the Yukon Territory, or are lands that have been transferred to His majesty in the right of the Dominion of Canada by the Government of the province of British Columbia."

The lands in Ontario which have a clear title when given to the Soldier Settlement Board as security should not come under this provision for reservation of minerals.

Motion agreed to and Bill read the first time.

BANKRUPTCY ACT AMENDMENT

Sir LOMER GOUIN (Minister of Justice) moved for leave to introduce Bill No. 107, to amend the Bankruptcy Act. He said: The Bankruptcy Act was first passed in 1919, amended in 1920, and brought into force by proclamation on the 1st of July of that year. It is based largely on the English act as revised and consolidated in 1914. Certain substantial alterations however were made in the English act to accommodate it to the different conditions existent in Canada.

The Dominion act has been in force, therefore, for less than two years. The period of its application has been one when business conditions have been adverse and insolvency more prevalent than is the case under normal conditions of trading. Furthermore, it is to be remembered that an act of this character, making substantial changes in the law governing the commercial life of the country, must result necessarily in some confusion and uncertainty in the early stages of its application. In these circumstances it is not surprising that some criticism has been forthcoming, but I venture to think that to make substantial changes in a highly technical

statue such as the Bankruptcy Act before it has been in force for two years would necessarily tend to increase rather than diminish the difficulties. For these reasons I consider it essential that the statute be allowed to remain substantially as it is for the present, with the object to consider its complete revision at the next or subsequent session of Parliament, if it should appear necessary. The amendments I propose therefore will not disturb the scheme of the act and are calculated merely (1) to enact an amendment in one instance where the statute does not afford adequate relief to creditors seeking to prevent the dissipation of insolvent traders' assets (section 2); (2) to dispose of certain doubts that have arisen as to the meaning of certain provisions of the act (sections 3 and 6); (3) to provide for the more expeditious and satisfactory administration of the act by the court, trustees and creditors (sections 4, 5, 7, 8 and 9).

I will explain shortly the amendments proposed to be made by this Bill.

Section 2: It is proposed by these provisions to enable creditors to apply for a receiving order against any debtor who gives notice to any of his creditors that he has suspended or that he is about to suspend payment of his debts, or who ceases to meet his liabilities as they become due. It has been found that a fraudulent debtor may stand off his creditors for a sufficiently long time to enable him to dissipate his assets. It is proposed by these provisions to enable creditors to take possession where the debtor has acknowledged that he suspends payment or ceases to pay his debts as they become due. Provisions similar to these are to be found in the Dominion Insolvency Act of 1875. By this means the delay required to obtain judgment and execution before proceedings can be taken under the Bankruptcy Act will be avoided.

Section 3. This amendment is intended merely to clear up a doubt that has arisen as to the effect of section 30, which provides to avoid general assignments of book debts.

Section 4. This amendment is to provide merely that the trustee when calling the first meeting of creditors shall supply them with a list of creditors and their addresses. A good deal of criticism against the statute depends upon the fact that in some cases the trustee, selected by the debtor, is able to control the situation because the creditors have not got together in advance and decided upon a course of concerted action.

[Mr. Malcolm.]

Section 5. This amendment is to require the trustee to verify the debtor's statement of affairs and make an inventory of his physical assets. Trustees frequently show a disposition to submit to the creditors the statement of affairs and inventory prepared by the debtor and accept no responsibility therefor.

Section 6. This section is intended to dispose of a doubt that exists in section 63 of the statute, which invests the provincial courts with jurisdiction. Under this section as it stands the view has been taken that federal courts are thereby established each of which has original jurisdiction in bankruptcy throughout Canada, consequently that a creditor, say in Manitoba, may apply to a court in Manitoba for a receiving order against a debtor carrying on business in Saskatchewan. By striking out the words which purport to constitute the provincial courts into federal courts the doubt which exists will be cleared away.

Section 7. This amendment is to repeal the provision of the statute which vests in one judge of each provincial court jurisdiction in bankruptcy, that judge being selected by the Minister of Justice. Inconvenience and delay have resulted from this provision and the expenses of proceedings greatly increased and it is proposed to repeal this provision with the result that all judges will have jurisdiction in bankruptcy as in any other matter, civil or criminal. At the same time, it might be desirable that the Chief Justice of each province assign especially, but not exclusively, to one or more judges of the said court, the administration of the Bankruptcy Act.

Section 8. Is simply to require registrars and other officers of the courts to account to the provincial authorities for fees collected by them under the Bankruptcy Act.

Section 9. Is to impose a penalty upon trustees for failure, without reasonable excuse, to observe and comply with the provisions of the act. It has been found in some cases that trustees have neglected to observe the provisions of the act, and section 96 is inadequate as it stands to compel such compliance since the penalties thereunder may be imposed only in case of fraud of the trustee. It is proposed to extend this penalty provision to cases where the trustee fails to comply with the act without reasonable excuse.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

LIQUOR IMPORTATION—SASKATCHEWAN

On the question being called:

1. Has the Legislature of the Province of Saskatchewan, or any person representing said Legislature, made representation, verbally or in writing, to the late Dominion Government, that could be properly construed as an effort to prevent the importation of alcoholic liquor into the Province of Saskatchewan for purpose of export to other Canadian Provinces?
2. If so, what was the nature of such representation?

Mr. MILLAR: Before this question is answered I would like to explain that a slight error has crept into it, probably a printer's error. This makes quite a material difference in the question, and I would therefore like to ask that it stand over until I have had a chance to correct it.

Question stands.

MR. W. F. O'CONNOR, K.C.

Mr. GORDON:

1. What sum was paid to W. F. O'Connor, K.C., for his services during the years 1919, 1920, and 1921?
2. Was any deduction made by the late Government, from Mr. O'Connor's retainer, while he was engaged in election operations in West Peterborough, in January and February, 1921?
3. If so, what were the amounts by which Mr. O'Connor's retaining fee was reduced?
4. Does he still claim an amount unpaid for his services?

Hon. Mr. COPP:

Department of Justice—

1. In 1919-20, $1814.49; 1920-21, nil; 1921-22, $8,000.

2 and 3. Mr. O'Connor's employment having terminated before the mentioned dates no deduction was necessary.

4. Mr. O'Connor has intimated that he will apply for a more equitable valuation of his services in connection with revision of the statutes.

Department of Trade and Commerce—

1. Fiscal year 1919-20, August 12 to March 31, $5,096.72; Fiscal year 1920-21, April 1 to June 30, $1,999.98; total, $7,096.70.
2. Mr. O'Connor resigned June 30, 1920.
3. Answered by 2.
4. No information.

Department of Secretary of State—

1. 1919 and 1920, nil; 1921, $1,500.
2. No information.
3. Answered by No. 2.
4. No information.

GRAND TRUNK; GRAND TRUNK PACIFIC FINANCES

Hon. Mr. STEWART (Lanark):

1. What is the total amount of the advances made by the Government to the Grand Trunk Railway Company of Canada since January 1, 1919?
2. What amount of capital expenditure has been made by the Grand Trunk Railway Company of Canada for each of the years 1919, 1920 and 1921?
3. What amount has been advanced by the Government to the Grand Trunk Pacific Railway Company since January 1st, 1919?
4. What amount since January 1, 1919, has the Grand Trunk Pacific Railway Company paid as interest upon securities of the Grand Trunk Pacific Company guaranteed by the Grand Trunk Railway Company of Canada?
5. Has the Grand Trunk Railway Company of Canada paid any sums since January 1, 1919, in respect of its guarantees upon Grand Trunk Pacific securities?

Hon. Mr. KENNEDY:

1.

——	1919	1920	1921	1922
		$ cts.	$ cts.	$ cts.
Under 1920-21 appropriation—				
Cash advances	.....	20,192,275 28	4,807,724 72	.....
Government guarantees	.....	25,000,000 00	.....	.....
Under 1921-22 appropriation—				
Cash advances	.....	.....	31,844,735 09	7,449,763 28
Government guarantees	.....	.....	25,000,000 00	.....
Settlement of liabilities to Government	.....	.....	16,857,419 33	.....
	.....	45,192,275 28	78,509,879 14	7,449,763 28

The company borrowed from the Government temporarily $593,733.33 in 1918, and $554,800.00 in 1919. These amounts have now been transferred into the 1921-22 appropriation and are included in the amount of $16,857,419.33.

The amounts above include $21,071,080 to meet Grand Trunk Pacific 1921 requirements (No. 5).

2. 1919, $725,442.84; 1920, $3,994,345.16; 1921, $24,765,040.21.

3. $35,958.095.83.

4. Nil.

5.

—	1919	1920	1921	1922
	$ cts.	$ cts.	$ cts.	$ cts.
Series "A", "B" and Lake Superior coupons.....	1,108,080 00	554,040 00	1,108,080 00	554,040 00
5% secured notes, interest.....	243,000 00	486,000 00	243,000 00	.....
5% " " principal.....	.....	.....	9,720,000 00	.....
Dominion Government Loan due 1919.....	.....	.....	10,000,000 00	.....
	1,351,080 00	1,040,040 00	21,071,080 00	554,040 00

CARTIER SQUARE, OTTAWA

Mr. GARLAND (Carleton):

1. Is the shed which was erected during the late war, on Cartier Square, Ottawa, by the Militia Department, still in use?

2. Is the Government aware that the City Council made strenuous protests against the building of this shed as its erection was a violation of the civil by-laws?

3. When does the Government intend to have this building removed?

Hon. Mr. GRAHAM:

1. Yes.

2. Yes, but it was necessary as a war measure.

3. This building is now being vacated by the Militia Department, and, as soon as empty, will be handed over to the Department of Public Works.

MOUNTED POLICE—SQUADRONS A AND B

Mr. GARLAND (Carleton):

1. How many officers of A squadron of the North West Mounted Police enlisted in the Canadian Expeditionary Forces during the late war, and saw service in France?

2. How many non-commissioned officers and men of the said squadron were so enlisted and saw such service?

3. What monetary loss was sustained by the said officers, non-commisioned officers and men, on account of the difference between their civil and military pay while on this service?

4. Is it the intention of the Government to reimburse such loss to the said officers, non-commissioned officers and men, as was done in other Government departments?

Hon. Mr. GRAHAM:

1. Twelve.

2. Two hundred and nine.

3. Officers, $3,874.86; non-commissioned officers and constables, $33,289.41; total $37,164.27.

4. Not known.

Mr. GARLAND (Carleton):

1. How many officers of B squadron of the North West Mounted Police enlisted in the Canadian Expeditionary Forces during the late war, and saw service in Siberia?

2. How many non-commissioned officers and men, of the said squadron, were so enlisted and saw such service?

3. What monetary loss was sustained by the said officers, non-commissioned officers and men on account of the difference between their civil and military pay while on this service?

4. Is it the intention of the Government to reimburse such loss to the said officers, non-commissioned officers and men, as was done in other Government departments?

Hon. Mr. GRAHAM:

1. Seven.

2. Thirty-six.

3. Officers, $3,654.98; non-commissioned officers and constables, $5,259.55; total, $8,914.53.

4. Not known.

CANADIAN NATIONAL RAILWAYS— RESTAURANTS AT RIVERS AND MELVILLE

Mr. SALES:

1. Are the railway restaurants at Rivers and Melville operated directly by the Canadian National Railways or indirectly by lease?

2. If by lease, to whom are they leased, for what period and for what amount?

3. Are they leased, furnished, free of taxes and with free light and fuel?

4. What control, if any, is there to insure the public of fair prices in connection with meals at these restaurants?

Hon. Mr. KENNEDY:

1. Operated under lease.

2. Leased to the Canada Railway News Company from year to year. The rent is included in general arrangement covering the operation of news service over entire system which is on a percentage basis.

3. The lessee supplies all equipment and furnishings and pays all taxes; the restaurants being located in the premises of the railway company, the latter supply light and fuel.

4. The railway company control prices through their local superintendents.

CANADIAN NATIONAL RAILWAYS—MAIL CONTRACTS

Mr. SPENCER:

1. Do the Canadian National Railways have the contracts to carry the mails when they run parallel with the Canadian Pacific Railway?

2. If not, why?

Hon. Mr. MURPHY: This inquiry is answered by the reply to Mr. McQuarrie's question, No. 3, April 10, 1922. See unrevised Hansard, page 859.

OTTAWA-PRESCOTT HIGHWAY

Mr. GARLAND (Carleton):

1. Is any portion of the Federal grant for Highways applicable to the planting of trees on the Provincial highway from Ottawa to Prescott?

2. Is the Government aware that hundreds of trees planted along this highway are dead?

3. If the Federal grant can legally be used for tree planting, will the Government insist that the contractor who supplied the trees be compelled to replace those which are dead?

Hon. Mr. KENNEDY:

1. Yes; where trees are considered necessary to protect the road surface from the effects of sun and storm.

2. Oak, maple, ash or elm trees to the number of 5,070 were purchased from local farmers at 25 cents per tree, and planted, 75 feet apart, on portions of the highway, aggregating thirty-six miles, where no natural protection had been afforded. In addition, some 2,000 pine trees, the cost of which was not charged to the highway, have been set out. All tree planting has been under the supervision of a provincial forester. It is estimated that possibly 500 trees have failed to survive transplanting; it is understood that these are to be replaced at once by the provincial Highways Department.

3. Answered by No. 2.

MILITIA COUNCIL

Mr. LANCTOT:

1. What was the total amount expended on salaries or otherwise, in connection with the Military Council, for the year ending March 31st, 1922?

2. Are the Minister and Deputy Minister of Militia ex-officio members of the Militia Council?

3. If so, do they receive any additional remuneration in this connection?

4. What do these additional salaries amount to?

5. What officers are members of the Militia Council?

5. Do these officers hold any other position?

7. If so, what are their respective salaries?

8. Are the sittings of the Militia Council fixed by regulation or statute, or are said sittings left to the discretion of the council?

Hon. Mr. GRAHAM:

1, 3 and 4. There is no expenditure in connection with the Militia Council, except in so far as the vice president is concerned. He is an officer of the permanent force seconded for duty in accordance with paragraph 4, sections 8, 9 and 10, Militia Pension Act, and is entitled as Vice President of the Militia Council to the pay fixed by pay regulations, i.e., $4,500 per annum.

2. Yes, the minister is the President and the deputy minister is the Vice President of Militia Council.

5, 6 and 7. Military Members: The Chief of the General Staff, the Quartermaster General, the Adjutant General and the Master General of the Ordnance, are the members of Militia Council. Their salaries are as follows: Chief of the General Staff, $8,000; Quartermaster General, $7,500; Adjutant General, $7,500; Master General of the Ordnance, $7,500. The position of Master General of the Ordnance has been abolished from 1st June, 1922. These officers are receiving no extra emoluments as members of Militia Council.

8. Sittings are left to the discretion of the minister.

WAR VESSELS AURORA, PATRIOT AND PATRICIA

Mr. ARTHURS:

What was the expenditure for 1921 on the cruiser Aurora and the two destroyers Patriot and Patricia (a) for repairs, (b) for maintenance, (c) for equipment and supplies, and (d) for pay and allowances?

Hon. Mr. GRAHAM:

	Aurora	Patriot	Patrician
	$	$	$
Pay and Allowances	346,856.44	90,126.66	83,153.38
Stores and Allowances ...	361,007.09	125,868.55	113,307.88
Medical Services	3,576.63	1,336.49	507.09
Martial Law...	299.91	—	—
Recruiting Expenses	492.34	98.12	—
Repairs	70,131.84	41,810.96	48,936.53
Miscellaneous Effective Services	17,264.15	2,035.81	2,366.74
Non-effective Pay	19,888.35	6.017.43	5,956.10
	819,516.75	267,294.02	254,227.72

HIGH COST OF COAL

Mr. CHURCH:

1. Is it the intention of the Government to hold an inquiry into the high cost of coal in Canada, to the small consumer, in view of the falling prices at the mines?

2. What action, if any, does the Government intend to take to regulate this commodity?

Hon. Mr. MACKENZIE KING:

1. An inquiry having been held last year into the matter of fuel by a special committee of the House, the Government does not deem it necessary to hold another inquiry at present.

2. Any action deemed advisable will be made known in due course.

POSTAL REVENUE

Mr. HUMPHREY:

1. What was the gross postal revenue of the Portage la Prairie Post Office for the year ending March 31st, 1922?
2. What was the gross postal revenue of the Prince Rupert Post Office for the year ending March 31st, 1922?
3. What was the gross postal revenue of the Nelson Post Office for the year ending March 31st, 1922?
4. What was the gross postal revenue of the Nanaimo Post Office for the year ending March 31st, 1922?

Hon. Mr. MURPHY:

1. $40,648.56.
2. $34,515.22.
3. $41,164.96.
4. $27,070.72.

CARRIAGE OF MAILS

Mr. SPENCER:

1. What is the total amount paid to the Canadian Pacific Railway Company in payment of contracts for carrying the mails on parallel lines with the Canadian Government Railways?
2. Is the Canadian Government Railway equipped for carrying said mail?
3. Is there any reason why the Government Railways could not handle these mail contracts satisfactorily?

Hon. Mr. MURPHY:

1. The question is so indefinitely worded that figures cannot be given.

2 and 3. See reply to Mr. McQuarrie's question No. 3, April 10, 1922. Unrevised Hansard, page 859.

GOVERNMENT RAILWAYS—DINING CAR SERVICE

Mr. SPENCER:

1. Is the cost of the dining car service on the Government Railways kept separately?
2. If so, was there a deficit in 1921, and how much?

Hon. Mr. KENNEDY:

1. Yes.
2. Yes; $176,394.22.

ROAD PROJECTS IN ONTARIO

Mr. WILSON:

1. What road projects have been submitted to the Department of Railways and Canals by the Ontario Department of Public Works?
2. What road projects have been approved by the Department of Railways and Canals?
3. What amounts of money have been paid to the Ontario Department of Public Works upon the approved road projects and the amount paid on each project?

Hon. Mr. KING (Kootenay):

1. Project No. 1, York county-Whitby; subsection A1, Pickering township.

Project No. 2, Whitby-Belleville.

Project No. 3, Belleville-Kingston.

[Mr. Mackenzie King.]

Project No. 4, Kingston-Brockville.

Project No. 5, Brockville-Prescott.

Project No. 6, Ottawa-Prescott.

Project No. 7, Hamilton-Stoney Creek.

Project No. 8, Stoney Creek-Queenston.

Project No. 9, Hamilton-Brantford.

Project No. 10, Brantford-Woodstock.

Project No. 11, Woodstock-Ingersoll.

Project No. 12, Ingersoll-London.

Project No. 13, St. Thomas-Windsor; section S, Aldborough township, section C, Sandwich W. and So. townships, subsection D1, Sandwich So. township.

Project No. 14, London-St. Thomas.

Project No. 15, Lambeth-Maidstone; subsection K1, Chatham township, subsection A1, Westminster township, subsection M1, Raleigh township.

Project No. 16, St. Thomas-Niagara Falls; subsection U1, North Cayuga township, section V, Canboro township, subsection Y1 and section Z, Crowland and Wainfleet, subsections BB1-CC, Thorold and Stamford townships.

Project No. 17, Jarvis-Hamilton.

Project No. 18, Clappison's Corners-Chatsworth; subsection L1, Guelph township, subsection No. 1, Puslinch township, subsection No. 2, Puslinch township, subsection Q1, East and West Flamboro township.

Project No. 20, Elginfield-Sarnia; subsection B1, Sarnia township.

Project No. 22, Hamilton-Kitchener, subsection B1, West Flamboro township, subsection D1, Beverly township, subsection F1, Dumfries township, section H, Waterloo township.

Project No. 23, London-Stratford.

Project No. 24, Stratford-Goderich; section B, Downie township, subsection C1, Ellice township.

Project No. 25, Dundas street (Toronto-Clappison's Corners).

Project No. 27, Toronto-Bradford.

Project No. 28, Bradford-Severn, section B, Gwillimbury township, section E, Barrie town and Oro township, section F, Oro and Vespra townships, subsection G1, Oro township, subsection G2, Oro township, subsection I1, Orillia township, subsection I2, Orillia township.

Project No. 31, Port Hope-Peterboro; section J, North Monoghan township, section K, North Monoghan and Peterboro city.

Project No. 33, Ottawa-Point Fortune.

Project No. 35, St. David's-Niagara Falls.

Project No. 36, Hamilton-Clappison's Corners.

Project No. 37, Port Credit-Cooksville.

Project No. 39, Belleville-Foxboro; subsection A1, Thurlow township.

2. Project No. 1, York County-Whitby; subsection A1, Pickering township.

Project No. 2, Whitby-Belleville.

Project No. 3, Belleville-Kingston.

Project No. 4, Kingston-Brockville.

Project No. 5, Brockville-Prescott.

Project No. 6, Ottawa-Prescott.

Project No. 7, Hamilton-Stoney Creek.

Project No. 8, Stoney Creek-Queenston.

Project No. 9, Hamilton-Brantford.

Project No. 10, Brantford-Woodstock.

Project No. 11, Woodstock-Ingersoll.

Project No. 12, Ingersoll-London.

Project No. 13, St. Thomas-Windsor; section S, Aldborough township.

Project No. 14, London-St. Thomas.

Project No. 15, Lambeth-Maidstone; subsection K1, Chatham township.

Project No. 16, St. Thomas-Niagara Falls; subsection U1, N. Cayuga township, subsection V, Canboro township.

Project No. 17, Jarvis-Hamilton.

Project No. 18, Clappison's Corners-Chatsworth; subsection L1, Guelph township, subsection N1, Puslinch township, subsection No. 2, Puslinch township.

Project No. 20, Elginfield-Sarnia; subsection B1, Sarnia township.

Project No. 23, London-Stratford.

Project No. 24, Stratford-Goderich; section B, Downie township, subsection C1, Ellice township.

Project No. 25, Dundas street (Toronto-Clappison's Corners).

Project No. 27, Toronto-Bradford.

Project No. 28, Bradford-Severn; section B, Gwillimbury township, section E, Barrie town-Oro Township, section F, Oro and Vespra townships, subsection G1, Oro township, subsection G2, Oro township, subsection I1, Orillia township, subsection I2, Orillia township.

Project No. 31, Port Hope-Peterboro; section J, North Monoghan township.

Project No. 33, Ottawa-Point Fortune.

3. Project No. 2, Whitby—Belleville	$ 183,382 65
Project No. 3, Belleville—Kingston	246,660 00
Project No. 4, Kingston—Brockville	257,524 43
Project No. 5, Brockville—Prescott	26,149 42
Project No. 6, Ottawa—Prescott	421,315 31
Project No. 7, Hamilton—Stoney Creek	33,169 22
Project No. 8, Stony Creek—Queenston	172,963 98
Project No. 9, Hamilton—Brantford	5,220 76
Project No. 10, Brantford—Woodstock	68,500 34
Project No. 12, Ingersoll—London	21,959 70
Project No. 23, London—Stratford	38,030 32
Project No. 25, Toronto—Clappison's Corners	1,874 94
Project No. 27, Toronto—Bradford	30,540 66
Project No. 33, Ottawa—Point Fortune	45,044 04
	$1,552,335 77

GRAND TRUNK RAILWAY EMPLOYEES—PENSION RIGHTS AND STATUS

Mr. J. W. KING (Huron) moved:

For a copy of all letters, telegrams, correspondence and other documents that have passed between the officials of the Grand Trunk Railway, the officials of the Brotherhood of Railway Trainmen, and the Order of Railway Conductors, and all agreements signed between the officials of the Grand Trunk Railway and officials of the Brotherhood of Railway Trainmen and the Order of Railway Conductors, regarding the strike on the Grand Trunk Railway System, of trainmen and yardmen, in 1910, and particularly the correspondence and agreements affecting the seniority rights of the men who worked during this strike.

Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, this is a pretty large order for which my hon. friend has moved. I am not sure that it is possible for the Government to get all the letters, telegrams, correspondence and other documents that have passed between the officials of the Grand Trunk railway and officials of the Brotherhood of Railway Trainmen and the Order of Railway Conductors relating to a strike that took place in 1910.

The Government, of course, has control of some of the correspondence; how much of it is in existence at the present day it is difficult to say. I fear, if all the correspondence were brought down, it would make a prodigious load. Perhaps my hon. friend would intimate more particularly what documents he desires, and it can be ascertained whether they can be brought down or not. I think he has one or two documents more particularly in mind, and if he will intimate just what he desires. the Government will endeavour to obtain them. I doubt, however, if it will be pos-

sible to obtain from the Grand Trunk officials all the correspondence that is asked for in this motion, and to have that brought down, at this session of Parliament, at any rate.

Mr. KING (Huron): I would be satisfied if the Prime Minister would bring down the two agreements that are in existence between Charles M. Hays, of the Grand Trunk Railway Company, and the trainmen.

Mr. MACKENZIE KING: Two agreements, my hon. friend says?

Mr. KING (Huron): Yes.

Mr. MACKENZIE KING: The Government will undertake to endeavour to obtain those agreements for my hon. friend. Will that satisfy him in regard to this motion?

Mr. KING (Huron): Yes.

Motion agreed to.

UNOPPOSED MOTIONS FOR PAPERS

Mr. NEILL:

For a copy of all letters, telegrams, correspondence and other documents exchanged between the Government of Canada and any other parties, relating to the appointment and residence in the County, of the Junior County Court Judge, for the County of Nanaimo, British Columbia.

Mr. NEILL:

For a copy of all letters, telegrams, correspondence and other documents exchanged between the Government of Canada and any other parties, relative to the claims of H. W. A. Page.

Mr. RAYMOND:

For a return showing the origin of all goods purchased by the Purchasing Commission, distinguishing such as are of Canadian manufacture from those of foreign origin, from the first of April, 1921, to date?

Mr. McQUARRIE:

For a copy of all letters, telegrams, correspondence, reports, and other documents, exchanged between the Government of Canada or any minister thereof, and the Government of British Columbia or any minister thereof, or received from any person, relative to the advisability of transferring the control or administration of the Canadian fisheries on the Pacific coast, to the Province of British Columbia.

INQUIRY FOR RETURN

On the Orders of the Day:

Mr. J. S. WOODSWORTH (Centre Winnipeg): Mr. Speaker, I should like to call attention to the fact that an order was passed by this House for a return covering copies of all letters, correspondence, etc., exchanged between the Minister of Labour or any member of his department and Alfred J. Andrews, in connection with the strike in Winnipeg, in the year 1919. About fifteen letters and telegrams only have been brought down, none prior to July 5, 1919, and all extending over a period from July 5, 1919, to May 26, 1920. It is simply incredible that, during that great strike and those long-drawn-out trials, only some fifteen letters and telegrams should have been exchanged. Have all the documents in the possession of the department been brought down, or have certain of these papers been destroyed? Any other alternative, I do not understand.

Hon. JAMES MURDOCK (Minister of Labour): Mr. Speaker, there were some other telegrams and letters marked "personal" or "private," which I showed to the hon. member for North Winnipeg (Mr. McMurray), and I asked him if it would be proper and necessary for the purposes that he had in mind, to make those telegrams or letters public. He suggested to me that such as were brought down would be entirely sufficient. But I shall be indeed glad to let my hon. friend see the entire file, including those to which I have just referred, if he desires to do so.

PRIME MINISTERS' CONFERENCE

On the Orders of the Day:

Mr. J. T. SHAW (West Calgary): Mr. Speaker, I should like to ask the Prime Minister if he would be prepared to fix a date for a full discussion by this Parliament of the report of the proceedings of the last Imperial Conference.

Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I think the subject is one of sufficient importance to have it fully discussed in the House, and the Government will be pleased to arrange a time; I cannot say, at the moment, just when.

COOLIE LABOUR ON BRITISH SHIPS

On the Orders of the Day:

Mr. J. S. WOODSWORTH (Centre Winnipeg): Mr. Speaker, according to the May number of the Official Journal of the Marine Engineers of Canada, I notice that British ships manned by coolie crews are engaged in coastwise port traffic on the Atlantic seaboard. In view of the discussion and the resolutions which were passed the other night in this House on the orien-

tal question, I should like to know if the Government will take steps to protect Canadian seamen against the unfair competition of coolie labour on board British ships engaged in coastwise trade.

Hon. ERNEST LAPOINTE (Minister of Marine and Fisheries): The matter has been engaging the attention of the Department of Marine and Fisheries, and steps are being taken to meet the views of my hon. friend.

SUPPLY

NAVAL SERVICE

The House again in Committee of Supply, Mr. Gordon in the Chair:

Naval Service—To provide for the maintenance of the Royal Canadian Navy, $1,500,000.

Mr. GARLAND (Bow River): I believe, a year ago last December, there was a balance of some $115,000 due from the New Brunswick Roller Mills in connection with the sale of the Niobe. Has that balance yet been paid?

Hon. GEORGE P. GRAHAM (Minister of the Naval Service): The situation is this. The Niobe and two submarines were sold for $135,000; $20,000 was paid and the balance remained. The Government took action against the purchasers to recover the balance due; but discovered, through the Justice Department, that there was not much to be realized, and that the best thing they could do, acting on the advice of that department was, as some say, to run to cover. As a result the department got back the Niobe, $5,000 in money, and the amount of costs. The Niobe was advertised for sale by auction recently and sold for some $41,000.

Mr. EULER: Has the money been paid?

Mr. GRAHAM: A cheque has been received for it.

Mr. CALDWELL: To whom was she sold?

Mr. GRAHAM: To an American firm, H. B. Hintner's Sons Co., I believe.

Mr. CALDWELL: What was the original cost of the Niobe?

Mr. GRAHAM: I cannot answer offhand; I will get that information and submit it later.

Mr. GARLAND (Bow River): I have that information available. The original cost was $1,200,000. Do I understand that the total amount received by the Government for the Niobe and two submarines was $60,000?

Mr. GRAHAM: It was $66,000 odd.

Mr. CHURCH: When the House adjourned the other evening I was discussing the naval policy, past and present, of the Liberal party in regard to Canada's contribution towards maritime freedom, and I shall conclude my remarks in, I trust, a very few minutes. The Prime Minister (Mr. Mackenzie King) intimated to the House that the policy of the party which he leads was, is now, and ever shall be, the provision of adequate support to the naval forces of the Empire. May I ask the hon. gentleman if he considers that a miserable contribution of 17 cents per head on the part of our people is Canada's conception of what she owes Great Britain for the maritime freedom that has always been afforded her? The Mother Country this year is spending $400,000,000 on naval defence, which works out at about $10 per head of her population. And, as I pointed out the other night, Australia is spending some £3,245,000, which, taking into account the exchange, represents between $16,000,000 and $17,000,000, or about $3.10 per head of the population of the Commonwealth. With a population of 9,000,000 in Canada, estimates are brought down in this House for $1,500,000; last year it was $2,500,000; this year it figures out at about 16¾ cents per head of population. Again I ask my hon. friend who leads the Government and Liberal party, is this his conception and the conception of the Liberal party of Canada's responsibility in the great patriotic question of maritime freedom? Was that the view of the late Hon. George W. Ross, the leader of the government party in the Senate in 1910-11? Or is it the conception of the Liberal party as laid down in their 1911 campaign literature in which they give one hundred and one reasons for maintaining an adequate fleet unit that would not only protect Canada's harbours and shores, but, in time of emergency, would, like the Australian fleet in the late war, render signal assistance in sweeping an enemy fleet from the Atlantic or Pacific or any other ocean? This policy which it is sought to be established is far from adequate. I say, on the shoulders of the Prime Minister and his Government rests the responsibility of upholding the honour and dignity of this country and of giving Canada maritime protection. The duty is their's, as long as they are there, to see to it that nothing shall be done which may hinder this Dominion from vindicating itself in case of peril. On their shoulders is the burden of the naval defence of Canada.

I contend that the fleet units should be kept up and be increased from year to year. At all events, nothing should be done, until after the next Imperial Conference, that might tend to its disintegration. It is true that a Disarmament Conference was recently held in Washington, the object of which was to reduce arms and create a naval holiday. But it will be remembered that Mr. Harding's policy, and that of the Republican party in the last American election, was one of opposition to the League of Nations. On every platform of the United States they voiced their opposition to the League, and although after their election public opinion forced that government to summon a new conference, the one recently held at the American capital, the American shipyards have nevertheless been kept busy. The conference at Washington declared a shipbuilding holiday, but so far as Canada is concerned there was no necessity for this: Canada has always enjoyed a maritime holiday. She has been content to sponge on the hard earnings of the British taxpayers, who have had to pay heavy taxes on sugar, bread, coffee, tea and all sorts of other necessities in order to maintain a navy to protect our shores. Now, while the conference at Washington recommends a curtailment in the building of capital ships of war, this does not prevent President Harding's administration from going on with the construction of a merchant marine. And after all is said and done, as I pointed out the other night, the merchant marine has always been the backbone of British maritime strength, from the days of Drake and Frobisher and Hawkins down to the present time. There is nothing in the recommendations of the Washington conference to prevent the people of the United States from launching a great shipbuilding policy and building as many merchant marine ships as they please. And they are doing so. You go down the New Haven and Hartford road, passing through all the towns from Boston to New York, and down the Atlantic seaboard, and at every seaport you will find shipbuilding plants, which were closed for some time—they were formerly war plants—but are, most of them, now busily engaged executing orders both from private individuals and from the government. The object is to supply a fleet of merchant ships that shall carry the American flag into the seven seas to secure trade for that country. They are spending millions of dollars in expanding the merchant marine, in the hope that eventually, notwithstanding the sentiments or the recommendations of the conference at Washington, they may out-distance the British merchant marine fleet, to which this Empire owes so much. I tell you, Mr. Speaker, that we are living in a fool's paradise, so far as that conference is concerned. The world has witnessed similar conferences before. Such conferences have been held at various times in the last hundred years; they were held in Gladstone's day; and they have always failed to a greater or less extent of their purpose. We need not, therefore, be over sanguine as to the efficacy of the latest assembly at Washington. Take the Genoa conference, again. What hopes can we entertain in respect of it when we think of the secret treaty between Germany and Russia. Russia to-day has a million and a quarter men mobilized and she is in a warlike mood. The conference at Genoa has virtually failed, and the outlook in Europe is far from reassuring to-day. As one leading French statesman said the other day, as reported in the various newspapers, war is as imminent to-day as it was immediately prior to August, 1914. I want to emphasize as strongly as I can the inadequacy of the present vote. I think the Government should at least retain the fleet unit they now have as it has been.

At the Naval College at Halifax there are forty cadets now undergoing training. In a couple of years' time they will have graduated, and what is to become of them then? What also of the forty who have graduated now on our fleet unit? What is to become of the college itself? I should like to see that college continued and the fleet unit maintained until another Imperial Conference is held at any rate. Talk about economy! We shall pay up in millions a little later for our folly in reducing this vote. It will prove to have been no economy at all.

Now perhaps the Government will inform the committee, with whom they consulted in framing their policy. Have they consulted the British Admiralty? Have they even consulted their own experts? If so, where are the written reports? Who is responsible for the recommendation to reduce the vote from $2,500,000 to $1,500,000? I do not see how it is that this is the only department—that of defence—that is singled out for a forty per cent or fifty per cent reduction. Is this an honourable policy? Is it, indeed, a justifiable policy?

Are we to go back a hundred and fifty years to a Crown colony status and be dependent on the army and navy of the Mother Country in time of trouble? Are we going to continue to sponge on the British taxpayer? If so, it is a most humiliating position for this country, especially in view of what Canada did in the great war.

New Zealand and Australia have coordinated their naval policies, and to-day they have real, effective navies instead of a few fish trawlers. Following the example of those dominions, I think it would be a good thing to ask the British Government to have Admiral of the Fleet, Lord Beatty, make a report on the naval defence of Canada so that it may be available for the next Imperial Conference.

I am very much disappointed with the policy of the Government because had they continued the policy of building up a fleet unit we would obtain some tangible results. It has been said that, as an Empire, we came into being by the sea, and that we cannot exist without the sea. The sea is His, and He made it. Great Britain, as we all know, is primarily a maritime nation, and I think it will be generally agreed that Canada, with her 6,000 miles of coast lines on the Atlantic and Pacific, should also be, and is to a great extent, a maritime nation. She leads in rowing, canoeing, yachting, fishing and lumbering, but what opportunities do the Government propose to give our young men who excel in aquatic sports and would make good sailors, to develop themselves as mariners so that in peace or war the country could rely on them to man its merchant marine and its navy and fleet units? The only opportunities are in the shape of a couple of weeks' drill in fire halls or armouries each year! I disagree absolutely with this policy, for it cannot possibly be of any use to us. I venture to say that those landlubber, three-weeks-trained young men, on their first ocean trip, would prove toy sailors, and get seasick, and many in that time would be unable to even swim a stroke. They would be quite unsuitable to man the magnificent fleet of our First Lord of the Admiralty.

Last week the hon. member for Assiniboia (Mr. Gould) said the next war would be fought in the heavens above. I do not agree with him; I think the next war will be fought in the earth beneath. But apparently Canada's First Lord of the Admiralty is under the impression that the next war will be fought among the fishes in the waters under the earth. This magnificent toy fleet of his, which is to be maintained at a cost of 17 cents per capita, will be a myth, so far as any effective defence for our shores goes: it may, however, keep a few fish in order.

The Prime Minister said that his Government was prepared to continue the naval policy of Sir Wilfrid Laurier of 1910. In that year the Liberal party moved the following amendment in the House of Commons to the naval resolution proposed by the Borden Government:

> This House regrets to learn the intention of the Government to indefinitely postpone the carrying out by Canada of a permanent naval policy.
>
> It is the opinion of this House that measures should be taken at the present session to give effect actively and speedily to the permanent naval policy embodied in the Naval Service Act of 1910 passed pursuant to the resolution unanimously approved by this House in March 1909.
>
> This House is further of the opinion that to increase the power and mobility of the Imperial navy by the addition by Canada under the above act of two fleet units, to be stationed on the Atlantic and Pacific coasts of Canada, respectively, rather than by a contribution of money or ships, is the policy best calculated to afford relief to the United Kingdom in respect to the burden of Imperial naval defence, and in the words of the Admiralty memorandum, to restore greater freedom to the movements of the British squadrons in every sea and directly promote the security of the Dominions; and that the Government of Canada should take such steps as shall lead to the accomplishment of this purpose as speedily as possible.

That could be done under the act of 1910. I am informed that it is the intention to construct three battleships under his bill. If hon. gentlemen or the government of the day wanted four or five, they could build them wherever they pleased under the act of 1910.

Further on he says:

> No disunion; the Admiralty and House of Commons all one in defence of the Empire; that is the position in which we should be to-day.

Again he says:

> Under the Laurier Act of 1910 provision was made for the training of men on board training ships, and in naval schools and colleges, so that the ships, as soon as constructed, would be prepared to go to sea and fill their place in the naval defence of Canada and the Empire as the case might be.

That was the policy of the Liberal party. In conclusion he states the principles of the Liberal party in the matter of naval defence as follows:

> It stands for the defence of the Empire, from Australia to the Pole. Not on the North sea alone, but on every sea where the British flag floats in time of danger.
>
> Secondly, we stand for as many battleships of the most modern type as are required; at any rate to the limit of our resources.

Thirdly, we stand for a permanent Canadian navy to guard our coast and trade routes and commerce with Great Britain, and all other nations at peace with the Empire.

Fourthly, we stand for the construction of a navy and shipyards, using for that purpose the product of Canadian industry and building it by the industry of our people.

Fifthly, we stand for the training of our own seamen in naval schools and colleges, and on board training ships, so that when our ships go out to sea they will represent Canadian blood and bone and flesh, and sentiment.

Sixthly, we stand for placing our ships at the disposal of the King in case of emergency, or at any time, at the expense of Canada, and not at the expense of the British taxpayer.

The leader of the Liberal party in the Senate argued in favour of contribution; and if ever there was a time when we should make a contribution, it is here and now. Canada owes it to the Mother Country and its magnificent fleet—that the awful horrors of war were not visited upon our own soil and that the war did not cost us many millions more than it did. Sir George Ross says further:

Our hearts, hopes and money to go with the ships wherever they are called to fight for the integrity of the Empire.

Seventhly, we stand for co-operation with His Majesty's dominions beyond the sea in forming one solid phalanx if need be, with all the powers they represent, in the defence of Britain for the peace of the world.

Eighthly, we stand for unity and defence if the emergency arises, and we do not propose to question the wisdom of the Admiralty as to how or where that emergency has arisen, or with whom or why we are called upon to fight for the Empire. If you can get any better foundation, I will go with you, and I will stand on a stronger platform than any own if you build me one. We want to be in the strongest position and we want to do that in perfect independence.

Where does the Liberal party stand today? By their seventeen-cent-a-head policy they have discarded the eight planks laid down by Sir George Ross which I have just read.

In conclusion, Mr. Chairman, I may say that the people of Canada are disappointed and humiliated by the attitude of the Government of the day. It has been stated that we are a nation; but notwithstanding the great part taken by Canada in the war, notwithstanding the status which we are supposed to have attained, in the matter of naval policy we are going back to the state of affairs which existed one hundred and fifty years ago—Canada—a so-called nation—is to continue to sponge on the British taxpayer and, through the action of the Government in this matter, is reverting to the position of a Crown colony.

[Mr. Church.]

Mr. H. C. HOCKEN (West Toronto): Mr. Chairman, I do not flatter myself that anything I can say will change the policy of the Government. At the same time, I think it is my duty to voice a protest against the reduction that has been made in the naval estimates. There can be no doubt whatever that the amount put in last year was the absolute minimum to be
4 p.m. of any service whatever, to be of any value in keeping a naval organization of some small degree of efficiency. The Government have thought it wise to reduce the appropriation to the point where practically no reasonable result can be obtained. Now, sir, if they were wiping out the naval appropriation altogether, there might at least be some ground of economy upon which they could argue; but what they have done is to make an appropriation for an expenditure of a million and a half which can produce no result whatever. Two or three trawlers out on the Pacific and two or three trawlers on the Atlantic, with a torpedo boat, is to be the naval establishment of this country for the next year. I do not believe, Sir, that this meets with the approval of the people of Canada. I know how anxious the people of this country are for economy; I am as keen as any member of the House to reduce the expenditure; but I think that at a time like this there should be some appreciation of our duty in the matter of providing for the defence of Canada and of showing a desire not to continue to lean entirely upon the navy of the Mother Country.

In discussing this question the other night the right hon. leader of the Opposition (Mr. Meighen) made a remark which indicated that, in his mind at least, the state of affairs existing throughout the world was not such as to justify our dispensing with the little degree of efficiency that we had in our naval service. I want to read to the committee the opinion of a man who ought to be a competent authority on that particular subject. When Right Hon. Lloyd George reached London yesterday he presented a picture of Europe which must make every man harbour a fear of the possibility of another outbreak on that continent; and if that is the case, surely it behooves us at a time like this not to wipe out the effectiveness and efficiency of the naval establishment that we have, but, if anything, to increase it. Mr. Lloyd George, referring to the Genoa Con-

ference and to the Hague Conference which is to be held, said:

> You must remember that a few weeks ago there were armies massing on frontiers extending over thousands of miles with every evident intention of marching against each other, and the whole centre of Europe was in a state of fear and trembling because they were expecting the march of these armies and a renewal of the terrible conflicts of the last few years. By the Genoa conference the march of these armies has been arrested, and I believe that an order will never be given for a single battalion to go forward.

Let me draw your attention, Mr. Chairman, to the fact that the march of these armies has been arrested for a period of eight months. That is all that any nation in Europe is committed to do; and if that was the state of affairs two months ago; if all they have been able to do by a conference of two months is to enter into an armistice or a truce for eight months, I think we must regard the situation as one of very great seriousness—certainly one which does not justify this country in destroying what little naval establishment we have.

I am not a militarist, Mr. Chairman, but I hope I am a self-respecting citizen of Canada who is prepared to do his part in defending his country; and I believe that is the attitude of the people of this country generally. For that reason I believe they will not be content with the appropriation which has been made, and the plans which have been outlined, for carrying on our small naval operations. It is not a question of economy, because I think I can convince the committee that more money is being expended in ways that are entirely unnecessary than has been cut off these estimates.

My hon. friends to the left, a short time ago, went down to the city of Quebec. I do not know who was the personal conductor of that expedition, but I understand the purpose of it was to convince those hon. members that an expenditure of a million and a half for improvements to Quebec harbour was a wise and necessary expenditure. Well, I was greatly interested upon their return from Quebec to hear one of these hon. members stand up and say he did not at all approve of extending the facilities there, because the existing facilities were sufficient to handle twice the amount of business that was done last year or that will be done this season. I point out there a wasteful expenditure of at least a million and a half of dollars on the harbour of Quebec. I have no objection to an expenditure of $5,000,000 on the harbour of Montreal, because I believe that additional facilities, especially for loading and unloading, are required there. I think that, perhaps, is an expenditure that can be justified and which is reasonable in its character, but why this House should spend a million and a half dollars on unnecessary work and cut a million and a half of dollars off the naval estimates is something I cannot understand and something, I think, which will not be justified by the people of this country. We must either make it plain that we are going to adopt efficient action, or else do nothing at all. It cannot be argued that this reduction has been made on the score of economy. I want to make my protest against wasteful expenditures of the kind alluded to and the cutting off of necessary expenditure such as we find here in this particular branch of the service. As my hon. friend from North Toronto (Mr. Church) said a few moments ago, there has been a large amount of money spent, and a very large organization created, in this country for the development of any naval talent, or desire for naval service, that may be latent in the youths of the country. That work has been accomplished by voluntary contributions and expenditure. In many points in Canada the Navy League is developing what talent or inclination there may be for naval service among our boys, and they hope to direct that talent or inclination to the service of the country. What inducement is there for them to go on and spend money collected from private sources on a service of that kind if we are going to cut out and destroy the naval establishment we have had in the past? I submit, the Government is making a great mistake; and they will be apprised of that in an unmistakable manner by the Canadian public when the time comes. I want to join my hon. friend from North Toronto in registering a protest against the destruction of the naval service of this Dominion.

Mr. J. H. MACKELVIE (Yale): I would like to ask the minister if he has fully taken into consideration the responsibility which, I think he must admit falls to some degree upon the Government with respect to the students who have taken a course in the naval college, and some of whom, perhaps, have put in two, if not three, years in that institution. These lads have selected the navy as their career; they certainly entered the institution with the idea that

they had a chance of securing the training that would fit them for commissions in the navy; and I cannot conceive how the Government can escape from a certain responsibility by reason of failure to realize these plans. I am acquainted with some of these young men—one belongs to my own constituency—bright lads who would be a credit to the navy. Yet they are now deprived of the careers upon which they had entered although they have spent two or three years studying at the naval college. In view of the time so spent I do not think they are in a position to enter a university from the naval college. The training they have received would be of service in a science course in the university, but I do not think it would be of material use in classics. I therefore want to ask the Government if they have fully taken into consideration any scheme whereby justice can be done to the lads referred to.

Hon. GEORGE P. GRAHAM (Minister of the Naval Service): The matter of the Royal Naval College at Esquimalt was one of the difficulties of the situation, which confronted the Government, and I am going to explain it frankly to the House. My hon. friend has asked me if any care or thought has been given to the students who are in course of training at the college or have graduated from it. Some of the students who have graduated have gone to other universities. The Naval Department made arrangements previously that students from the naval college could enter the universities either of Queen's, Toronto, or McGill before completing their second year. We are now endeavouring to ascertain if arrangements can be made with the universities so that those who have attained their second year in the naval college may be given matriculation standing in those institutions. As to the school itself it is a remarkable institution, there is no question about that, but for the last two years only four students each year have gone from it to finish their training in the Royal navy. Even if there had not been any change in the system no graduate would have gone this year from the naval college to the Royal navy, so that, so far as opportunities of service to the country from that college are concerned, they have come to an end, at least for some years. At the present time we have in the Royal navy some forty young men and Canada is paying for their training which will take some years to complete.

[Mr. MacKelvie (Yale).]

The Government intends, under its scheme, to allow those young officers to finish their training as was anticipated. The cost of that training alone for the coming year is estimated at $73,000. As I said before, no graduate from that naval college can find entry into the Royal navy for training; we have come to a blockade in that regard. I therefore ask the committee, in all fairness, of what use is it to the young man that he should be allowed to continue his naval course when at the end of the term of three years there would be no place to which he could go?—it would not be fair to him, and would not be fair to the country.

Now let me point out what the naval college is—and as I said before it is a wonderful school of training. The young men there are being trained ostensibly for a naval career, but that career, no matter what policy is adopted by Parliament, so far as the navy is concerned does not exist for the present. The committee can readily understand that while the British navy will probably retain all the officers we have there in training and for whom we are paying, there is no great career ahead in the Royal navy when that navy at the present time is dismissing its officers day by day and cutting down its staff. There are forty-two students at the naval college; but so far as conditions are concerned we cannot compare the present with the past. It will be found as the days go by that the taxation that may be imposed on the people of Canada is all that they can stand. I want to emphasize that: The taxation that the Canadian people will have to bear is all that they can stand; and wherever the country is not getting what it believes to be value for money expended, that expenditure ought to be dispensed with. Nobody can accuse me of not being in favour of such institutions as the naval college because I am. But if we are not going to get any value for the country, and if there is no career for the young men that we are sending to the naval college, why keep up this expense merely for sentiment?

Now, let me give a little statement as to conditions in connection with the Royal Naval College. The cost of that college is $175,000 per annum the number of cadets at present at the college is 42; and the cost of training each cadet for three years is $12,000.

Mr. CRERAR: The cost of training each cadet?

Mr. GRAHAM: The cost of training each cadet for three years is $12,000.

Mr. CRERAR: That is $4,000 a year?

Mr. GRAHAM: Yes, $4,000 a year. At the present time 25 graduates are serving in the Royal Canadian navy, and a number are undergoing further training in the Royal navy. The complement of the college is 12 officers and 41 instructors and 12 civilians, a total of 65. I will not say that number of officers, instructors and civilians in various employment are not necessary, because each branch has to be taught, and a man could instruct a hundred, perhaps, as easily as he could instruct two, but in this line of instruction 65 people are employed under pay to instruct 42 young men; that is, merely to finish their education so that they can go into the second year in the university, after this training as midshipmen. And the cost to each pupil is $12,000. In the face of the fact that there is no future for the boy, either here or abroad, for some years at least, should we continue that? Perhaps you will say that it is useful in that it trains the young men in other walks of life. But surely that is not part of the federal authority's duty. Education belongs to the provinces, and the reason for the institution of this naval college was that it might train boys for the naval service. When we consider that each graduate costs $12,000, and after the training they are only fit for a second year in a university, without any naval career ahead of them, I believe the country will agree that we ought for the time being to close down the naval college.

Mr. MacKELVIE: What the minister has said may be taken as an argument for the discontinuance of the college, as far as new pupils are concerned, but I still think he must recognize the fact that some obligation rests upon the Government regarding these lads who are there, who have entered in good faith, on the understanding that their training was to be completed. Did I understand the minister to say that the Royal Navy now refuses to take any further graduates in the school?

Mr. GRAHAM: No, I did not say that.

Mr. MacKELVIE: How is it that no career is open for them in the navy?

Mr. GRAHAM: The Royal navy does not need officers, and is dismissing officers every day at the rate of something like 2,000 I think. What young man would care to enter on that career? As a matter of fact, during the last two years, before that took place, only four went from the college to the Royal navy.

Mr. McKELVIE: I would like to have an answer from the minister with reference to the point I raised, as to whether he concedes that the government has any responsibility in connection with those lads who are already taking the course, having in good faith entered the institution.

Mr. GRAHAM: The boys who are just on the first year have not lost much, as their junior training would stand them in good stead anywhere. In the second place, we are endeavouring to get various universities to accept second year boys as matriculants, without examination. The third year boys come to the universities and are credited with the second year work.

Mr. GUTHRIE: They may go to the university if they are fortunate enough to have parents or friends sufficiently well off to finance them through their university career, but, if I understand aright, a number of those boys are not so situated, and a nice question arises as to what is to be done with the boy whose father is not able to give him a university career and who may have spent two or three years at the naval college, having gone there in good faith hoping to complete his education and enter the navy and make that his calling for a lifetime. A difficulty arises in connection with the cadets of the naval college, but I think, perhaps, a greater difficulty will arise in connection with those who have gone through the naval college. I was always under the impression that the British Admiralty had made an arrangement with the Government of Canada that they would accept a certain limited number of our naval college graduates each year. I do not know what the number was, but I think probably those who graduated from the college were entitled to a course in the British navy and to become fully equipped in every respect. Judging from what the minister has intimated to the committee to-day, I gather that this arrangement is still in force. There has been no intimation from the British government that it will not continue that practice and accept from Canada or the other Dominions such men as we may prepare and send forward. Of course, if we stop the college we certainly will not have any boys to send forward. But I do not think the trouble is with the British Admiralty. I doubt

if they would send any information to this country that in future they will not accept all the qualified cadets we are able to send them. I think there may be a greater difficulty in the case of the boy who has passed through the naval college and has entered upon his course of training in the Imperial fleet or, having qualified there, has taken a position in the Canadian navy. What is to be done with the officers on our own Canadian ships who went into Canadian naval service on the faith of an act of Parliament, went through the whole course of training, passed through the college, through the rank of midshipman, obtained rank as officers in the various units of our Canadian navy, or are holding positions in the British navy? Are you going to demobilize these men? Are you going to turn them adrift? And if so, upon what principle are you going to act? I have a communication here from the parents of some of these boys. The parent of one lad living in Guelph, where I reside, has also communicated with me on the subject of his son. His son, I think, in the coming month is to become a lieutenant? Of what? I assume he will be cast adrift. Another one writes as follows:

> We have say, 60, officers of the Royal Canadian Navy serving in our own ships and with the Imperials. Their service extends from one year to about twelve years. Before going to sea these officers put in three to four years of study to qualify; since 1910 at the Royal Naval College.
>
> If these officers are turned adrift now or urged to retire on the small gratuity offered, a great injustice will be done.
>
> The midshipmen who went to sea last year will of course be the least affected. Their training is such that they can enter the 2nd year at McGill in engineering and the break will not be severe, and they can more easily adapt themselves to some other line of work. Take, however, the officer who has put in five years or more at sea after his college course; it will take at least three years of hard work to fit him for some other work, and the officer who has served from the outset will find it will take him longer. It may well turn out that he will find it impossible to fit into something else. That will be his misfortune. All the country can do and what it ought to do is to start these officers towards any new calling they might choose.

Mr. GRAHAM: Where is he now?

Mr. GUTHRIE: I take it he is in the Canadian navy.

> Consideration should also be given for the money they have been compelled to put into the expensive uniforms of the service.
>
> I do not know exactly what England is doing but it is freely reported she is treating her officers generously. I have heard it stated that they are paying lieutenants £1,000 and allowances for uniforms.

[Mr. Guthrie.]

What are we doing with these Canadian officers in the British navy and those Canadian midshipman officers in our own Canadian navy? Certainly, it will be unjust, wrong in every sense of the word, to cast these men adrift. They will have to be taken care of; something substantial will have to be granted to them, not only for their disappointment, but for their actual outlay in payment of very expensive uniforms which they are bound to provide.

At this point, I should like to refer to one other matter. When this question was up for discussion in this House on Tuesday last, the Prime Minister (Mr. Mackenzie King), made some quotations from a report of, I think, the Public Accounts Committee of the British House of Commons, and the inference which has been drawn in some quarters from that quotation or a part of it, has been, I think, an entirely wrong one. A wrong impression has been created; and, as in the interval I have been able to make some inquiries, I want to place the result of those inquiries before the committee. The quotation to which I refer is to be found in unrevised Hansard at page 1951, and in part, it reads:

> What happened was that the domi[illegible]made requests for certain vessels which w[illegible]usually in their waters, were not required by the Admiralty for further use and probably to them had not much more than a scrap value, and the view of the Cabinet was that when a dominion made a request of that sort it should be acceded to.

Mr. MACKENZIE KING: The hon. gentleman is not quoting my words.

Mr. GUTHRIE: No, this is a quotation from the report of the proceedings of the Public Accounts Committee in England.

Mr. MACKENZIE KING: It is a quotation of a sworn statement by a witness before that committee.

Mr. GUTHRIE: That is the statement which, I think, has given a very improper impression. The impression seems to have gone abroad that the five ships which we have in Canada have nothing more than a scrap value; that they were amongst the ships which were in Canadian waters either during or after the war; and that they were ships referred to by this witness who appeared before the committee in the British Parliament and who said that they had only a scrap value to Great Britain. That statement is not in accordance with the facts at all. As a matter of fact, the five ships which we have are thoroughly mo-

dern, thoroughly well equipped, up-to-date in every way, and exactly suitable for the purpose to which we are putting them.

An hon. MEMBER: When were they built?

Mr. GUTHRIE: I will take the largest of them first. The Aurora is described as a light cruiser, adapted for coast, river and harbour defence. I assume that that is what we want particularly. She is an oil-burner, built in 1914, and her armament is as follows: Two six-inch guns; six four-inch guns; one four-inch anti-aircraft gun; eight torpedoes. She has a speed of 28.5 knots.

Mr. GRAHAM: I think she has exceeded that.

Mr. GUTHRIE: She has at present a complement of 19 officers and 307 men, the great majority of whom are Canadians. I think I am correct in saying that 13 officers and 230 or 235 men are Canadians, but I cannot establish the correctness of those figures by the latest reports. She is a very fast ship, and the minister, I think, intimated a moment ago that she had attained a greater speed than 28.5 knots an hour. She is particularly adapted for the work which we require in Canada. She is an excellent training ship, an excellent coast and harbour defence ship, modern in every respect.

Mr. MACKENZIE KING: Am I not right in understanding that that ship is of the Arethusa type? And if so, is it not true that she is the only ship of that type in active commission at the present time, and that other ships of that type are at present being scrapped?

Mr. GUTHRIE: I cannot give the information to my hon. friend, but I think he has been in his department long enough to get the information.

Mr. MACKENZIE KING: I think that is the fact.

Mr. GUTHRIE: The Aurora was not in Dominion waters either during or after the war, and she could not be one of the ships refrred to in the statement made by that witness before that committee. The ships in Dominion waters were the Sheerwater and the Algerine.

Mr. MACKENZIE KING: The statement said "usually" not "always".

Mr. GUTHRIE: The Aurora never was.

Mr. DUFF: That is right. She never was.

Mr. GUTHRIE: The hon. member for Lunenburg (Mr. Duff) says that I am right, and he probably knows.

Mr. DUFF: Right, for once.

Mr. GUTHRIE: Well, we agree for once. The two destroyers, the Patricia and the Patriot, are what are called sister ships. They are both oil-burners, built in 1916. Their armament is as follows: Three four-inch guns; one two pounder; five machine guns and four torpedoes. They have a speed of 35 knots an hour, and each of them a complement of five officers and 76 men, the majority on each ship being Canadians. Neither of these ships was ever in Canadian waters, either during or after the war. The two submarines are known as the C.H. 14, and the C.H. 15. They were built in October, 1918. They have each a complement of 3 officers and 18 men, nearly all of whom, I think, are Canadians. They are both thoroughly modern in every respect. These are the five ships which were transfered by the British navy to Canada within the last year or two, and which have been kept in commission since then by the Dominion of Canada. I am informed that the total expense in connection with the naval service, including the maintenance of these ships, is in round figures, only about $2,000,000 a year. The statement appeared this morning in one of the daily papers that $2,000,000 would cover the whole outlay, although $2,500,000 was the appropriation. I have not seen the returns and I cannot verify the figures. I know, however, what the maintenance was. To-day the Government submitted answers to the following questions:

What was the expenditure for 1921 on the cruiser Aurora and the two destroyers Patriot and Patricia, (a) for repairs, (b) for maintenance, (c) for equipment and supplies, and (d) for pay and allowances?

The answer was that the total under all these heads for the Aurora was $819,516; for the Patriot, $267,294; and for the Patricia, $254,227; a grand total, on the three ships, of $1,541,037. No question was asked in regard to the two submarines, and no answer was given in respect of them; but I would imagine that the expenditure in regard to the submarines would be much less than in regard to the other three ships.

The proposal now is to take that cruiser and practically tie her up, to disband her crew. You cannot keep a crew on a ship tied up to a dock. The alternative would

be to return her to Great Britain, and I think that was the intention of the Government when the estimate was first laid before the House. I assume, however, that this fine ship is to be tied up to a dock. Some kind of a crew will have to be kept on her; but whether she has a crew or not, she is going to deteriorate very rapidly. The two destroyers, these long knife-like ships, which are not adapted for training purposes, are to be kept as training ships.

Mr. MARTELL: Does the hon. member speak of the Niobe and the Rainbow in the same way?

Mr. GUTHRIE: As training ships the Niobe and Rainbow were excellent. But they are not like the destroyers of modern times, which are in no sense of the word training ships, and which have never been used as such. They are not used except for the special purposes for which they are designed.

Mr. MACKENZIE KING: What was the purpose of the government in acquiring them?

Mr. GUTHRIE: They were acquired as destroyers, as complementary ships to the cruisers.

Mr. MACKENZIE KING: What were they going to destroy?

Mr. GUTHRIE: A man has to be trained for work on destroyers as well as on other ships.

Mr. GRAHAM: Then they are training ships?

Mr. GUTHRIE: They form part of the auxiliary craft which accompany the cruiser, and certainly you must have some trained men upon such craft. But I would ask the Prime Minister (Mr. Mackenzie King) to consult his own naval department. If he does so he will ascertain to what extent destroyers are used as training ships. The Aurora is splendidly adapted for the purposes of a training ship, while destroyers are ill adapted. They may be used as a makeshift, and that is evidently the object in view in this case. This good ship, however, is to be tied up at a dock and left to deteriorate.

Mr. CRERAR: Would the hon. member suggest that the cruiser should be used for training purposes and the destroyers tied up?

Mr. GUTHRIE: I suggest that the Government continue to keep them all in commission. It is poor economy to allow these vessels to deteriorate under the circumstances, when a real benefit would accrue from maintaining them in the modest way in which they have been maintained in the past. Now what is to happen to the submarines? They are to be tied up at the docks, I suppose. Any one who inquires into the matter will discover that a submarine tied to the dock rapidly depreciates. A submarine has certain delicate gas, electric and other machinery which has to be operated occasionally to be kept in trim. If allowed to stand idle, without being occasionally submerged and tested, the machinery gets out of order, and after a very protracted period of disuse the vessel becomes absolutely useless. I have brought these matters to the attention of the committee only because I felt, since the debate in the House last Tuesday, that probably a wrong impression had gone abroad about these ships. I believe they are suitable in every way for the purposes for which they were procured.

I should like to know what was the entire cost of the naval service last year. If, as has been suggested by a morning paper in this city to-day, the whole expenditure last year was only two million dollars or thereabouts, surely my hon. friend (Mr. Graham) could manage to keep the service going for another year without any great strain upon the treasury. There are undoubtedly other avenues and other departments in which we could lop off half a million dollars in order to maintain this service. I make an appeal to the minister. I do not suppose it will have any effect, but I appeal to him that in his treatment of the men whom he is going to let out, these young men who have been trained and are now qualified and ready for lieutenancies or higher ranks, he will make sure that they are not cast adrift. I hope he will accord them very generous treatment. They have gone into the naval service with the best of intentions. The naval course is hard and exacting and they have gone through with it successfully and now that they are qualified for lieutenant's rank, are they suddenly to be told, "You can cut loose, we are done with you"? They should certainly be generously treated, and I appeal to the minister accordingly.

Mr. DUFF: I want to say a word in answer to the member for South Wellington (Mr. Guthrie). I am glad, and I am sure the committee is glad, to get the

information from him with regard to the different ships he has mentioned. I presume he took the matter up last year when he was over in London. He had a very nice trip, having visited France and other places, at a cost to this country of $9,180, and I take it for granted that he got the information over there. Now, he is not quite right in saying that the Aurora is a modern ship. She is eight years of age, and it is a well known fact that when a cruiser or a man-of-war reaches the age of five she is considered obsolete. The member for South Wellington did not tell us what work the cruiser did during the war. Let me say that she did important work in the North sea. She steamed between 70,000 and 80,000 miles with the result that she was practically worn out at the close of the war. Any ship that steams 70,000 or 80,000 miles is not much good for anything after that; her machinery especially is no longer serviceable. It is common knowledge that when she returned to this side a very large sum of money had to be spent by the Canadian government in an attempt to repair her machinery. Last year when the people of Nova Scotia wanted to get a government boat to accompany the sailing ships in the international race, I telegraphed the Minister of Naval Affairs in the matter, and in his own telegram in reply he said that the boats, the Aurora, the two torpedo boat destroyers and the two submarines, were in dock being refitted. In other words, the whole five boats comprising the Canadian navy were in the dock at one time being repaired with their machinery in the repair shop. These are the kind of boats we accepted from Great Britain. They are absolutely no good for defensive purposes, because a cruiser or a torpedo boat destroyer which is over five years old is absolutely useless for that purpose. With reference to the Aurora, this vessel did such good work during the war that her guns are no longer fit as weapons of war. If my information is correct the Aurora took part in the battle of Jutland and also in some previous engagements off the English coast when the German cruisers came forth and attacked some of the coast towns. As a result of her activities her guns have been entirely used up, if I may put it that way; and before she could be of any further service in the way of defence she would have to have new bores fitted into her guns. What, therefore, is the use of the hon. member for South Wellington telling the committee that the Aurora is a proper ship to defend the Nova Scotia or the British Columbia coast? Then he says that she is good for training purposes. The Niobe was far better than the Aurora ever was or will be, for the reason that the Niobe could take twice as many men as the Aurora can. The Aurora is not a training ship; she is a fast cruiser. Any cruiser that can steam 28 knots is no good for training purposes. The old Victory in Portsmouth harbour is a better training ship for young men than the Aurora. And yet the hon. member for South Wellington, who never smelt salt water in his life, tells us that the Aurora is a better training ship than the Niobe. It is all very well for him to read letters from men who have boys training in the colleges, but this country is not going to spend much more money in training boys who have no prospect of being able in the future to put their naval education into practise. It is bad enough to have wasted $4,000 a year, or $12,000 for the training of each cadet, as the hon. member says, and it is time for this or any other government to consider carefully all the circumstances and the possibilities before spending $12,000 in order to make a midshipman or a lieutenant who will not be engaged afterwards. The minister, I think, said that the British Navy let out 2,000 men. My information is that they turned out 20,000 officers and men in the past two or three months. So that if we did keep these boys and train them there would be no career for them, because the British government would look after their own men before Canadians. The right policy, therefore, is either to tie these vessels up, sink them, or use them for breakwaters on the New Brunswick coast. Perhaps Grand Manan would be a good place to put the Aurora, while one of the destroyers could be placed at Campobello and one at Fredericton on the St. John river, in the constituency of the hon. member for York-Sunbury (Mr. Hanson). They would serve a good purpose in this connection, perhaps. But at all events the Government is doing wisely in tying them up.

Mr. MacLAREN: I believe I represent the views of my constituency, as I do my own, in expressing the opinion that the proposed reduction in the naval estimates is unwise and unjustifiable. Before I proceed to say what I purpose saying, I shall

refer to the remarks of the hon. member for Lunenburg (Mr. Duff). I believe he stated that the expense for naval students was $12,000 a year.

Mr. DUFF: No, I said $12,000 per cadet.

Mr. MacLAREN: I understand the minister said it was $4,000 per cadet.

Mr. GRAHAM: Yes.

Mr. MacLAREN: At first blush that seems a large amount, but those of us who have boys or girls at boarding schools or universities will not be very much impressed by the figure.

Mr. DUFF: When we send our boys to school we pay the expense ourselves.

Mr. MacLAREN: And I trust we will pay for a fair navy before many years are past. If you are sending a boy to a university or boarding school where there may be two or three thousand or two or three hundred, other pupils, you are obtaining for him the advantages in training that result from his being among a large number of fellow pupils, and the expense will run about $1,500 a year. Therefore I do not think it out of the way that the rate for a naval student is about $4,000 a year, considering the small number of about fifty cadets. Now, Mr. Chairman, I believe that throughout the country there is a feeling of war-weariness, and that the people are impressed with the magnitude of our national debt; that is natural. But we must remember that this applies to the Mother Country and to our sister dominions also as well as to other countries; the condition is not exceptional, and a certain time must elapse before matters are completely adjusted. In the meantime I submit that in view of many estimates which have already been passed and in view of what the Mother Country and the other dominions are doing in regard to their navies, there is no occasion to reduce our naval estimates by so large a sum; the economy is altogether too drastic.

I have just had placed in my hands the Ottawa Evening Journal containing a Canadian Press cable from London dated to-day, and I should like to read it to the committee. It is as follows:

> Premier W. F. Massey, of New Zealand, replying to a speech made by Lord Lee, First Lord of the Admiralty, to the Colonial Institute in London on May 10 in which His Lordship regretfully referred to the shrinking of the navies of the Dominions and intimated that the result might be that the Royal Navy of Great Britain would be compelled to shoulder the entire responsibility for the protection of the commerce and liberties of the Empire, asserts that New Zealand will do her part, says a Reuter despatch from Wellington. Premier Massey points out that the resolution on the naval question passed at the Imperial Conference stated plainly that the matter of the naval contributions from the various Dominions was held over until after the Washington conference.
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> The responsibility of the British Empire has not been lessened thereby, Premier Massey says, except in so far as an understanding being reached respecting the Pacific. He takes the stand that whatever each of the Dominions contributes can be settled on at an Empire conference subject to ratification by each of the Parliaments.
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> Premier Massey adds: "I have stated definitely that New Zealand will give her full share and I am quite confident that our Parliament will shoulder its responsibility but while this should be done as soon as possible we must have an opportunity to readjust our finances and recover, to a certain extent, from the effects of the war, in which we played no unimportant part."

That is the attitude of New Zealand in regard to naval defence.

I submit that no one is urging upon the Government an enormous naval expenditure, but simply that such an amount be expended as will give the country something effective and tangible in the way of naval defence. Last year's estimate was what might be termed the irreducible minimum, and if the minister continues to press for this reduction it will resolve itself into a reductio ad absurdum. Undoubtedly the sentiment of the country is in favour of our doing what is reasonable and proper and self-respecting in bearing our share of the naval burden of the Empire. No one asks the Government to go beyond what, under the circumstance, should be considered the minimum.

Yesterday was observed all over the country as Empire Sunday; next Wednesday will be observed as Empire Day. It is a striking coincidence that, at this time when our people are about to engage in fittingly observing this great day, the Government should propose such a reduction in the naval estimates as to reduce our navy's effectiveness to futility. But that is the condition. Yesterday I happened to be in Toronto and heard an admirable sermon on the text, "If I forget Thee, O Jerusalem, let my right hand forget her cunning." I do not know whether the learned preacher had in mind the present naval programme of the Government, but I think there would be ample reason to infer this from the aptness of his text. I submit that the naval policy of the Government is a most clumsy handling of what so vitally

affects the Empire. Our country has done nobly; no one can question that. Nor need we despair of our country, notwithstanding the discouraging and trying circumstances of this naval policy. May it never be truly said, Sir, of Canada, as Edmund Burke said long ago: "The age of chivalry is gone; that of sophisters, economists and calculators has succeeded."

Mr. MACLEAN (Halifax): I was very glad to hear the remarks of my hon. friend from South Wellington (Mr. Guthrie) in connection with the treatment that should be accorded to young boys now in the Naval College at Esquimalt. I very heartily concur in his recommendation to the minister that ample justice be done these boys. I would ask the Minister of Naval Affairs Mr. Graham) not to deal lightly with this suggestion; I hope he will take sufficient time to understand every fact in connection with the situation and, in the end, do what is nothing but justice to these boys. I am not prepared to make any definite or what I would consider practical suggestion in the matter, but I do feel there must be many cases where great injustice will be done to some of the boys at least, who entered the naval service, and now find that the career which they had hoped to follow is not further open to them.

I should like to say just a few words in connection with the naval policy which was was laid before the House a few days ago by the minister. I cannot say that I am very enthusiastic about it personally; at the same time I am not in a position to submit to the House any proposals which I think would be more practicable. At least, I cannot put myself in a position to recommend with confidence any other proposals. I want to point out, however, that so far I have heard no hon. member, unless it be the hon. member for Lunenburg (Mr. Duff), has recommended that there be no expenditures for naval defence. That being the case, it means that the House has not absolutely declared against the principle of naval defence. Considerable criticism was made of the militia estimates, but I do not recall that any hon. gentleman went so far as to say that we should have no militia expenditure in this country. I should hope that no man would be so foolish as to make such a suggestion.

Mr. WOODSWORTH: May I just say that I was one who was "so foolish" as to say that I was here to advocate absolute disarmament? I want to make my position clear.

Mr. MACLEAN (Halifax): Then I am very sorry that my hon. friend makes what, in my judgment, is such a foolish suggestion—and, of course, I do not intend by that to be personally offensive to my hon. friend. I shall take the opportunity of reading his remarks again; I thought he spoke very guardedly, indeed. Nevertheless, if he did make that suggestion I would feel myself on very strong ground in opposing it absolutely. In this country and in all countries of the world, the maintenance of law and order depends upon force, and there must be some instrument for that purpose, and it would be utterly preposterous to say that in Canada we can safely pursue our national course without some arm of defence.

I sympathize with the Government in their endeavours to practice economy; that is quite necessary. But any campaign of public economy on which we embark must have some intelligent, and uniform basis; and there should be no unfair discrimination as between the different public services. By a vote which the Minister of Railways (Mr. Kennedy) will present to Parliament presently, he will ask for $4,000,000 on account of the mer-

5 p.m.

chant marine, a service which it is not necessary for the Government of this country to carry on. Economically it is of no value; it cannot now or ever perform a service which could not be as well performed by the world shipping, yet it involves an annual expenditure vastly greater than the amount by which the Minister of Naval Affairs has reduced his vote for defence since his estimates were first submitted to Parliament. When we talk of practising economy in public expenditures we must do so upon some fair basis as affecting all the national services. My fear as to the policy which the minister has announced is that it is not practical enough. I am quite willing that it be given a fair trial, but I fear that at the end of the first year's experiment it will be found to be ineffective. I hope that experience will prove that I am wrong. However, I really rose to express the hope that in the meanwhile, for a year at least, the minister would see that proper care was taken of the Aurora and of the submarine vessels so that in the event of the commercial and economic outlook of this country being brighter a year from now, these ships might be returned to the service in proper shape. I hope the minister will be able to take due and proper care of the boats which he now proposes to put out of commission.

Mr. MEIGHEN: Mr. Chairman, I express my appreciation very gladly of much that has been said by the hon. member for Halifax (Mr. Maclean) and of the spirit that animated all he said. He evidently has been anxious to do one thing only, and that is to get to the rights of the question. I am, of course, no authority of my own knowledge on the value of vessels for fighting or for training purposes, and in so far as that is an issue here I would like to see the committee favoured with the report of the best officers of the department, of the best experts in the service of the country, as to what the values of these vessels are that have constituted the nucleus of the naval service of this Dominion; and by that I would be very largely guided. I do not, in all respects, think the hon. member for Lunenburg (Mr. Duff) is an informed critic on that question. Were he a public officer, possibly, with some training, one might give some weight to what he says; but he is a party man, he is a follower of the government; and I do not think, speaking from that position, in view of his lack of acquaintance with naval matters in the military sense, that his judgment is really very dependable.

Mr. DUFF: Is the right hon. gentleman any less a partisan on the other side than I am on this?

Mr. MEIGHEN: Certainly; but I am not affecting to give personal opinions as to the value of these vessels. That is the difference between me and the hon. member.

Mr. DUFF: The hon. gentleman did, the other night.

Mr. MEIGHEN: No, not at all.

Mr. DUFF: Oh, yes.

Mr. MEIGHEN: Not at all. I stated when they were bought; I stated the character of them. I do not know how they are fitted for these things, save to the extent I have been advised. I think it would be fair to the committee if the committee were favoured with the opinion of the officers—I do not know who they would be. I have heard Commander Hose mentioned by the minister; Admiral Kingsmill is now out of the service; there may be others. Let us have their opinions. My opinion would be —judged only by what I have been advised; judged only by the information that came to me when they were purchased—that these vessels were admirably adapted for the purpose. But of personal knowledge or expert opinion I have none; I am just in the position of one who, as the hon. member for Lunenburg says, knows very little about salt water and salt water matters. It is my recollection—and I give it only as my recollection—that this vessel is not one of those of the type which is being scrapped by the Imperial Navy. It may be that the words quoted by the Prime Minister referred to covered this vessel, but I do not think so; it is more likely, I think, they referred to a vessel of the type of one that had been under negotiation, for which subsequently the Aurora was substituted. The Aurora was understood at the time, I know,—and was so represented to us—to be modern in every way, fitted in every way for coast, harbour and river defence, and for training purposes. Let this point be remembered as well: If we are to do any training we ought to have ships fitted to do the training upon. And if the Niobe was a ship of the right class why did the government sell it?

Mr. DUFF: The Tory government did it, not this Government.

Mr. MEIGHEN: Certainly, because we did not think she was of the right class.

Mr. DUFF: You did not know that.

Mr. MEIGHEN: My hon. friend's style of reasoning may have the effect of exposing his reasoning powers to the committee even if it does not have other effect. We determined the character of our naval service on the advice of the officers of the department, and we decided that the Niobe was not useful at all in view of present naval conditions. Consequently we determined to sell her, and did so. They took her back and sold her again. Yet my hon. friend says the Niobe is just the ship for training purposes.

Mr. DUFF: I do not say that.

Mr. MEIGHEN: Well, far better than the Aurora, and still they sold her for $41,000.

Mr. DUFF: I would like to know why? You ought to be able to tell me, it was your government that did it?

Mr. MEIGHEN: I say she was not a vessel of the requisite type. I have gone far enough to expose the hon. member's strange reasoning; it is certainly not worth pursuing further.

Now I come to the other question, as to the value of the ships for the purposes for which they are intended. Acting on the best advice we could get the late government felt they were. If the present Gov-

ernment has different advice let it present that advice to the committee; let it present the advice of men who are at least in the best position to judge of the character of these vessels. In that connection, I only suggest this: We have to decide whether we are to have a naval service or not; we have to decide what our fair portion of the burden of naval defence is and undertake that portion in a naval service; we ought to get the best results we can obtain for our expenditure. We are now at the point of deciding—this is what I emphasized when I spoke first, but really it seems to me it is the whole question we have to discuss—are we not in the place where it is our duty to establish a modest but a real unit of naval service? Hon. members say we are in difficult financial circumstances. They say we have a great debt, more debt than we had before the war. Very well, that it correct; we have more debt than we had before the war. But are other nations not in the same condition? Is Britain not even more emphatically in that position than we? Is the British debt per capita not two to three times what ours is per capita, and their resources, their natural resources, per capita very much less? Are we not in a position fairly camparable with Australia? Yes, fairly comparable with Australia, for her debt would run, I think, about three or four per capita to ours—two or three anyway—and New Zealand the same. But we find all these countries maintaining naval services on a scale far transcending ours—yes, by hundreds of per cent. Then the question comes: Are they doing more than is essential? Is there extravagance in naval construction? Are the Mother Country and Sister Dominions going anywhere at all beyond the margin of safety itself? Has any hon. member discussed that point in this committee? I have not heard the point debated by any hon. member opposite. Now, does any hon. member think these countries are doing too much? What are they doing? They are striving to maintain a one-power standard as the aggregate naval strength of the British Empire. Now, do we say that is too much? Will even the hon. member for Winnipeg (Mr. Woodsworth), will any hon. member, stand up in this House and say that in his judgment that is too high a standard for the British Empire to set for itself? I do not think any one will.

Such being the case have we a right to say, "Oh, we will do nothing; let the other fellow do it." We have a duty to perform. How would the Prime Minister feel, sitting before the Prime Ministers of the other Dominions and the Prime Minister of Great Britain, telling about what the debt of Canada is? When the debts of the other Dominions were shown him to be far greater than ours, and much harder for them to bear, would he not consider the argument closed on that score? If he has any further argument at his disposal to advance in answer I would like to hear it; I personally do not know what it could be. Very well, is it the part of honour, is it the part of manhood, is it just to the sense of honour of the Canadian people, is it fair and right and just to the manhood of our country, to stand up and say "Oh, we will unload ourselves for a while. We will build wharves, we will expend money on facilities here and there at home, and we will let you, Australia, you, New Zealand, and you, Great Britain, take care of naval defence"?

It may be all right to economize, undoubtedly it is; but as the hon. member for Halifax (Mr. Maclean) says: We must take care where we apply economy. I would suggest this maxim: That it does not do an individual or a nation great credit to apply economy at the expense of somebody else. Let us economize first at our own expense; let the Government go into any department and make a saving as we of the late government did; let the Government go into any one department and apply the knife there as we did in three departments—and we took the political penalty for our action—and in any one of eight departments they can save more than the additional amount that is necessary for the continuance of the nucleus of the navy that we have.

Of course, if we were an independent people we might stand bravely before the world and say: "We throw down our arms; we have more common sense in these enlightened days than to build instruments of destruction." That would be courage; —most people would call it insane courage, but at least it would be courage. But such is not what we are doing at all. No; we are in effect saying this: "We don't throw down the burden of defence, we just lay it on somebody else; we just expect Tommy Atkins and the Weary Titan to carry it. We expect our Australian brother and our New Zealand brother to carry it. While we are spending 28 cents"—as we were last year—"to your $2.80 in Australia, we will reduce our 28 cents to 17 cents, and all that even though now we have reached the stage where we realize the

aggregate responsibility of the Empire." I cannot understand the course of reasoning which arrives at that conclusion.

An hon. member read some reference to reductions having been effected by New Zealand; I do not know whether he included Australia or not. Is it any wonder when they look over here and see us contributing only a fraction in the matter of handling this naval burden—only a mere fraction of their burden—and they see no reason for it; is it any wonder that they feel like taking that course? They may feel that in this way they will bring the matter to a head. Perhaps it will be brought to an issue. I cannot but think, from what experience of life I have had, that by allowing the Dominion of Canada to pursue this course the Government is ultimately going to drift our nation into a shoal where it will pay a disastrous penalty for playing such a part as this. I never knew a similar course to be pursued by an individual, where that individual did not ultimately reap the bitter reward. The fire in the end came upon his own head. He finally had to pay in shame and in suffering more than he would have paid if he had pursued an honest and an upright course. In what form our penalty will come I do not know, but I cannot conceive that we can successfully play the part recommended by this Government, virtually dissolving the naval service, and relying more and more upon others to do what we know those others must do, and of which we get the advantage, the same as they—we cannot so act and not at some day take our punishment.

But if the Government cannot come to that conclusion, then do not make a farce of the whole service. Do not pretend to be training men for the defence of this country in naval service by putting them an hour or so a day, for two or three weeks, in an armoury, or sending them out on a fishing scow or a trawler on the Pacific for two or three weeks to get sick. Do not let it go abroad that we believe such conduct is a naval service. I could not but admire the euphony of the hon. member from Halifax (Mr. Maclean) when he expressed the fear that this would turn out to be no good, and a negligible factor at the end of the year. It will turn out to be a joke; in fact it is an obvious joke to-day. No other nation ever attempted such a thing. If this is all we can do, it is better to do nothing. Let it all go, and let us stand before the world in our true position. This policy simply adds the offense of waste to the offensive poltroonery and national mendicancy.

Mr. MACKENZIE KING: If the hon. member means what he says, why does he not bring in a motion to that effect?

Mr. MEIGHEN: Because it is not my policy.

Mr CRERAR: I would judge from the tenure of my right hon. friend's argument, that it is based on the assumption that Canada should do her share in Empire defence.

Mr. MEIGHEN: Yes, precisely.

Mr. SHAW: Do I gather from the remarks of the leader of the Opposition that Canada is bound and obligated to the policy of the one power standard?

Mr. MEIGHEN: Canada's obligations are purely bounded by a sense of duty. I believe in the one power standard as a standard for the Empire. I do not believe the Empire dare in the vital interest of all of us go below it. I do not believe many in Canada take any other view, nor did I ever hear anybody in this House subscribe to any other belief, and I am prepared to take the responsibility of endorsing the one power standard, and if the hon. member feels that it is the will of the country that the British Empire go below the one power standard, in my judgment he does not know the will of the Canadian people.

Mr. GRAHAM: My hon. friend asked about the suitability of the Aurora for training. I am not going to shield myself behind my officers or anything of that kind. This matter has been discussed and the concensus of opinion is that the Aurora is not by any means the best type of ship for training. In the first place, she is so speedy and narrow that she is loaded down with machinery, and space and draught are sacrificed for speed. The Aurora is 410 feet long and 39 feet wide, a very narrow boat. Her draught is only 13½ feet and she would go over the sills of one of the St. Lawrence canals. I think any person, even though not a naval officer, would say that a boat of that size, with a speed of 28 to 30 knots an hour, would not be an ideal boat for training, although training could be done on her. The Niobe, in her class, was a superior boat for training, but I am of opinion that when she was sold recently she was in such a condition that it would have taken almost as much to refit her for training work as it would

to buy a first or second class new boat of the same size. Now we are all striving to ascertain what is best in this situation, and it is my firm belief that what the Government proposes is superior to what the Government found to be in existence, for the benefit of Canada, and for the performance of her share in the defence of the British Empire when the programme reaches its culmination. The Government is beginning at the bottom, and not at the top. We are starting to train men to be ready for the service, instead of getting the service and then starting to look for the men. It is said that no country in the world would take this attitude. In other words, that they would not have a naval reserve force. The United States has 30,000 of these men now.

Mr. MEIGHEN: Trained in this way?

Mr. GRAHAM: Thirty thousand trained in the naval service.

Mr. MEIGHEN: They are defined in our act. This then does not provide to really train a naval reserve in the sense that the United States does so?

Mr. GRAHAM: Yes. My hon. friend asked me to give him the view of the technical officers in the United States. I am going to give it to him. I will show him our authority with regard to this scheme:

> A great deal of criticism has been levelled at the policy of developing a naval reserve system. The main arguments have been that with two or three weeks training in a year you cannot make a sailor.
>
> Such an argument confuses the function of the permanent naval officers and men with those of the volunteers.
>
> To produce the highly skilled officers and men who must necessarily form a large proportion of the complement of modern men-of-war ranging from the battleship to the submarine undoubtedly requires years of training.
>
> Permanent work and study of the problems of defence against the types of vessels and weapons by which the shipping making and leaving our ports and coasts may be attacked, is also essential for a certain number of officers and men in order that the complicated organiation of coast and port naval defences may be put into operation in quick time when necessary.
>
> But there are large numbers of officers and men required to carry out defence work afloat which calls for but a small amount of technical training combined with principles of discipline, knowledge of technical terms and orders, which may be acquired by men who are anxious to learn in a very short time.
>
> The essential defence work of minesweeping, patrols, examination service etc. was very largely carried out by all countries in the last war by these "amateur sailors" organized by a nucleus of permanent men, and the story of their work and its value will be undying.
>
> If money spent in such methods of defence were useless one can hardly conceive of Great Britain including in her naval estimates provision for the maintenance of a naval volunteer reserve of 484 officers and 5,000 men—men who are not sailors by profession—in addition to a naval reserve of merchant seamen of 2,029 officers and 9,000 men. The latest information from the United States is that they have a naval volunteer reserve of some 2,000 officers and 30,000 men.

That is just what I am describing as the naval volunteers, and I want hon. members to bear in mind that this is only part of the naval reserve scheme. These are volunteer naval reserves. There are men who need not necessarily be sailors to attend to the work I have outlined here, and surely in modern warfare the laying of mines and mine-sweeping, and all the other similar duties, form the most modern style of defence against any effective attack. In this scheme, the development of which will come later, there is the naval reserve, and this will be composed of seamen who can be given technical training, discipline, gunnery and all that kind of thing, and do not have to acquire the process of seamanship, because the men will be selected when the time comes from seamen themselves. It looks then as if, instead of running away from our duty, the Government have taken the risk of some adverse criticism in arriving at a substantial basis from which a navy of any size can emanate in years to come.

I do not know that I can say any more except in reply to the hon. member for South Wellington (Mr. Guthrie) and the hon. member for Halifax (Mr. Maclean). I was somewhat worried in regard to the boys in the naval college; but I do not think much stress need be laid on the few months' work that these boys have done at Halifax because they have been started on a career; they have done a few months' work of initial service that will stand them in good stead wherever they go. As I have pointed out already, all those who have graduated through the naval college at Esquimalt are, if they so desire it, in the Royal Navy now, paid, not by the Royal navy, but by Canada, and this Government does not propose to change that system. Therefore, every boy who has graduated up to the present time will be paid during his training overseas. The fact that the situation has been changed in Canada does not decrease that boy's chance of a career in the Royal navy; but at the present moment, no matter what navy we might have had in Canada, no difference

would have been made in the standing or in the opportunity of the boys who had graduated through the naval college. If any of the officers who have graduated through the naval training college wish to retire, they can retire on a gratuity scheme under the Naval Service Act; but we believe that the young men in the Canadian navy can be absorbed and used in this new scheme.

During the first year, of course, nothing much can be accomplished, and the hon. member for Halifax will probably be right, because we shall have approximately half the year gone under the old expenditure, so that there will be probably three or four hundred thousand dollars left for the reorganization and all that sort of thing.

But I am convinced, from what I have read, from the discussions which I have had with members of the naval staff, that Canada can save quite a large amount of money and yet begin a system that will not lessen our ability to protect ourselves and serve the Empire, but that will, in a few years, prove the foundation for a service that will intensify our ability for service and protection. I say quite plainly that if the cost were the same under the scheme that has existed and under the one now proposed by the Government, I would suggest to Parliament to accept the new scheme, because I believe it gives a broader and wider opportunity for doing the thing that Canada in years to come will probably have to do, and for launching on a permanent naval policy. There is to be an Imperial Conference where all these things will be discussed. I must not forestall any attitude that any member of the Government might take; but these things will be all discussed in a friendly manner, and if I were Prime Minister of Canada with the scheme outlined by the Government, I would not be ashamed to sit in with and face any of the prime ministers of the Empire and say: "This is our policy which, when developed, will give us a medium for performing our whole duty to ourselves and to the British Empire."

Mr. HUGHES: The leader of the Opposition (Mr. Meighen) made the statement that there were eight departments of the government service where economies could be practised that would amount to more than the present Government proposes to spend and, I think, he said more than the late government spent, on the navy. At all events, he said that the economy would amount to a very large sum of money. I would ask the right hon. gentleman to name those departments and to tell the committee and the country how those economies can be practised, how those savings can be made. In my judgment, as a member of this House and a citizen of this country, any man who has information of that character and who does not give it to Parliament and the country, is not fulfilling his whole duty. Another question which I have to ask is this. What, in the opinion of the leader of the Opposition, is our share of the one-power standard? I do not know whether he would feel like answering that question or not, but that is information which I should like to have.

Mr. MEIGHEN: I am sure it is the duty of the leader of the Opposition to inform members on the Government side on matters of policy, and just as far as he can to answer their hunger for information, long unsatisfied in looking around them. In the first place, the hon. member for King's, P.E.I. (Mr. Hughes) will, I hope, be more accurate in listening to what I say now than he was in listening to what I said before. What I said before was this, that there were departments in which more could be saved than the Government was saving to-day, more than would be necessary to keep up the necleus of the navy that was kept up. The hon. member wants to know what the departments are and how to effect this saving. Just the way we effected savings in connection with the departments which we took up. For example, in the Printing Bureau alone, not a large department, by any means, nearly $600,000 a year was saved, and that is more than the Government is trying to save this year over the expenditure of last year in the matter of naval defence. In the Post Office Department we effected a still greater saving, and in the Department of Customs and Inland Revenue, still more, by their amalgamation, not by merely nominal amalgamation, keeping all the staff. That is how the saving was effected. An organization was put into these departments to make recommendations that would enable us, through the Civil Service Commission, to effect the saving.

Mr. HUGHES: Was that done by reducing the staff?

Mr. MEIGHEN: By reducing the staffs, almost altogether.

Mr. HUGHES: When was that done?

Mr. MEIGHEN: That was done during the last two or three years when my hon. friend was back in Prince Edward Island.

Mr. ROBB: When was the staff increased to enable the late government to make this reduction?

Mr. MEIGHEN: Mostly during the fifteen years preceding 1911. That is when the increases came in that were unnecessary. Certain necessary increases were made during the war.

Mr. LAPOINTE: Thirteen thousand were replaced by 26,000.

Mr. MEIGHEN: The reorganization undoubtedly effected very great savings in those departments, and similar savings can be effected in other departments of the Government. A saving can be effected in the Department of Trade and Commerce presided over by my hon. friend (Mr. Robb), in the Department of Public Works, and in the Department of Marine and Fisheries.

Mr. LAPOINTE: Building another merchant marine.

Mr. MEIGHEN: But I despair of this ever being done the way the minister has started out. A considerable saving can be effected even yet in the Department of Railways and Canals, in all the large departments of the Government. That is where the Government has an opportunity of applying its reorganization efforts. We got through with three of them and we effected great reductions, indeed.

Mr. CLARK: The question has been asked whether or not the responsibility resting upon this country to take part in Empire defence is recognized. Personally, I thought that point was well and clearly established; that this House was unanimous upon the question whether or not we would contribute to Empire defence. But if it is not I think it should be brought out in this debate so that we might know where the members of this House stand on this question, because I do not think we can come to an intelligent conclusion on the subject unless we know where the members of the House stand. The resolution which was adopted by this House in 1909 and which was referred to before in the debate, will be found in volume 2, of Hansard of that year at page 3564. This resolution represents my view as regards the obligation of this country to take part in Imperial defence, and particularly the last two paragraphs of the resolution, which state:

> The House will cordially approve of any necessary expenditure designed to promote the speedy organization of a Canadian naval service in co-operation with and in close relation to the imperial navy, along the lines suggested by the admiralty at the last imperial conference, and in full sympathy with the view that the naval supremacy of Britain is essential to the security of commerce, the safety of the empire and the peace of the world.
>
> The House expresses its firm conviction that whenever the need arises the Canadian people will be found ready and willing to make any sacrifice that is required to give to the imperial authorities the most loyal and hearty co-operation in every movement for the maintenance of the integrity and honour of the empire.

I understood the Prime Minister himself (Mr. Mackenzie King) to refer to that resolution and to intimate that he endorses the sentiment expressed therein; and if there is any section of this House which does not stand behind that resolution we should have an emphatic declaration from each and every hon. member. We should know where we stand on the subject. That resolution says that the House stood for a speedy recognition of the policy mentioned therein. That was in 1909, and very little has been done yet.

Now, several members have asked the question whether or not we have had the opinions of experts as to the policy of the Government this year. I have before me an opinion which is certainly concise and terse, expressed by Vice Admiral Sir Edmund Pears, K.B.E., C.B., R.N., a retired officer of the royal navy. He says:

> To reduce the present very small naval force means the killing of the Canadian navy.

That is his opinion with reference to this year's estimates, and it is my own view of the subject. My feeling has been that the reduction which has been proposed recognizes the principle of doing away with the navy; it recognizes the principle of shirking the responsibility of taking any part in empire or national defence. So far as I have been able to observe, the great argument that has been urged against the maintenance of a navy and in favour of the present proposed reduction in the estimates, has been that the present taxation is all that we can stand. Well, I agree, and I think that every one else agrees, that our taxation is practically all that we can stand. But, as has been ably pointed out before, are we not in the same position as all other countries in this respect? Can it be said that to-day the people of Great Britain are suffering less from taxation than we are? Or can it be contended that our duty is any less than that of the Mother Country or any other partner in this Empire of nations? If we recognize the principle that we are a part

of the Empire—and the fact is so often brought to the front, that we are an integral part of it—then we must recognize our duty as a partner; and if there is a responsibility for the maintenance of a navy for Empire defence we must assume our share of that responsibility. whatever it may be. I am not expressing any opinion as to what our share should be. I do say, however, that, whatever it may be, we should play the part of men and declare without hesitation that we are prepared to do our duty to the fullest extent.

Now, are we suffering in any material sense from the contribution we have been making towards our national defence? Let us compare the positions of Australia and Canada. The comparison has already been made, but I want to place the positions of Australia and Canada before this committee in a slightly different light from that which has been shown heretofore. Australia in 1921-22 had a total expenditure of approximately $275,000,000; our expenditure for the same year was approximately $650,000,000, about two and a half times Australia's. And yet Australia was able to spend, out of that $275,000,000, the sum of $30,000,000 for national defence, while we, on the other hand, were able to find, out of our $650,000,000, a total of only some $15,000,000. The fact is that taxation has nothing to do with this question; our contribution to naval defence is only an infinitesimal part of the total expenditure of the country. There is no country in the world where the expenditure on national defence is such an infinitesimal proportion of the total expenditures as Canada's naval expenditures were last year. If we recognize our duty as a partner in the Empire we must recognize the principle that was laid down by Mr. Lloyd George recently, with reference to the weight he carries in the conferences of nations. He said:

> My word in conference is as strong and efficacious as is the muscle represented by the British navy.

If it is a fact that we are a partner in the Empire, can we honestly say that we are doing the right thing in scrapping our navy or even in taking a breathing spell? It seems a rather strange thing that the Liberal party should find it possible, in view of their past attitude towards the naval situation, to repudiate, as this proposed reduction does, their declaration as stated in the resolution to which I have referred. I do not approach this subject in a partisan spirit, and I only refer to that attitude because I believe this fleet unit which we have now represents exactly the declared policy of the government many years ago, and again affirmed by the Prime Minister last week. If that is the policy of the Government, surely it cannot be considered a waste of money to add another $500,000 so that the navy can be continued in force until we know what is the best course for Canada to adopt.

Some hon. member said: Well, you have offered no concrete proposal as to what we should do. It seems to me a very simple thing to determine upon the course that we should pursue. If we are still a part of this great Empire,—and no one will assert the contrary—then it seems to me that a conference of the partners should be able to solve in a comparatively short time the exact policy that it is desirable for this country to adopt. I for one am absolutely prepared to see this country take part in a conference of the components of the Empire; and, further, I am prepared —and I think the people also are prepared —to stand behind the policy that such a conference shall lay down. Unless we are prepared to do that, our action must amount to a repudiation of our position as a component part of the Empire.

Mr. MACDONALD (Pictou): I have listened to the remarks of my hon. friend from Burrard (Mr. Clark) with a great deal of interest, and as one who had the opportunity of sitting in this House in the days when the resolution to which he referred was first discussed, and when his party so valiantly fought against the assertion of the principle contained in that resolution, the changed conditions prompt me to say a word or two in this debate.

The Prime Minister in the early part of this debate declared most emphatically where the Liberal party stand. We stand to-day where we stood in 1909 and 1910—for recognition of the fact that Canada will share in the naval defence of the Empire along the lines of developing our own defence on the sea in conjunction with the British navy. That is where we have stood all through these years; but in 1911 my hon. friend's former leader and associates "sold out" the whole question of the participation of Canada in the naval defence of the Empire to the men in Quebec who declared that they would never take any part in naval defence—men headed by Henri Bourassa, who put his Conservative friends in power in 1911 as the result of that union.

Let us see what happened after that date when the responsibilities of office were assumed by the Conservative party. At once they absolutely disregarded the resolution to which they gave unanimous assent in 1909. They proposed a contribution of $30,000,000 to the British exchequer instead of carrying out the policy of building up a Canadian navy. Is there a man in this country to-day who in view of the events of the war would undertake to say that Canada would have done wisely in making that present of $30,000,000 to Great Britain? I venture to say that no hon. gentleman who understands the position of matters would support that policy to-day.

We hear of Australia participating in naval defence. Well, what happened in her case? She scorned the idea of a contribution, and whatever share she took in naval defence was based on the principle that she should work out her own problem in her own way. Australia is essentially interested in this question, because she is an island-continent, every foot of her shores is washed by the Pacific ocean, and she is in close proximity to the nations of the East who at all times might menace her security. And New Zealand is situated in exactly the same way. That is the position of those two great dominions.

But when the responsibility of dealing with the situation came upon the Borden government in 1914, what did they do? They proceeded to tie the Niobe up at the wharf, and to scrap whatever existed in the way of naval facilities for defence as created by the Liberal government in 1911. In looking back upon the debate in this House in 1916 I find that at that time there was only one vessel in any position to defend our shores, and that was the small gunboat Canada. We in the Maritime provinces who are not dependent upon time provinces who are not dependent for our knowledge in the matter upon windy orations, know that in the days when German submarines were off our Atlantic coast we had to depend upon the cruisers and torpedo destroyers of the American navy to defend us.

Mr. HANSON: America was not in the war from the beginning.

Mr. MACDONALD (Pictou): My hon. friend who comes from an inland point up the St. John river probably does not know what happened to the people who live along the shores of Nova Scotia, but I repeat now the assertion, that we were dependent upon the United States cruisers and torpedo boats for the defence of our coast from attack by German submarines.

Mr. HANSON: You are making a mistake; the United States did not enter the war until 1917.

Mr. MACDONALD (Pictou): I made the statement then, and perhaps I may inform my hon. friend that the then leader of his party undertook to send it to the First Lord of the Admiralty, and that correspondence took place, which perhaps it might be interesting to give to the House in full, as to why certain criticisms were made and certain discussions took place at that time. My hon. friend will allow me to remind him that along the shores of Nova Scotia numerous fishing boats were sunk by German submarines in 1917. Off the port of Halifax, outside of the mine sweepers which are so much despised to-day, the only active force upon which we depended was the cruisers and torpedo destroyers of the United States navy. That illustrates in a striking way how the leaders of my hon. friend's party discharged their responsibilities in regard to the naval defence of the country. Millions of dollars were thrown away in the construction of vessels of no value whatever in the way of defence and which were sent up and down our coast for no purpose.

That is the history of the policies of the two great parties in so far as our participation in naval defence is concerned. Last year my right hon. friend (Mr. Meighen) attended the Imperial Conference in London which solemnly decided that action by the dominions and the Mother Country in regard to naval defence should be postponed until another conference was held following the then proposed Disarmament Conference in Washington. The latter conference took place and resulted in an agreement for naval disarmament by all the great naval powers. Therefore the Prime Minister, realizing, as we of the Liberal party do, that with our enormous railway deficits and burdensome taxation, and with the many serious problems facing us, this is not the proper time to decide our naval policy, declared that for the time being we hold by our original policy on this question until after the next Imperial Conference, and that in the meantime we should not spend $5,000,000 or $6,000,000 on a naval service which would be neither an effective defence for Canada nor a contribution of any value to Empire defence.

Mr. MANION: I understood my hon. friend to say that the United States previous to 1917 supplied torpedo boats for the protection of our shores. He knows, of course that the United States did not come into the war until April, 1917. I wanted to know if he meant that her vessels protected our shores prior to that time.

Mr. MACDONALD (Pictou): After the United States came into the war the situation was this: by arrangement with Great Britain, American torpedo boats and destroyers patrolled the coasts of Nova Scotia and of the Maritime provinces generally. They were the vessels which protected our coasts and our fishing vessels and acted very largely as convoys of the steamers which crossed the ocean.

Mr. HANSON: Will my hon. friend inform the committee whether the sailors who manned those destroyers were trained in drill halls, as is proposed here?

Mr. GRAHAM: The hon. member for South Wellington says that men cannot be trained on torpedo boat destroyers.

Mr. MACDONALD (Pictou): My hon. friend's friends did not attempt to train any of these fishermen who live down by the sea under their Volunteer Reserve Act, which was on the statute book at that time. In fact, when Hon. Rupert Guinness came from England, supposed to be looking for men to serve in the British navy, my hon. friends sent him into the agricultural counties to find men instead of into Lunenburg and other counties along the Atlantic coast where any number of men could be found who had been trained on the sea. That was the wonderful effort which was made by my hon. friend's friends to create a naval service in this country; so that if my hon. friend wants to know whether or not these men were trained in drill halls, he will have to consult some of the hon. gentlemen who were in Parliament at that time, and whom he supported; probably they will inform him.

In view of the conclusions arrived at by the Imperial Conference; in view of the arrangements in regard to disarmament made at Washington last year, why should we spend millions at this time when there is no necessity for doing so? There is full recognition of the principles, so far as we on this side are concerned, set forth in the resolution which we placed upon the record of Parliament in 1909, principles which were embalmed in the Naval Service Act and in respect to which hon. members now of the official Opposition sold us out for the support of the Nationalists. That is where we stand; and as matters develop and the necessity arises, this policy will be carried on. In the meantime, why should we spend any money unnecessarily?

Mr. SUTHERLAND: Will the hon. member tell the committee what progress his party had made in October, 1911, when they went out of office? While New Zealand and Australia were building their navy, how much had the Liberal party, of which the hon. member was a supporter, accomplished?

Mr. MACDONALD (Pictou): My hon. friend, if he was in the House the other day, heard the statement made in regard to that. He will recall that after the act was passed in 1910, the Government of the day proceeded to call for tenders from all parts of the world for the construction of a certain number of vessels. But when the hon. gentlemen's friends came into office they refused to go on with these tenders; they cancelled the whole business.

Mr. SUTHERLAND: Did not the hon. gentleman's party leave these tenders pigeon-holed during the whole summer?

Mr. HANSON: Why did you not let the contracts?

The CHAIRMAN: Order.

Mr. MACDONALD (Pictou): My hon. friend is aware that we arranged for and obtained the Niobe and the Rainbow. In dealing with questions involving millions of dollars it was wise for the government, knowing that they were going to the country, to await the result of the election. No one would have raised a more terrific row than the hon. member for South Oxford (Mr. Sutherland) if the government of that day had undertaken to let these contracts in the face of an approaching election.

Mr. SUTHERLAND: They did not let them.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. LEWIS: In answer to a question this afternooon the minister said there was a volunteer force in the navy of the United States and also in the navy of Great Britain. My understanding is that the United States has a regular navy and Great

Britain also; but what I wanted to find out is this: If we are to have this volunter naval reserve force, is it contemplated by the policy of the Government to have any kind of regular navy at all?

Mr. GRAHAM: It depends on what my hon. friend would call a regular navy.

Mr. LEWIS: A permanent force, a small one?

Mr. GRAHAM: The present arrangement will provide for a destroyer and small vessels on the Pacific, and a like number of vessels of the same type on the Atlantic for training purposes.

Mr. LEWIS: Will there be a permanent force on these vessels or will they be taken care of by this volunteer force?

Mr. GRAHAM: We would require to have on each of these vessels a permanent force. I think the permanent force required to begin with will probably amount to about 300 men, speaking from memory.

Mr. CALDWELL: I would like to revert to the question of the sale of the Niobe. Why was the New Brunswick Rolling Mills allowed to back out of the contract for the purchase of the Niobe?

Mr GRAHAM: I do not want to say that the firm was insolvent. As a matter of fact, if I remember the circumstances rightly, the bank had practically all the assets of that company as security for advances made.

Mr. CALDWELL: I would like to quote from the discussion which took place on this matter on May 27 last year, when the estimates of the then Minister of Marine were being considered. In reply to a question from Mr. Fripp, of Ottawa, Mr. Ballantyne said:

> We did make careful inquiries with regard to the standing of the New Brunswick Rolling Mills, and the information was that the financial standing was good.

Then, in another place, Mr. Ballantyne said:

> I do not see any reason at all for letting this firm out. They knew what they were doing when they tendered for the Niobe and the submarines. We have $20,000 of their money, and we have the Niobe. The firm is financially good and it is the intention of the government to see that they pay for the Niobe and the submarines according to the contract price, $135,000.

If that firm were good financially they should not have been allowed to back out of this contract; if they were not I would feel like censuring the former Minister of Marine for awarding a contract to them at all. The former Minister of Marine further stated that he had received an offer last year from an Ottawa firm of $100,000 in cash, for the Niobe alone without the submarines. At least an offer of $88,000 was made but it was not accepted, and the tender was then increased to $100,500. Another firm offered $135,000 for the Niobe and the submarines, but could only pay $20,000 down and were willing to pay $10,000 a month, if I remember aright. Now, if this firm's financial standing was good they should have been compelled to stand by their agreement. If their financial position was not good, their tender should never have been accepted. How long is is since the Niobe and the submarines were bought in the first place.

Mr. GRAHAM: The Niobe was bought in 1910 and the submarines in 1914. The Rolling Mills paid only $25,000; the three ships were purchased by them for $135,000. We got back only the Niobe. I may say that the government entered suit through the Minister of Justice and the company made application for release of the judgment. The Finance Department sent down a man to investigate conditions and he made a report to the Minister of Justice. On the advice of the Justice Department we got all we could, $5,000, and they paid the costs and we got the Niobe back.

Mr. CALDWELL: The minister says he got $5,000. Was the $20,000 that the New Brunswick Rolling Mills put up as a deposit returned? Did the Government hold that and get $5,000 more?

Mr GRAHAM: As I said this afternoon we got $66,000; the sum of $41,000 for the Niobe, and $20,000 from the New Brunswick Rolling Mills first. That made $61,000 and there was also the $5,000 referred to, making $66,000 received altogether.

Mr. MEIGHEN: Did the Government ever issue an execution on the judgment taken out by the previous administration?

Mr. GRAHAM: I think not. We were advised not to do it because there was nothing to base an execution on.

Mr. MEIGHEN: The usual way to find out is by return of the sheriff's writ. What ground had the Government for compromising the judgment obtained for the full amount? Why did the Government not issue a writ of execution and endeavour to collect the money?

Mr. GRAHAM: The situation was that the Government was trying to get all the money it could, and having received the report that it could get nothing on execution, as the bank had all the assets of the New Brunswick Rolling Mills, after full investigation the Government accepted $5,000. Then the Rolling Mills paid the costs and the Government took back the steamer.

Mr. MEIGHEN: The bank might have all the assets assigned to it by way of security, but that would not say that the company was bankrupt by any means. Why did not the Government get out a writ of execution?

Mr. GRAHAM: I am not posted on the legal niceties of the matter. Those proceedings would have added more costs without obtaining any results for the Government. An officer was sent down to report to the Government as to what it would likely get if it issued an execution. The report was that the Government would get nothing, if I remember rightly.

Mr. MEIGHEN: Would it not have been a lot cheaper to have had the sheriff make a seizure than to send an officer from Ottawa? A private individual acting in this way certainly would not be acting in his own capacity. The Government did not exhaust its remedies to collect that money.

Mr. GRAHAM: Would the position not have been this, that if we had gone on with that method of procedure we would not have got the $5,000?

Mr. MEIGHEN: Maybe you would have got a lot more.

Mr. GRAHAM: Not so far as the Justice Department ascertained, and it strikes me we would not have got the Niobe back.

Mr. CALDWELL: Did they get delivery of the Niobe? The late minister told us they did not deliver the Niobe at all—that they would not give delivery till the purchasers made payment. Can the minister tell me on what date judgment was secured?

Mr. GRAHAM: June last, I think.

Mr. MEIGHEN: No, much later.

Mr. GRAHAM: Perhaps it was. The deputy informs me it was last summer, he thought last June.

Mr. CALDWELL: I know the late Minister of Marine on the 7th May last told us it was in the hands of the Justice Department, and he expected action to be taken at once. After the judgment was secured last May or June, why was it allowed to run all summer? The right hon. leader of the Opposition (Mr. Meighen) criticised the present minister for not issuing a writ. It was in their hands until last December. I think there has been some easy work somewhere. I do not know where to lay the blame, and I am not particular where it lies.

Mr. MEIGHEN: I think the hon. gentleman is very particular.

Mr. CALDWELL: Indeed, I am not.

Mr. MEIGHEN: Yes, he is very anxious to have it lie to his right, and not across the floor. When his line of thought hurts any one opposite he changes his tune right off. I have never been able to understand the geography of the hon. member. I cannot see why he does not sit with these gentlemen opposite. He would feel much more at home.

Mr. GRAHAM: We would like to have him.

Mr. MEIGHEN: The writ was issued some time in the summer, I cannot recall the date, nor can I recall the date when judgment was rendered. I think judgment was taken out pretty late in the fall. At all events these parties were endeavouring all the time to get some settlement, and did their best to get a settlement, but we did not make a settlement. We resisted. However, when the new Government came in they had no trouble in getting a settlement. They did not even issue execution although the judgment was in their favour. An officer of the Finance Department went down there, came back and said the company had made an assignment of its assets, and I suppose the present Government, feeling they would score on the late government more by sacrificing the Niobe, pursued their own course. The sale of the Niobe by auction was about the best method to get the least money they could get. If they had advertised for tenders, as the late government did, and if, in their opinion the offers were not high enough and they had tried again, they would have secured higher bids for this vessel. We would have sold it for a smaller sum if we had taken the first offers by tender, but we went back and got larger offers. The reason we accepted this offer was because it was the largest, and we thought that, with $20,000 down, we were safe. If we had sold to a lower tenderer, even though it was all cash, we would

have been criticised and told that we should have had $135,000 out of it. It was in the exercise of the government's best judgment to get the largest amount possible and we took that course. To say that the government could not get the Niobe back—well, perhaps, the minister did not know, but the Justice Department would know, that, even though the Niobe were delivered, which I understand it was not, the subject matter of the sale can always be taken in execution. I am not satisfied by any means. I would like to have the report that this financial officer read to the House so that we could see how far he went into the assets of that company. We would like to know just what his report was, to support the statement that the Government were not in the position to realize the sum they desired.

Mr. LAPOINTE: The leader of the Opposition is an artist. He is trying to lay the blame on this Government for a bad transaction of the late government. That government sold that ship for an amount which seemed rather large, $135,000, and, I think, they only got $20,000 out of the transaction, and accepted promissory notes for the balance. The judgment was delivered later, on the promissory notes. Did the minister collect the notes? He allowed the company to become insolvent, and when this Government had to deal with the matter, and to close it up, it sent experts to ascertain what the conditions were, and they reported that the best way out of it was to take back the Niobe, keep the $20,000 the late government had received, to get another $5,000, and to try to make the best of the Niobe afterwards. This Government considered the matter very very seriously and thought that was the best way out of it. That company was far from being a friend of the present government. We thought it was the best way to get out of a bad situation created by the late government.

Mr. MEIGHEN: How would it be for the hon. member to answer my question after he has told us what we all knew?

Mr. LAPOINTE: Nobody asked me a question.

Mr. MEIGHEN: I asked the minister a question and the hon. member undertook to do the answering, but he did not answer.

Mr. LAPOINTE: Not at all. I undertook to place the blame where it belonged.

Mr. GARLAND (Bow River): It looks to me as though neither side was in a position to criticise the other. I think the late administration made a fair deal in a mighty bad proposition, but the present government made a mighty poor deal with a good concern. I would like to know why the loss of $8,000 or $9,000 was necessary. The present government has sold the ship for a very much reduced sum, which means a loss of $8,000 or $9,000 over the first contract price.

Mr. GRAHAM: The first contract was made at a time when scrap was very much more valuable than at the present time. I think I am safe in saying that the scrap value of the ship would not be over 50 per cent, at the time we were compelled to dispose of it, of the value at the time of the first contract. The value is getting less all the time.

Mr. GARLAND (Bow River): Were tenders asked for?

Mr. GRAHAM: Oh, surely. I was going to correct the impression I left on the mind of the right hon. leader of the Opposition (Mr. Meighen) when he suggested that I should advertise for tenders. We did advertise and sold to the highest bidder.

Mr. MEIGHEN: The hon. member in his first statement said it was sold by auction.

Mr. GRAHAM: I meant to say by tender. It was advertised and sold by tender.

Mr. MEIGHEN: How many tenders were received and what were the amounts?

Mr. GRAHAM: There were three tenders received as follows:

John Simon..	$ 7,000
J. Lipsitz & Co., Chelsea, Mass...	16,600
H. H. Hinteris & Sons, Philadelphia, Pa.. ..	40,175

We sold for the latter amount, which, under the circumstance, and considering the value of the ship as scrap, I consider a good price.

Mr. CALDWELL: Notwithstanding the sting which the right hon. leader of the Opposition manages to get into every little fling, I want to give the late Minister of Marine credit for not having accepted the first tenders that were sent in last year. He got one for $20,000, another for $80,000, and another for $88,000. He did not accept any. He called for tenders again. He got one tender for $80,000 and another for

$88,000. He did not accept them. I think the minister was well advised in not accepting the first tenders. It looked like a cheap price for a vessel that cost over a million. He called for tenders and the party who had tendered for $88,000 put in a tender for $100,500.

Mr. GRAHAM: That was for the three boats, I think.

Mr. CALDWELL: But the point I am making is that these people kept tendering higher and higher when these tenders were not accepted. A. Garson & Co., St. John, offered $110,000 and the New Brunswick Rolling Mills offered $135,000, which they did not get. If our marine vessels are going to run down in value at this rate, it does not look encouraging for this Parliament to vote money to provide ships for anything more than is absolutely necessary at the present time. I want to commend the minister for not putting into commission all the ships which he had. I think the hon. member for South Wellington (Mr. Guthrie) spoke this afternoon in regard to how fast vessels deteriorate in value when they are not in use.

Mr. DUFF: That was the whole trouble with the Niobe.

Mr. CALDWELL: I do not know whether those vessels were in use all the time, but it looks like very fast deterioration in value for a vessel to come down from $1,000,000 to $41,000.

Mr. GRAHAM: On one occasion they were bought as ships to be used in commission. In this case they were sold merely for the value that could be got out of them as scrap. They are not being used in commission at all.

Mr. CALDWELL: Was the Niobe a new vessel in 1910?

Mr. GRAHAM: No. She was an old vessel in 1910. She was purchased by the then government for a training ship.

Mr. ROSS (Kingston): It strikes me that the reason why the Niobe was tied up was that she met with an accident on the shores of Nova Scotia.

Mr. GRAHAM: I understand she was repaired after that accident, and was in commission afterwards.

Mr. BOYS: I understand that the settlement was made on the report of an officer of either the Justice Department or the Finance Department. Surely, it would be proper for us to have that report before this estimate is passed. Is there any reason why we should not have it?

Mr. GRAHAM: That is a matter altogether with the Justice Department. That was a question that was handed to the Justice Department before this Government came into office, and on the advice of that department after it had all the information, we made the settlement.

Mr. BOYS: That would not be a reason for withholding this information from the committee. An officer was sent down to see whether or not this judgment could be realized. The ordinary course would have been to have awaited the issue of an execution by the sheriff, and that may have been done; but I understand the settlement was made on the advice of an officer of the Justice Department. We ought to have a report from that officer, whether he was from the Justice Department or this department.

Mr. GRAHAM: I do not see what advantage is to be gained by bringing down that report, because the matter has been settled and we have the money. I have given every detail; in fact my hon. friend (Mr. Lapointe) has given more details than I have. Acting in the capacity of minister in charge, I advised the Justice Department that we were satisfied, and I thought that was the best settlement that could be made. I submit that it was a good settlement, considering the price of scrap at that time. Had the settlement been delayed for five or six weeks or two months, we would not have secured as good a price, as scrap was going down rapidly in value. The hon. member will remember that nations the world over are busy scrapping ships, and the price will soon be at rock bottom.

Mr. BOYS: The settlement was made on information which the minister received from somebody, and surely it is reasonable for us to have the report before dealing with the matter.

Mr. GRAHAM: The ship has been sold. Of course, if my hon. friend takes the ground that he would not care to decide as regards our naval policy until he finds out what that report says, he has a perfect right to take that attitude; but the Niobe was sold, and the money is in the hands of the Receiver General. The Minister of Justice (Sir Lomer Gouin) is here, and I will ask him to send over to his department if he has that report handy, but it seems to me it has a very remote connection with the question before the committee.

Mr. BOYS: I got the information from the minister himself, and if it has no connection, I do not know why it was given. I am not seeking to criticize; I am only endeavouring to find out the reason for the minister doing what he did.

Mr. BROWN: It seems to me generally agreed that this matter of naval expenditure in Canada is one of the most important subjects to which we give attention; and since there seems to be a disposition in some quarters to believe that those who sit in this corner of the House are necessarily opposed to all naval and military expenditures, I should like to state briefly my views on this subject in general. First, I would wish most emphatically to dissociate myself from any policy that might follow from sentiments expressed by the hon. member for Centre Winnipeg (Mr. Woodsworth). While we all look forward to the coming of the time when men's swords will be beaten into ploughshares, yet at the present time we must come down to solid facts, and just as long as we need policemen on our streets, I am afraid human nature will be such that we shall require some military and naval defence. As soon, of course, as we are able to get rid of policemen on our streets, we shall probably get rid of all military and naval expenditure. This question has concerned the people of Canada for a number of years, and I have no hesitation in saying that the views that I have held in the past have been to the effect that Canada should assume her fair share of the responsibility that ought to rest upon her as one of the nations of the world.

The time was when we considered this from the standpoint of our duty to the Empire. We may not consider it from that standpoint to-day; but I should like to consider it from the standpoint of what part Canada, as one of the community of civilized nations, should bear in assuming the burdens of the world. The position in which we stand to-day is that our real status is not, perhaps, very clearly defined, and until such time comes I think we might very well adopt what might be termed a "marking-time" policy. The present is not a time certainly to enter upon any agressive military or naval policy. The present condition of affairs in regard to naval expenditures generally is such that no person knows what an up-to-date battleship is. No person, in view of the advances that have been made in aircraft and in other directions, knows just what service the most modern battleship can render or how long it will remain modern. Therefore, it seems to me that, in view of the present financial position of the country and other conditions, we might very well adopt what might be properly spoken of, although the Government has not named it such, as a "marking-time" policy.

There are, in the proposition of the Government certain things that have made some appeal to me. I do not propose to express any opinion on the technicalities of naval affairs; like many other hon. gentlemen, I know absolutely nothing about them. I accept the general proposition, however, that we have had navies in the past, and probably for some time we shall have navies; but just what navy we shall require, or what Canada's share of this world's responsibility is, we are not in a position at the present time to determine. Whatever the future may lay upon us, for my part, I would prefer that we, as a self-respecting people, should be willing to bear our fair share of what we might speak of, if we like, as the white man's burden.

One thing is the suggestion of the minister made some appeal to me, although I am not in a position to criticize the merits or demerits of one policy or another, and that was the establishment of a volunteer reserve. That is a policy that was advocated for many years by that good old newspaper, the Montreal Witness, a paper that, I think, perhaps, has done more to mould my thinking along public and economic lines than anything else in this Dominion. The suggestion was made again and again that we might pursue a naval policy that would secure the establishment of a naval reserve along the coasts of the Maritime provinces. Now, some criticisms are made in this regard that have no point at all. It is argued, for instance, that a few weeks' training given to men from the country must necessarily be entirely inadequate. Well, I agree that it would undoubtedly be inadequate if given to men from the prairies or from the constituency of my hon. friend from South Wellington (Mr. Guthrie), which also happens to be the county in which I myself was born. But the matter has been very well placed before the committee by the member for Lunenburg (Mr. Duff); and while I cannot agree with all that that hon. gentlemen says in the House, yet I think he did em-

phasize a good point, that there were thousands of men in his own constituency—

Mr. DUFF: At least ten thousand.

Mr. BROWN: —who were already initiated in the elements of sea-faring life. I readily understand that while a short term of training would be absolutely wasted upon men from the interior of the country who do not know the first thing about the elements of sea life, men who have been accustomed all their lives to the sea and are already welll instructed in the rudiments of a seaman's education, would quickly respond to a few weeks' training in the technicalities. So that while I would not undertake to pronounce an opinion as to the merits of one policy or another, or as regards the technicalities of the subject, and while I would not offer any view on the question as to whether a certain amount of good could be achieved by the expenditure of a certain amount of money, at the same time it does seem to me that this particular feature of the policy enunciated by the minister (Mr. Graham) might very well commend itself to us. And in view of all the considerations, among the most important of which is our present financial situation, in view of the fact that we are already oppressively burdened and that the men who passed through the late war have a tremendous claim upon us which we can hardly meet, this is an opportune time to pursue what I have referred to as a marking time policy, provided we are heading in the right direction; and for the present, having regard to the unsettled condition of naval matters in general, I think we might well adopt some such policy as has been recommended to us by the Government. For my part I have no hesitation in supporting the policy that has been submitted to Parliament.

Mr. MEIGHEN: While I cannot express surprise at the conclusion of the hon. member, I must make some comment on the reasoning by which he arrives at it. He states that this is an opportune time to adopt a marking time policy. He has well described the policy he purposes supporting. The reasons he gives are these: First of all, our status within the empire is not clearly defined as yet; consequently mark time in the matter of assistance in naval defence. Secondly, we do not know how long it will be before a modern battleship is obsolete; that is to say, how long it will be of actual service; consequently mark time in naval defence. Thirdly, we have a heavy burden, and therefore so long as we are marking time in the right direction he is satisfied to do very little. Now, let us examine the last first. Surely it occurred to the hon. member that we are walking in exactly the opposite direction to the one he assumes we are pursuing. We are not walking forward at all; we are going backwards. If there was anything to be complained of in what we have been doing, it has been that we have not been doing our share; our contribution has been much below our share. There were special reasons for that, none like those my hon. friend advances, but reasons of a very practical character. We did not know whether or not there would be armaments to any extent at all necessary. Now we are informed on that point, and we are going in precisely the opposite direction to what the hon. member says we ought to go. Consequently he will vote for such a policy. But he states that we are hard pressed for money, and because we are we must not undertake now to bear our fair share of the white man's burden. Well, are not the rest of the white men pretty hard pressed for money, and have they not their burdens to bear? Every thousand dollars we throw off we simply throw on to someone else.

An hon. MEMBER: No.

Mr. MEIGHEN: Is not that so? Any hon. member who denies that statement becomes sponsor for the theory that the British Empire, in undertaking to maintain an equality with every other power, has assumed more than she ought to. Unless he is prepared to back that up there is no logic in his position whatsoever. So much for the last reason. What is the first? It is this: We do not know our exact status. I have not the least doubt as to my hon. friend's sincerity in advancing that position, but let me tell him this. I think our status is just as clear as it ever was or is ever likely to be. The status of a nation within the empire, yea, the status of a nation in the world, is a matter of evolution, a matter of growth; and the more you attempt to fix it within the terms of a definition, the more harm you do the status. Our status to-day is on a solid footing; it has been established by our history, by our record, by our achievements. Men establish their status in the world in that way, and so do nations. There is no dispute about our status; no contention of ours as regards the rights of Canada is met with a negative by the British government or the British people. There

is no controversy whatever as regards the relations between us and the empire as a whole, and consequently we cannot advance any argument in that direction, and that excuse for marking time is gone. Indeed, it never existed.

Now, the hon. member's second reason is this: We do not know how long a battleship is going to remain modern. I admit that, and I ask the hon. member if he expects that we ever shall. Does he think that twenty years from now the most advanced type of battleship will be any more certain of remaining in the first class than any other ship? If Britain accepted the theory of my hon. friend and acted upon it, then she would cease to have any muscle at all on the sea, and Britain's representatives in the conferences of the world might just as well be the representatives of Uraguay or of some island in the Pacific. The words of the Prime Minister of Great Britain are as true as human lips ever uttered. His voice in world's conferences and among the powers of the world counts for as much as the muscle behind it as represented in the British navy. We may deplore that fact, we may weep over it, we may lament it; but it is true, and those words would be supported, endorsed, affirmed by every prime minister, I venture to say, of any power in the world to-day. So I repeat that if Britain followed the theory suggested by the hon. member for Lisgar (Mr. Brown) there would be no arm of defence at all. And are we or are we not interested in the arm of defence of the Empire? If we are not, very well; let us stand out on our own feet. That is the logical manly thing to do for those who hold these premises. I do not hold them; I say we are interested; we are interested because of the traditions of this country, because of the sentiments and the feelings of the people of this country; we are interested as well because of the tremendous economic advantage it is to this country to join the rest of the empire in matters of defence, thereby lowering the burden on each. That is the plan we are following. But that plan will fail, and collapse sooner or later—probably sooner —if other parts of the empire pursue the course which we, under the leadership of this Government, now propose to take.

Before I conclude I wish to deal with one other point which the minister (Mr. Graham) mentioned shortly before six o'clock. I was asking that he read to the House some expert authority, preferably in his own department, if he has it, but an expert authority within the empire, to the effect that he is actually going to get practical results by training men the way he proposes. He read some memorandum, but he did not give us the author of it. That memorandum did not go to the extent that the hon. minister seems to think. True, it did speak in favour of a volunteer naval reserve. That is all right; we have always stood for a volunteer naval reserve. I think it is section 19 of our Naval Service Act that provides for such a reserve. But I assert that no country has ever attempted to produce a volunteer naval reserve or any other kind of reserve by this process. It is the process of education and development that I complain of. I understand that something of the kind, not like the hon. minister says, but bearing a faint resemblance to it, was attempted by Newfoundland. I venture to say, however, that the United States do not produce their naval reserve by training men a few hours a day for two or three weeks in trawlers, or by putting them on trawlers to patrol pelagic waters; you cannot produce a naval reserve in that way. I am quite prepared to admit that boys, such as those described by the hon. member for Lunenburg (Mr. Duff) and the hon. member for Lisgar (Mr. Brown) will learn more readily and probably more perfectly the ways of the sea and the technique of naval training than will inland boys, but to say that they are getting anything whatever of the technique that comes from the five or seven years special concentrated training that men must have to be of any value at all on a naval ship under war conditions is, I venture to suggest, to contradict the plain dictates of commonsense. It could not be done, no matter how assiduously the minister might address himself to the task. Experience shows that it cannot be done.

Mr. GRAHAM: I never said it could be done.

Mr. MEIGHEN: Then when he is through, what has he got in the event of trouble? He has good material, we will assume that the men must have the technical training to be of any value at all on active service. These men will have merely the atmosphere of naval life, but they will not have the requisite technical training. How are you going to give them that training? After all, that is what naval service is for. You could do that to a very useful extent under the modest

expenditure that was made before. That is to say, to the extent that you get the boys in, to that extent you make them really valuable in the event of trouble as trained naval men; but the course proposed by the minister does not get him anywhere, the only result is to get rid of the money, and I do not think it is good policy to be prepared to spend money so long as we are quite certain that in our expenditure we do not contribute anything effective to naval defence at all.

Mr. GRAHAM: My right hon. friend does not mean, of course, to misconstrue what I said, but I confess that I do not see how he could misunderstand it. It was pointed out in the memorandum I read that Great Britain had thousands of what have been referred to in the course of this debate as "amateur sailors," men engaged on trawlers doing work which I described, such as mine-sweeping and mine-laying, work which is absolutely necessary. During the war these men made a name for themselves that will never be forgotten. They did not need the intensive training as sailors that the ordinary naval seaman needs; they are engaged in coast and harbour protection. The officer who gave me that memorandum described what their duties were, and he pointed out that such argument as that used by my right hon. friend now was beclouding the issue, mixing up the work of what might be called a naval reserve force consisting of trained seamen with the work of these other men.

Mr. MEIGHEN: Will the minister permit me two questions? Will he say that Great Britain trained those men to be useful in that way by the process he advocates here, that is, by two or three weeks' training annually, partly on land and partly afloat? And will he say that those men, except in co-operation with the rest of the navy, would be of any value at all under war conditions?

Mr. GRAHAM: They would be absolutely of value unless my technical officers are all wrong. So far as my information goes, thousands of these so-called "amateur sailors" performed the duties to which I alluded, and they were seamen only by partial training.

Mr. MEIGHEN: Not like this training.

Mr. GRAHAM: But my hon. friend does not know.

Mr. MEIGHEN: Will the minister say it is?

[Mr. Meighen.]

Mr. GRAHAM: My right hon. friend asked me this afternoon to give him the opinion of a technical man on that point—

Mr. MEIGHEN: And the minister did not get it.

Mr. GRAHAM: —and I gave it to him. It was the opinion of the head of our Canadian Naval Service, Captain Hose.

Mr. MEIGHEN: Will the minister himself say that Britain's method of training was what the minister now proposes for these very men, or comparable to it in any way? The memorandum did not say so.

Mr. GRAHAM: The memorandum was given by the head of the Canadian Naval Service, who received his training in the British navy. He did not get his suggestions from imagination; he must have got them from his experience and knowledge. He pointed out in his memorandum that the use of these men must be recognized, as Great Britain used thousands of them during the war, and I think she still has five thousand of them in service at the present time. I will read the memorandum again so the House will be seized with what he says concerning the whole scheme.

Mr. EVANS: I feel it a duty at this time to enunciate my views as I think the question of naval defence is perhaps one of the most difficult to decide as well as one of the most important that has yet come before this Parliament.

During our childhood as a nation we have been guarded by the Great Mother and have felt safe in that guardianship. We are looking now to attaining, and indeed we have attained, to all intents and purposes, the status of nationhood. But even now we must not entertain the idea that the problems of empire are any the less for us in view of the condition of world affairs to-day. We have to take our place now as one of the grown up members of a great family of nations, and it does not matter who owns the ships, or who from now on commands the naval forces, we are part of that great empire and its defence will still be conducted over the Seven Seas. Although it is our first duty to guard our own shores, and that is the share of empire defence that is assigned to us, even that is necessarily an empire duty. We shall still shelter in the guardianship and strength of the great Empire to which we belong, and I hope we shall go on belonging to it. The defence of the Empire will still have to be maintained, and it is for us now to

decide whether we want the status of nationhood by accepting our share of that defence on the Seven Seas.

We shelter under and share in the strength of the Empire to which we belong, and we must do our part to maintain that strength. It is a national duty, it is a duty we owe to the Empire, it is a duty we owe to civilization. It is true that Britain has agreed to considerable disarmament in response to the proposals from Washington. She has lowered, too, her two-power standard, thereby relieving herself of the boasted position of mistress of the seas. Even at that the burden is great, and she fairly claims our aid. Indeed, Sir, I am afraid that a great portion of our people, living as they do, so far from the sea, have but a small consciousness of the interests of empire to-day, and are quite willing to join in the cry of "No navy." If it ever comes to pass that the strength of the Empie is weakened in proportion to the strength of other nations, we shall be unprepared, not only in time of emergency, but even in the days of peace; and we shall be made to feel the effects of that condition in one hundred and one ways of which we can now form no conception. Particularly is this true in view of the fact that we have become a world-trading nation. If there has been one outstanding feature of the British Empire for the last hundred years, it is that her subjects have been safe in any part of the world; she has been willing to spend millions of dollars to rescue even the most insignfiicant of her subjects from any danger in which they happened to find themselves.

In a recent issue of the London Times I saw the report of a statement made by Lord Lee of Fareham, now First Lord of the Admiralty, I believe—who, by the way, is very heartily in sympathy with the Washington arrangement—in which he expressed rather forcibly the disappointment of the Mother Country in the fact that while demanding full equality of nationhood, the sister nations of the Empire have left the burden to be borne by the Mother Country at a time when she most needs help. I take it that this is an appeal, this is a challenge to Canada at this time; and what is our answer to it? There is no doubt that everyone in this House is in accord with the Washington policy of reducing armaments, but the fact remains that the Empire of which we are a part, and of which we shall remain a part, needs defence. Do we, as a nation, consider that defence a part of our duty? We see that Australia is maintaining her navy. I believe if we were in Australia's place, and not alongside the United States of America—whom Miss Canada has come to look upon as a great big, protecting brother—we would realize our inconsistency, and take part in the defence of the Empire on a scale consistent with the size and dignity of Canada as a nation.

I believe the amount to which it is proposed to cut down this estimate is so small as to render the whole thing a waste. We should, at least, maintain a nucleus around which effective training on a larger scale may be carried on whenever we see fit. We must go on, I think, along safe lines of policy, even though something has been accomplished by the various conferences which have been held throughout the world. We do not want to make Canada a military nation, but she has an obligation to fulfil. I believe that we might well cut some millins off other estimates rather than be too scant on this one.

Mr. SUTHERLAND: This question is of such vital importance, not only to this country but to the world in general, that I would not like the item to pass without expressing my views in regard to it, particularly in view of some of the arguments advanced by supporters of the policy of the Government before the committee rose at six o'clock.

National defence is a problem with which every country has been confronted throughout all the ages, and it is one which will engage the attention of people as long as the world lasts—as long, at any rate, as human nature is what it is. Much as I would like to see the world reach that stage where all disputes should be settled by more conciliatory methods than have been adopted in the past, I hardly think we can hope for very much in that direction at present. In spite of the terrible ordeal through which the world has just passed, we find that to-day conditions are probably more unsettled than they were prior to the outbreak of that terrible conflict which began in August, 1914. That being the case, can we afford to take chances on any policy which might not provide for our proper defence in case of another emergency arising? It is true that years might pass, and quite a number of them, without any occasion arising under which we would have to employ those methods of defence which nations considered it wise to adopt.

9 p.m.

I cannot recall that during the last general election the policy of the present Government with respect to naval matters was dealt with before the electors. I cannot recall a single instance, in the province of Ontario, at least, nor have I seen any reported, in which the Prime Minister enunciated the policy now being advocated by the Government. I would ask hon. members whether it is fair, whether it is right, that we should change the policy that we have been endeavouring to carry on, without informing the people of what we intended to do? Hon. gentlemen opposite claim to be a very democratic party, particularly during the last few years, and have been asserting that the autocratic party was the one which was in power when they were in opposition. The hon. member for Pictou (Mr. Macdonald) before the committee rose at six o'clock, was proclaiming in a very loud voice that the policy of the Liberal Party prior to 1914 was the policy which would now continue. All the different branches of national defence are now to be merged under one head—the militia, naval service, and air force.

I was much impressed by the question which was asked by one of my hon. friends to my left this afternoon with regard to the students who were taking courses in the naval colleges, and what was to become of them when you close the naval colleges? These young men are being trained to be of service in the defence of our country should necessity arise. One hon. gentleman made a comparison of the cost of an education in ordinary civil life and the cost of educating these naval students, and asked why the country should be put to the expense of training these young men in methods of skill in naval defence. But the comparison is not a fair one. These young lads intend to devote their lives to the service of their country; the other young men referred to are being trained for an entirely different purpose. It is quite true that in the event of trouble large numbers of civilians might volunteer for naval service. But has it not been proven conclusively that the efficiency of the Canadian forces during the late war was owing to the fact that we had trained men to take command, that we had quite a large number of officers who were thoroughly competent, by reason of the training which they had received, to lead and to train other men for service.

The hon. member for Halifax (Mr. Maclean) spoke in rather a doubtful tone this afteroon as to whether the policy which the Government is now advocating was the correct one or not. I am not surprised that he should do so, if he remembers the speech which he delivered in the House just prior to the outbreak of war in 1914. I wondered whether the hon. member for Pictou (Mr. Macdonald) had forgotten the speeches which were delivered during the debate at that time. As late as June, 1914, taunts and sneers were being thrown across the floor of the House at the Prime Minister of that day because of the emergency which he had foreseen. These hon. gentlemen declared the emergency had passed away, that the sky was clear, that everything was lovely, and no occasion existed for making the preparations to which the Prime Minister of that day alluded. Yet the need for those preparations was well established by the information placed before Parliament at that time and the confidential information to which the then leader of the Opposition (Sir Wilfrid Laurier) was given access.

What did the Prime Minister of that day do? Did he retaliate when those jeers were indulged in; did he debate the matter with the opposition of that day, some of whom now confront me in this Chamber? No, he realized that the question was all too serious, that party politics should not be allowed to obtrude in a matter of that kind, and I am going to point out what he did in spite of the disparaging attitude of the opposition. His promptness in acting accounts for the fact that Canada was able to quickly mobilize her men and send a contingent across the seas in a credibly short time.

The then Prime Minister made absolutely no reference to the speeches which were made by the leader of the opposition and his chief lieutenants on that occasion. But he organized a committee empowered to report to him from time to time, a committee composed of the following: The Under Secretary of State for External Affairs, the Governor General's Military Secretary, the Deputy Minister of Militia and Defence, the Deputy Minister of the Naval Service, the Deputy Minister of Justice, the Commissioner of Customs, the Deputy Minister of Marine and Fisheries, the Deputy Postmaster General, the Deputy Minister of Railways; with the Director of Military operations; Major Gordon Hall, the Director of Gunnery, and Lieutenant R. M. Stevens. The work commenced in January, the necessary arrangements were practic-

ally completed during July. Every department of the government was instructed to follow one line of action in detail, and the whole was subsequently co-ordinated and incorporated into one scheme, indicating the course to be followed by the government as a whole upon the outbreak of war. The committee's work resulted in the preparation of a war book which was completed only a few weeks before the appalling struggle began. Such was the view of the government at this time, and the methods adopted were such as I have described—methods adopted in spite of the attitude and protests of the hon. gentlemen opposite and my hon. friends from Halifax and Pictou were among the opposition at the time. Now the officials that I have enumerated are responsible heads of branches of the public service of to-day, and they will confirm the statement which I have made as to the methods pursued at that time.

In spite of the attitude of the opposition at that time hon. gentlemen sitting opposite to-day get up and confidently again assert that there is no danger. According to them we can afford to take a naval holiday. The hon. member for Pictou stated the other day; it is time we were having a naval holiday. Well, in view of the report which appears in the press of to-night containing the statement of the Premier of New Zealand I am afraid we are inclined to take a little more of a holiday than our self-respect warrants us in doing. Why, the impossibility of anything happening in 1914 was referred to by numerous speakers at that time. For example I have before me the speech of the hon. member for Halifax and I will quote a few paragraphs from it. Speaking on January 20, the hon. gentleman said:

> There was presented to parliament last session a measure providing for an expenditure of $35,000,000 for the construction of three battleships and the presentation of them to the British Admiralty. This policy was urged upon the ground that Britain's supremacy was imperilled and that a great conflict was imminent between two great European Powers. Tokens and signs we were told were not wanting. There were pealings of thunder and flashes of lightning, premonitions of this terrible naval conflict between two great Naval Powers, and upon this ground we were urged, cajoled and threatened to support this measure of the government, we were told it was purely an emergency policy; that the government had in mind the adoption of a permanent policy which they would shortly present to parliament. Several months have at least elapsed since then. The evidence of the emergency conditions and of the European Armageddon has vanished: Time has vindicated the position which the hon. gentlemen on this side of the House took upon that occasion.

The hon. member for Halifax to-day was a little bit doubtful of the wisdom of the policy which is now advocated by the Minister of Militia and the Government. The Prime Minister the other night in dealing with this question referred to the co-ordination of the three departments concerned and the object which was had in view, and discussed the arguments which had been advanced that it might be the part of wisdom to wait until another Imperial Conference was held before deciding upon any policy with regard to this question. In dealing with the matter he said:

> We are seeking to consolidate the great departments of defence and to bring into one department, under one minister, the naval, the military and the air forces. What is the object? Avowedly, it is for the purpose of economy; avowedly, for the purpose of retrenchment. If we are ever to have retrenchment in military and naval expenditures this is the one moment in which it is possible to bring about something of that character. The government regards that as its first duty, its first obligation. It is sensible of all its larger duties and obligations, but it feels that it will best serve the interests of the British Empire as a whole when it helps to enlist, in the matter of defence, whether on land or sea, the sympathies of all our citizens throughout the Dominion, rather than antagonize their just sentiments by experiments of different kinds which will only tend to increase taxation and render no effective service in the long run.
>
> He emphasized the value of sympathy.

The Prime Minister was also very emphatic in condemning the dreadnaughts which it was the policy of the government in 1914 to assist in building in order to prepare for the events which later developed. He said:

> The large dreadnaughts were of little or no service and supposing that resolution had carried, what would be the situation as regards those ships to-day? They would have been in British waters throughout the whole period of the war without being of any real service at all, and to-day they would have been among the number of capital ships consigned to the scrap heap.

Let me ask hon. gentlemen opposite where the war was won? Was it not in the North sea by the Royal navy? Was it not the Royal navy which was stationed day and night in the North sea, that policed from that point the waters of the world? Did Colonel Roosevelt not publicly proclaim at Oyster bay, when the United States entered the war that the only reason why war had not been brought to the shores of the United States was that

the British navy had been on the alert to prevent it. He paid a tribute to the British navy for what they had done during the war, and, in the face of that, in the face of history which is there for every one to read, was a government ever more justified by events in the methods which they pursued than the government of that day? Would they have been justified in building navy yards at that time to build men-of-war to sent over, years later, after the war had begun? What use would they have been?

The hon. member for Pictou (Mr. Macdonald) referred to what Australia and New Zealand had accomplished. Yes. They entered upon the task of carrying out the arrangement which had been reached at the Imperial Conference, but did Canada do so? The government called for tenders, it is true, in July of 1910. The tenders were opened in the department on the 1st May, 1911. The government did not go out of office until October of that year. Those tenders remained in the office of the Minister of Militia or Naval Service. Not a keel was laid, not a contract was given during the years the hon. gentlemen opposite were in power. That was the manner in which they endeavoured to carry out their part of the Imperial compacts upon that occasion, and those are evidently the methods by which they are prepared to meet any other emergency which may arise, but we cannot afford to take chances on anything of that kind happening. Our self-respect as a people and the fact that the youth of this country expect a better example from those who are older and who are administering public affairs, are things we cannot afford to lose sight of.

But is there a policy at the present time? What is the policy of this Government anyway? They are introducing items in the estimates and cutting them down. Anything in the nature of effecive national defence meets with disapproval at the hands of the Government. Why is this the case? The Prime Minister (Mr. Mackenzie King) in a very loud voice, proclaimed the attiude of the hon. members on this side of the House during the election of 1911, where they were appealing to the people.

Mr. ARCHAMBAULT: How many years ago?

Mr. SUTHERLAND: In 1911. He said:

> But I can remember how he and his friends in the province of Ontario went up and down the back concession declaring that Laurier's creation was a tin pot navy. They told the people that he was a French-Canadian and would do nothing for the Empire; and while they were making these representations in one province, other of the right hon. gentleman's friends were going up and down the province of Quebec saying that Sir Wilfrid Laurier and his party were too imperialistic, and were trying to force Canadians, by conscription, upon warships in order that they might be brought into European and Japanese broils.

This is the charge that the Prime Minister of Canada throws at those of us who were in opposition to him in 1911. As far as the people in the constituencies near where I reside are concerned, I say that no reference was made to such a matter at all. We had been told on previous occasions, by hon. members on our left, that Reciprocity was the issue in that election, and that we did not do our duty by the country when we rejected Reciprocity. The hon. Prime Minister finds it convenient to-day to sneer at the Opposition and states that they were condemning the government of that day because of their tin pot navy, and making base appeals to the passions and prejudices of the people of Ontario. For my part, I resent any such imputations being thrown at me.

The Prime Minister came into my constituency during this last election and brought with him the Minister of Trade and Commerce (Mr. Robb), who, I believe, came there to deliver a certain message, in regard to the fairness of the people of Quebec, and how they absolutely refused to discuss any question of that kind. He asked the people there to remind their member, the next time he referred to any such matter, of the absolute fairness of the people of the province of Quebec, and how they avoided any appeals of that kind. I wondered at the time what particular message they came there to deliver, but looking over the report of their meeting I came to the conclusion that this was the message. There is not a man, woman or child in the constituency of South Oxford who has ever heard me make such an appeal in that constituency or elsewhere. The rebuke which the people of South Oxford gave the right hon. Prime Minister and one of his lieutenants was evident on the night of the election. We have however had some by-elections in Quebec recently. There was one election down in Yamaska, when the House was in session a year ago.

Mr. LAPOINTE: And we won.

Mr. SUTHERLAND: I will quote from a Canadian Press despatch in the Ottawa

Journal of May 18, 1921, some of the arguments which were being advanced on that occasion, to show that the naval question has been a real live issue in some constituencies, even if it did not reach western Ontario. Mr. Boucher was the Liberal candidate in that constituency.

Mr. ARCHAMBAULT: He is a member now.

Mr. SUTHERLAND: Yes, this despatch is as follows:

> Mr. Boucher said there was no knowing when war would break out again, and he clung to the argument for the "solid block" in Quebec, urging that if it was necessary in 1917, it was no less necessary now.
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> The Farmer candidate, J. Lambert, did not appear for this meeting. Yesterday at St. Bonaventure Mr. Mondou challenged his opponents to declare themselves in tariff matters. Mr. Boucher, on the other hand, claimed that with civil war in Ireland, India on a volcano, Japan and the United States at daggers drawn, France mobilized and the British navy ready for action, war might come at any time and the Liberal party want no change in relations between Canada and England and further do not want any commitments engaging Canada to the expenditure of a cent for military or naval purposes. Mr. Boucher said there had been Liberal traitors who had left Laurier, such for instance as Hon. W. S. Fielding, and like L. J. Gauthier, recently.

These are the arguments which have been advanced. Mr. Boucher who is a member of the House at the present time, was elected in Yamaska constituency and re-elected in the last election. I quote now from the Ottawa Evening Journal a few words in reference to a by-election in Hull in September of 1919—

> Deafening applause greeted Mr. Lucien Cannon when he went to the platform to speak. Like the other speakers, Mr. Cannon practically confined his remarks to praises of Dr. J. E. Fontaine and strong condemnation of the present Government. The member for Dorchester declared that Dr. Fontaine was known for his great devotion to his constituents and his party.
>
> Must Fight For Rights
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> "I have gone into the House to vindicate the rights of the French-Canadians," stated Mr. Cannon. "I do not regret in any way the battles that I have fought and I consider that they are an incentive to greater effort. I am not here to preach revolution, but I do say that we, having come here first, are the masters in this country. We have the right to vindicate the rights our forefathers won, but if you want victory with respect then you must fight with courage and with all your heart. I regret to see that in Ontario there does not exist that bond of fellowship between the Irish and French races that is so desirable."

Further on:

> He spoke at great length of the manner in which Hon. W. L. Mackenzie King had supported Sir Wilfrid Laurier during the dark times, and he was sure that all French-Canadians would give the new Liberal Chieftain the support they tendered to Laurier.

And they did.

An hon. MEMBER: They did.

Mr. SUTHERLAND: They surely did. I have a quotation from the Toronto Globe during the campaign in 1911, and I might as well give the views of the present Prime Minister on that occasion. The Toronto Globe reports the Prime Minister as follows:

> Hon. Mr. King read extracts from Hon. Mr. Borden's speeches in the House of Commons in which the Conservative leader referred to the danger of war with Germany, and urged the Government to go to Britain's aid with a dreadnaught or a cash contribution.
>
> "Are the people of this country going to place at the head of affairs a man who will be precipitated into such a position as this, who will take from the treasury of this country and who would have taken enough money to build two dreadnaughts and send that money to England so that they could spend it as they pleased? And against what country? He was ready to send money to build warships to fight Germany."

Actually to fight Germany. These are things that are on record and that indicate what the policy of the party which is in power to-day is. There is a solid block from the province of Quebec; they are in the saddle and they are riding hard. There is no question of that. I know the Minister of Militia (Mr. Graham), in his heart, disapproves the policy which he is advocating; he cannot do anything else. The hon. member for Halifax (Mr. Maclean) does not approve this policy. I question whether any but a very small percentage of the people of this country favour any such policy. You are going to destroy absolutely everything that we have that has a tendency to create efficiency in training men for national defence. You are going to spend money, it is true, but for what? For national defence? No, nothing of the kind. You are going to spend a great deal of money to keep friends of the Government employed here, there and elsewhere. That was made quite evident by a letter that was read in this House the other night from the Minister of Marine and Fisheries (Mr. Lapointe), with regard to the dismissal of the harbourmaster at Quebec. Was ever anything more apparent than that it was the policy of the Government to remove from office those who could not be made partizan servants of the Government? There was no charge against the harbourmaster at Quebec; on the contrary,

he had demonstrated that he was an efficient public servant and soldier and he had created reforms there that were a credit to him. For the first time and under his administration there was a substantial surplus in connection with the management of the Quebec harbour.

There is another item in connection with national defence, because the militia, the navy and the air service are all being merged. The air service is, as some one has pointed out, being absolutely destroyed, and the Government are attempting to hire out what will be left of the force to the different provinces as fire rangers. Five million dollars worth of aeroplanes were given to the Government by the British authorities in order to maintain and keep up a small air service; but instead of doing that, the Government, if they can, are now going to hire these young men out as fire rangers to the different provinces, if the provinces wil take them over, and in the event of the provinces not doing so, we do not know what they are going to do. Is not this a magnificent system of self defence that the Government are adopting? In one province they state that they will not countenance the spending of a dollar for militia purposes or for naval defence and they come before this House and ask us to reduce this estimate so the balance will be of no effect; will not be efficient or of national service in the event of trouble arising. The Prime Minister laughs, and he thinks that it is a light matter. Well, it may be a light matter to him, but it was not a light matter to many people in this country when the nation was in danger and they had to make sacrifices on behalf of the nation.

An hon. MEMBER: Everybody made sacrifices.

Mr. SUTHERLAND: Yes, everybody made sacrifices. I know some people think they made tremendous sacrifices, they think, because they could not turn out so much stuff at high prices as they would have done, if they had only been able to get more help, that they made great sacrifices in that respect. I am speaking however of the real, actual sacrifice of those who took their part in the battle line; and to the credit of our system of national defence be it said, those who had training in military service or in the navy were not slow to respond when the call of duty came. It will be a dark day for this country, if the occasion arises for the rest of the Empire to look upon the people of Canada as spongers; we cannot consider ourselves anything else if we adopt such a policy as is enunciated by the present Government. If in years gone by we have refused to do anything in the way of national defence, during the war crisis the people of Canada responded nobly, made great sacrifices and fought as bravely and gallantly as it was possible for men to do. But you cannot afford to stop there; you cannot afford to permit those, who refused to recognize Canada's duty to participate in the war and to do what she did on that occasion, to control the affairs of this country under present conditions. I stand here to-night to register my protest against any such policy as that. You may say that conditions in Canada do not justify the Government in making this expenditure. The first call upon the people of any country is that of national defence; the duty of the citizen to the state is the first duty of the citizen. In the time of Chatham, it was a maxim that the navy was the standing army of Britain. Are you going to force the old land to take care of these vigorous young colonies which have grown up to nationhood? Are they still willing to allow the old land to bear the whole burden of defence? Look at the burden which Britain is contending with to-day in the East, yes, and fighting heroically at conferences of Nations to prolong the peace of the world. Until the very last minute the British exerted every ounce of energy which they possessed in an endeavour to prevent the outbreak of war which took place in 1914. It was through no desire on their part that the world was plunged into that war; but it was in spite of every effort which human ingenuity could gring to bear that that war occurred, and that, I am satisfied, will be the policy of Britain in the future. As has been pointed out by the Prime Minister of Great Britain, Britain's power and influence in this world will depend upon the energy and force that she is able to throw into a conflict in the event of its taking place. I am absolutely opposed to a reduction in this item of expenditure, even under present conditions. I think our self respect demands of us that we shall do our duty in the future, even if we did not do it in the years immediately preceding the war.

Mr. AIME BOUCHER (Yamaska) (Translation): It was not my intention, Mr. Chairman, to take any part in this debate, but seeing that my name has been mentioned by the hon. member who has just resumed his seat, with reference to the election which took place, a year ago, in

the county of Yamaska, I deem it my duty to give this House some explanation on the subject.

First, let me state that the newspaper extract from which the hon. member has just quoted, contains in parts the words which I used in May of last year, at the meeting held in St. Bonaventure. However, I take exception to that part of the article in which the newspaper accuses me of having said that the hon. Mr. Fielding, at present Minister of Finance, had been a traitor to Sir Wilfrid Laurier. I strongly protest against such language being attributed to me, and I wish to state emphatically that never were such words uttered by me against the hon. Mr. Fielding, in whom we all have—on this side of the House at least—the greatest confidence and for whom we also have the highest esteem. There is another point to which I want to draw the attention of the speaker who has just preceded me in this debate. It is still in reference to this election which took place in the county of Yamaska, and if I remember well, it is a question which was put, in this House, to the hon. Minister of Marine of that day (Mr. Ballantyne), by the present Minister of Marine (Mr. Lapointe), to ascertain if the Conservative party had a candidate in the field, and the hon. Mr. Ballantyne answered that the Government's candidate was my opponent, Mr. Mondou. Now, what was the principal argument which I brought forth in this contest against Mr. Mondou? I made use of the newspaper, "La Presse," which had published an interview given by Mr. Mondou, and in which he declared that the Conservative party by choosing Mr. Meighen to replace Sir Robert Borden, had given itself a tyrant instead of a leader, because in his opinion, Mr. Meighen was an autocratic tyrant, owing to the way he had treated Quebec during the war. However, this did not prevent the right hon. Mr. Meighen acknowledging Mr. Mondou's candidacy in the county of Yamaska.

It is not, Mr. Chairman, by crying down imperialism or censuring the naval policy that I won my election. I won it through the weakness of the candidate who was put up against me, because of his lack of sincerity in supporting Mr. Meighen's policy, the same individual that he had accused, some time previous, of being an autocratic tyrant.

Mr. FORKE: A little while ago we had the pleasure of listening to an hon. gentleman who first saw daylight in our little island far across the sea, and I thought perhaps I might take a few minutes to express my views along a different line. We have heard a good deal to-night about patriotism, and it seems to be generally assumed that those who advocate further armaments and greater expansion in naval affairs are more patriotic than those who urge the opposite course. I have been astonished to listen to some of the arguments advanced to-night. Now, I do not want to take a critical attitude or to suggest that things might be done somewhat better or debated from a different standpoint, but I do protest against having to sit in this House and listen hour after hour to the recapitulation of ancient history with which we were all perfectly familiar before we came here. The right hon. the leader of the Opposition (Mr. Meighen) was rather severe in his criticism of the member for Lisgar (Mr. Brown). I think that if he had paid attention to what that hon. gentleman said he would have realized that the member for Lisgar was not so much concerned with Canada's status as a nation as he was in regard to the question as to what position Canada was going to take in the Empire in reference to naval and military matters. We know there is going to be a conference of the premiers of the various parts of the Empire, who will assemble to discuss this question; and perhaps some mutual arrangement will be arrived at whereby each part of the Empire will know what it is expected to do. That is what the hon. member was referring to when he spoke about our status.

We have heard much about conditions as they exist to-day. I heard one hon. member to my right make the statement that after every war the view was always put forward that never again would war occur in the world. But conditions have never existed before in the same degree as they exist at the present time. Never was war so horrible, nor its ugliness and sinfulness so patent as it is to-day; and those who have studied the question cannot but realize that every nation and individual will look upon the possibility of future wars with feelings of horror and terror. War in the future will not be war in the ordinary sense. Going back over the ages, we see the time when warfare consisted in hand to hand conflict; then armour and machine guns were introduced; and after every war, it is true, men have felt almost convinced that warfare would be improbable in the future. But what is the situation to-day? War has passed from individual bravery on the battlefield and is carried on by the

chemist in his laboratory. To-day it is the scientists and mechanics who really wage war, and not the men on the battlefield; and I venture to make the statement that the nations of the civilized world will ponder a very long time before going to war under present scientific conditions. At the close of the last war it was said that an American chemist had invented a poisonous gas that would devastate whole countrysides. What would battleships avail in such a case? I can assure hon. members that the nations will think twice before going to war, and we in this country should carefully weigh matters before spending money to-day on a scheme the benefit of which we cannot foresee.

I want to say a word in regard to the naval reserves. I am not a seafaring man myself, but I was born in a seafaring country and I know a little about the conditions as they exist around the coasts of those wonderful little islands over the sea. I have lived a long time in Canada and am a good Canadian, but, if I may be allowed to say so, I hope the day may never come when I can look across the ocean and not be sensible of a warm spot in my heart for my native land. So that it will be understoood, I trust, that it is not because of any lack of fervent regard for that land that I am not ready to vote for the expenditure of vast sums of money at the present time for the purpose of building up naval armaments. With regard to the naval reserve, let me say that the fishermen in the villages around the coast of England, from Grimsby to Hull, manned the boats and ships that swept the seas around Britain for mines. And this work was done by these men without any long training, because I know that friends of mine in the Old Country were engaged in that work a short time after the mines were laid by the Germans around the British coasts. I am perfectly certain that the naval reserve scheme is a good one, and that the naval reserve can be created from the ranks of the fishermen. I shall not follow the arguments of the leader of the Opposition. If we had been discussing the policy of spending twenty or thirty million dollars on a naval programme, I could understand the length of time that has been devoted to this debate. But we have taken up a day and a half discussing what an hon. member said could be entirely covered by $500,000. Surely there is not such a tremendous difference between the two policies that it takes so much of the time of this House to discuss such a small matter. Had it been $30,000,000 or $40,000,000 that hon. gentlemen on my right were advocating should be expended, then I could have understood the stand they are taking.

A good many slurs—perhaps that is too strong a term—statements are sometimes made that we do not take a wide enough view, that we are not patriotic. I repudiate that statement. I believe every hon. member is patriotic. Perhaps we view things from different standpoints, but I think we ought to treat one another as patriotic gentlemen, no matter what part of the country we come from.

Mr. MEIGHEN: If I rise to say one or two words anent the remarks of the hon. member for Brandon (Mr. Forke) I hope he will not feel that I resent anything he has stated; indeed, I have confidence that he was addressing himself sincerely to the question. I would be the last man in the world to question his patriotism. I do not know whose patriotism has been questioned in this debate. Such taunts are usually flung merely for the sake of the reply. The patriotism of hon. members never is called in question at all. Now, while I am sure the hon. member's heart beats just as true for the Old Land as mine, and that he has just as keen a sense of national obligation as I have, I am afraid that some pre-conceived ideas have warped his judgment at this moment. While I am afraid of that, I express confidentially the hope that the time will come when he will decide that the hour for action, rather than aspiration, is at hand, and that he will be just as ready to do something practical as myself. He says I misconstrued the words of the hon. member for Lisgar (Mr. Brown).

Mr. FORKE: Misunderstood.

Mr. MEIGHEN: Well, misunderstood. I do not think so; and that is really my only reason for rising. The hon. member for Lisgar expressed the view that the question of our status within the Empire is in doubt. He may have had in mind merely as to our share in defence; however, he did not use those words. I do not think myself that he had reference merely to our share in defence. But suppose he had? The hon. member for Brandon says: "Let us wait until at some Imperial Conference the share of each is agreed on—the share of Canada, the share of Australia, the share of New Zealand, the share of South Africa, the share of Great Britain." I believe the hon. member for Brandon sincerely looks

forward to that consummation. Well, let me tell him that if he does he will sit in this House and he will be a resident of this country a good many years before he will ever see it come to pass.

Let me ask hon. members opposite, let me ask those supporting this policy, if they are ready to wait and have the share of this country fixed at any Imperial Conference held this year or any other year. Will any of them say, "yea"? Not one who supports the Government in backing away from our naval obligations will do that—not one. Years before we adopted the principle that we must ourselves determine what our share is, that we cannot be dictated to at a conference. Very well, that must go concommitantly with the honest and practical effort to do our share from year to year. I am pointing out to the hon. member that he will look in vain for an agreement at the Imperial Conference that this country will feel to be binding, or that any hon. gentleman opposite will feel to be binding upon our country.

Mr. CANNON: Will the right hon. gentleman permit me one question?

Mr. MEIGHEN: Yes, or two.

Mr. CANNON: While the right hon. gentleman had the honour to represent our country in London last summer, did he make any engagement to the Empire on naval defence?

Mr. MEIGHEN: The right hon. gentleman has answered that question at least six times in the course of this debate. The only acknowledgment is that contained in the one resolution, which is as clear as sunlight, and which lays upon the Parliament of Canada the obligation of determining what this country should do in the matter of naval defence. It is wholly a question for Parliament to decide. I quite aprove of that principle. I believe anything else is impossible. But while I approve of that principle, I say it essentially follows that we must here and now determine what we will do, and not be forever preaching that some day in the future there is going to be another Imperial Conference. We have been putting this decision off on the plea of conferences for many years—we put it off twenty years ago on that plea, we put it off thirteen years ago on that plea, and we have kept out of our just obligations all that time. When the war was on we were prevented from carrying out our obligations. Under the late government we were quite prepared to do so. And much that has occurred in this debate would indicate that there is a whole lot to be said, even in ordinary times, in favour of some system based on contribution.

If I felt hon. members were right in saying: You cannot do anything effective in the way of naval defence by spending $1,000,000 more, $2,500,000 more, $6,000,000 more, or even $7,000,000 more,—I would think they could not make a stronger argument in favour of contribution. In fact, that argument is unanswerable, but, for myself, I do not think it is correct. I believe we were doing something of some value before. But now that we know what the whole collection of nations known as the British Empire must do, we know, too, that the measure of help we were giving before was not our fair share; we must do more than that. But let me point out to the hon. member for Brandon that the error is this: Instead of going forward we are going behind, humiliatingly behind, indefensibly behind, we are moving in exactly the wrong direction; and that is why that movement is resisted in this vote. If the Government were making a serious effort to really place Canada in a respectable position before her sister nations, then there would be little cause for opposition in this House; but instead of that the Government is yielding to the demands of those who do not want to do anything practical and effective in the matter of naval defence.

Mr. CRERAR: I wish to ask my right hon. friend one question to elucidate, if possible, a point upon which there has been a good deal of discussion. Is it a fact that at the last Imperial Conference, or at any previous conference, the question of defence was made a joint affair for the Empire or was it not? Is that the position we are in to-day, that we are under an obligation to contribute? True, we fix the measure of the contribution—

Mr. MEIGHEN: And the method.

Mr. CRERAR: —and the method. But is it a fact that we are under an obligation to make a contribution to Empire defence? And to what extent are we under that obligation?

Mr. MEIGHEN: We are not under any contractual obligation at all—no obligation based upon a resolution. The whole obligation to defend ourselves is just the same as the obligation of every nation on earth,

and when we are part of the Empire we share in the common obligation. It is an obligation that is incident to our existence, and from which we cannot escape save by loading it on someone else.

Mr. CRERAR: But my right hon. friend is skating around the point.

Some hon. MEMBERS: Hear, hear.

Some hon. MEMBERS: No, no.

The CHAIRMAN: Order.

Mr. CRERAR: Perhaps I am uncommonly dense this evening, and unable to see the point, but I think a very great deal, Mr. Chairman rests right upon that question. In 1917 it was definitely understood that a constitutional conference would be called after the war to define Canada's status within the Empire. That was the agreement reached in 1917 at the Imperial Conference held that year. Now, as I understand it from my reading of all the literature dealing with the question, our position as far as the defence of the Empire was concerned would not be determined until that constitutional conference was held and we knew what our status within the Empire was. I may be wrong in that, but if that is correct, then I submit that the whole ground upon which my hon. friends to the right are arguing this question is absolutely and entirely wrong. If we take the ground that Canada as a matter of right, in her own defence—as has been argued here—should create the nucleus of a navy, should engage in naval training on the assumption that that navy is absolutely her own and that she may send it to war when she cares to send it and keep it at home when she cares to keep it, then there is a fair ground for argument. But as I understand the discussion that has taken place here to-day—and indeed, before to-day—one of the strongest reasons urged by my hon. friends to my right why this vote should not be reduced is that we are not making our fair share of contribution to Empire defence. Consequently, I think it is a fair question to ask, when was that obligation reached? When was the understanding arrived at that we should make aa contribution to Empire defence? We have not had that elucidated, and I submit that if my hon. friends to my right are to be on sound premises in the argument they are making, they should explain that point.

Now, we come back to the general question. It was not my intention, Mr. Chairman, to take part in this debate, because in my judgment this vote should have been passed two days ago. However, the matter is being discussed, and now that I am on my feet there are one or two observations that I should like to make upon it. I support the reduction made by the Minister of Militia. My regret is that the minister, if I may say so, did not stick to the first programme he laid down, because I think the second programme involves a further expenditure of money which at the present time this country is not in a position to face. My hon. friends argue that we must have a navy, and they have argued also that our militia establishment must be kept up. Against whom must we have a navy? That is a fair question; against whom is Canada to arm?

Some hon. MEMBERS: Oh, oh.

Mr. CRERAR: Some of my hon. friends say, "Oh, oh." Well, what is the result of the Washington conference? Who has Canada to fear? Are we going to build a navy against the United States?

Mr. MEWBURN: What has the United States got a navy for?

Mr. CRERAR: That is their affair. What I am asking my hon. friends is this: are we to arm against the United States? Are we to arm against Japan? Canada is a party to the treaty which resulted from the Washington conference, a treaty which will be presented to this House for ratification.

Mr. BAXTER: Against whom are they arming?

Mr. CRERAR: They are disarming.

Mr. MEIGHEN: Not half as fast as we are.

Mr. CRERAR: That is all very well; but my right hon. friend knows that a treaty was signed as a result of the Washington conference—we are signatories to it—whereby all the great nations who could possibly be the source of any danger to Canada have by mutual understanding agreed to adopt a peaceful method of settling their disputes. That is one reason why—putting it on the very ground upon which my hon. friends debate the question—we can reduce this expenditure this year. The second reason has been mentioned several times to-day.

Mr. RYCKMAN: After the United States has proportionately disarmed, and after Japan has proportionately disarmed, who is England proportionately arming against?

Mr. CAHILL: India.

Mr. CRERAR: My imagination is not vivid enough to enable me to see the relation of my hon. friend's question to my argument.

I come now to another point. Reference was made to-day, and has been made several times during the course of the discussion, to the financial position of this country. I wish to direct that point to the attention of my hon. friends who are advocating this expenditure. What do we see in the United States to-day? What do we see in Great Britain? In both those countries we see reductions in expenditure and reductions in taxation. My hon. friend the Minister of Finance (Mr. Fielding) is coming down to-morrow to deliver to this House the annual budget. I may be mistaken—I hope I am—but I venture the prediction that the Minister of Finance, if he discharges his duty to Canada, will not take the way of reducing the taxation, but must find additional taxation; there is no way out of it if this country is to meet its obligations. In the face of that situation, therefore, are my hon. friends on good ground in arguing that we must spend a million dollars more on the navy this year?

10 p.m.

My right hon. friend the other evening, and some of the other gentlemen to my right, dwelt at great length on the extent to which Canada had sponged on Great Britain in the matter of defence. They cited what Australia was doing, what New Zealand was doing, what Britain was doing. Why, they said, Britain is spending $10 per head on her navy; Australia is spending $6; New Zealand is spending $2.50, and we are only spending 17 cents per head on our navy. Well, how are my hon. friends going to do away with sponging? By having the Canadian people spend another 11 cents per head on the navy.

Mr. MEIGHEN: We did not say that.

Mr. CRERAR: Well, then I do not know what my hon. friend is arguing upon. I presume he contends that this vote should remain as it was last year. I may be mistaken; if I am, I am doing him an injustice. But he has not made his position clear in the House, and if he made his position clear I think I am correct in saying that it would mean another 11 cents per head to be paid by the Canadian people. The thing is absurd. My hon. friend from Lunenburg (Mr. Duff) made the other day what was, to my mind, the most sensible suggestion that has been heard in this debate, namely, that if we are going into the naval business we should go into it in earnest and quit playing with it. I think this country could well take a naval holiday for five years. My hon. friends who are opposing this reduction in the estimates say: "Oh, Canada must make her fair contribution to defence." Has Canada done nothing for the defence of the Empire—placing it even on that basis? What did we do in the war? We sent 500,000 men overseas. Canada did her part in the war toward the defence of empire. But she did more than that, if her contribution rests upon something more than men and ships. We discovered during the late war that food, for instance, was just as vital a thing in the waging of war as were munitions and ships. And what has Canada done in that respect? It is not a fair comparison to put Canada on an even keel with Great Britain in the matter of these expenditures. We have spent hundreds of millions of dollars in the building of railways and in the opening up of new country, and every time we built a mile of railway; every time we opened up new parts of this country and brought additional areas under cultivation; every time we contributed to the material wealth of this country, we were adding to the strength of the Empire. Canada has made her contribution, and a very notable one, in that respect. And I would point out for the information of my hon. friends to my right that the doctrine I am preaching in this respect is not a new doctrine; it was preached by one of the most eminent men of the Conservative party in this country, the late Sir Charles Tupper. In the last decade of the last century, the question was mooted that Canada should make her contribution to the British navy, and Sir Charles Tupper took the ground that Canada should not be expected to do that. He argued that when Canada built her railways across the Dominion, linking up New Zealand and Australia with Great Britain, she was contributing to Empire defence. Alluding to things I have just mentioned, he says:

> These actual facts illustrate, in my opinion, the best mode of contributing to the strength and defence of the Empire. In my judgment, instead of adding to its defence, the strength of a colony would be impaired by taking away the means which it requires for its development and for increasing its defensive power if it were asked for a contribution to the army and navy.

He was alluding there to a contribution, and the same thing would apply to

the expenditure of a similar amount of money in the building of ships.

> Any such contribution would be utterly insignificant in its value compared with what is now being accomplished.

Those are not my words, those are the words of Sir Charles Tupper. I submit that is the line along which Canada can make her best contribution to Empire defence.

Mr. RYCKMAN: Will the hon. member permit me a question?

Mr. CRERAR: Certainly.

Mr. RYCKMAN: Does the hon. member think that in the building of the Canadian Pacific railway, Canada has contributed her part to the naval defence of the Empire?

Mr. CRERAR: I am not going to give my hon. friend my opinion. I have given him the opinion of Sir Charles Tupper which was that Canada had done so. If my hon. friend wishes to repudiate that great statesman of the past, that is his affair.

Mr. LAPOINTE: The party has changed since.

Mr. CRERAR: This question, I think, must be considered in the light of what Canada can do at the present time. I have stated time and again—I have said it so often that I am afraid hon. members in this House and people in the country will get tired of hearing the assertion—but I repeat it here, that the most pressing thing before this country to-day is to get its finances in order. The Finance Minister comes down to-morrow possibly with a programme of increased taxation. I do not know, I hope not; but if he does not, I do not know how he is going to make his budget balance this year. But say he comes down with that proposition, what is the problem before this country, and before this House? It is to keep our taxation down. If you run your taxation up in this country in view of the scattered area of the Dominion it becomes a question how long will you hold your people. To my mind that is the most serious question pressing upon us financially, and for that reason I gladly support the reduction suggested by the minister in these naval estimates. Moreover I will tell the committee I would have been prepared to go a great deal further than he has gone.

Mr. SUTHERLAND: I would like to ask the hon. member if he would wait until the enemy was at his gate before preparing to do anything to defend himself?

Mr. SPENCE: In all my life I have never heard such a system of quibbling as that advanced by hon. gentlemen opposite, and some other hon. members, in order to make excuses to get away from assuming our share of responsibility for naval defence. The statement has been made that this is one of the most important subjects which has been taken up this session. I agree with that statement; I say it is just as necessary to maintain the navy at proper strength as it is to support the Canadian National Railways, and we all know how absolutely necessary that is. Because if you have no navy then you have no support for your merchant marine; and if your merchant marine suffers then your National Railways will be prejudicially affected. I am not so familiar with naval affairs as I probably am with matters concerning the militia and therefore I do not propose to go into the discussion of details. But I heartily endorse everything that has been said in favour of the maintenance of the navy, and I do hope the Government will see to it that at least a sum equivalent to the expenditure of last year will be provided to keep our navy in as efficient a condition as possible.

The maintenance of the navy should not be regarded as a political matter. It is absolutely a matter of business and every hon. member here should give his support to the maintenance of an efficient navy. Let there be no suspicion entertained in the outside world that we as Canadians, are not prepared to do our share towards the upkeep of the British navy. We should be British enough—because we are all Brittishers in Canada—to wish to continue to sing "Rule Britannia, Britannia Rule the Waves." This country owes a great deal to Britain and we ought to show, in some tangible way, that we appreciate what the Mother Country has done for us. A number of hon. members opposite have been talking about events of the past. Well, a great many of us here do not want to hear so much about the past; what we are interested in is the future. I hope the Minister of Militia will see to it that a substantial contribution is made towards the maintenance of the navy.

Mr. CHAIRMAN: Shall the resolution carry?

Mr. CANNON: Just before the item is carried I have one or two observations to

make. I understand that while I was out of the chamber the hon. member for South Oxford (Mr. Sutherland) made certain references to speeches which I had made in the province of Quebec. I wish to inform the hon. member, and other members of the committee that I do not take back one word of what I said. My stand to-day is exactly the same as it was during the last election, and years before. My opinion is the opinion expressed by the leader of the Liberal party in this House —that this question should be dealt with from a purely Canadian viewpoint and from no other viewpoint at all.

Item agreed to.

MILITIA AND DEFENCE

Dominion Arsenal, Lindsay—for the pay of caretakers and general maintenance, $25,000.

Mr. GUTHRIE: I want to ask the minister if I understood him aright on the last occasion upon which these estimates were up in regard to the arsenal at Lindsay. I understood him to say that he was negotiating for the sale, or other disposal of the property. Has the minister definitely decided on the abandonment of the Lindsay arsenal as a government arsenal in the future.

Mr. GRAHAM: I may say that the department has been approached in the matter but the parties who made the advances were told that if they came prepared to talk in a definite way we would discuss the matter with them. My own view is that there is no definite need for the Lindsay arsenal—that the arsenal in the province of Quebec can provide all the ammunition we need in Canada for our annual training. If that be the case why should we have two arsenals to do the work of one?

Mr. THURSTON: May I ask the minister if he has seriously considered this matter. I understand that the Lindsay arsenal is an up-to-date factory, the most up-to-date and modern factory on this continent. If there is any question of disposing of an arsenal why not dispose of the one at Quebec instead of that at Lindsay?

Mr. GRAHAM: There is one strong reason, and that is that the Lindsay arsenal only manufactures small arms ammunition and the Quebec arsenal manufactures both.

Mr. THURSTON: The hon. minister (Mr. Graham) has not answered my question. I have wondered at times why the Lindsay arsenal, a new building, modernly equipped and more centrally situated than the Quebec arsenal, should be closed down, instead of the Quebec arsenal. The minister states that the arsenal in Lindsay only manufactures small munitions, but I cannot see what other ammunition we need. Why do we need larger ammunition?

Mr. GRAHAM: In military training we use other ammunition, outside of the small arm ammunition, and, although we possibly have a supply on hand now, if we have our annual training, it will not last very long. The munitions are turned over every seven years.

Mr. MEWBURN: It would only mean moving machinery from Quebec to Lindsay.

Mr. THURSTON: Did I understand the minister to say the other evening that he negotiated with some four firms in connection with disposing of the Lindsay arsenal, but at the present time he has nothing definite view?

Mr. GRAHAM: Parties waited on the Government and discussed the question of the disposition of the Lindsay arsenal. Some discussion had taken place between a deputation from Lindsay and myself and afterwards between the Minister of Railways and myself. I thought some use might be made of the building by the Canadian National Railways, but I have been rather discouraged along that line during the last week or two by the Minister of Railways. Another party approached the department, but had nothing definite in view. I suggested that if they had anything definite to discuss to come back.

Mr. THURSTON: Could the minister tell us what the Lindsay arsenal cost?

Mr. GRAHAM: Land $39,943.97, buildings $813,915.94, equipment $909,897, making a total of $1,763,755.

Mr. HARRIS: I did not hear all the answer. The reason why the arsenal at Quebec was kept on and the one at Lindsay closed was not quite clear to me. Another point struck me very forcibly was this: All hon. gentlemen know the geography of this country fairly well, and in case of aggression from outside, I think, they will agree that it is quite possible the arsenal at Quebec could be blown to pieces much more quickly than the one at Lindsay. Although I am not a militarist, never having fired a gun, perhaps, in my life, it seems to me it would be more practicable to retain the arsenal at Lindsay, which is situated far enough inland to enable us to

maintain our position against attack much longer than we could in the case of the arsenal at Quebec. With regard to making small arms at Lindsay, I think it is quite possible to make larger arms there if necessary. In my humble opinion, it would be well if both these institutions could be kept running. In case of aggression, we would be in a much better position with this arsenal at Lindsay than with simply one at Quebec. Has this matter been taken into consideration? I would like to get the views of the minister with regard to the possibility of something happening the arsenal at Quebec, in case of aggression, and as to the position we would be in if the arsenal at Lindsay were closed.

Mr. GRAHAM: Of course there is a possibility that the arsenal at either place might be destroyed. At the present time I do not see any danger of the Quebec arsenal being destroyed by any foe. In the second place, I might say that the Quebec arsenal is an old established arsenal, employs over a hundred men more than the number employed, even for the short time, at Lindsay. Its machinery is up to date, as is the Lindsay machinery. As I stated before, it is equipped for manufacturing 18 pound explosives, while the Lindsay only manufactures small arm munitions.

Mr. THURSTON: The question was asked the other evening as to what amount of munitions has been shipped out of the Lindsay arsenal. Could the minister give us that information?

Mr. GRAHAM: No munitions from the Lindsay arsenal went overseas. There were used in training approximately 3,000,000 rounds. That would be the annual training.

Mr. GUTHRIE: How much has been manufactured a Lindsay since the factory was opened? Was it 3,000,000 rounds only?

Mr. GRAHAM: No, there was more than that manufactured. The local munitions manufactured at Lindsay since the arsenal was opened were:

Cartridges S. A. bore 303, mark VII= 34,997,293.
Small arm rounds for American Government 896,925.

Mr. HARRIS: Is it the policy of the Government to dispose of the arsenal at Lindsay?

[Mr. Harris.]

Mr. GRAHAM: The policy as to the disposal of the arsenal at Lindsay would be that, if conditions did not change very materially and very rapidly, the Government would be prepared to dispose of that arsenal, if it got a proper price for it, or to lease it for a term of years.

Mr. FORKE: We voted $243,000 last year. Could the minister tell us how many rounds were manufactured in the arsenal last year?

Mr. GRAHAM: About 3,000,000 rounds.

Mr. GUTHRIE: And how much money was spent?

Mr. GRAHAM: Spent, $174,000.

Mr. CHAPLIN: Is there not a sufficient quantity of small arm munitions and of heavy ammunition on hand to warrant the closing down of the Quebec arsenal, so that a holiday would be taken there, as well as at Lindsay?

Mr. GRAHAM: I am informed that the amount of reserves we should maintain is 90,000,000 rounds, and these munitions must be turned over every seven years. At the present time we have on hand 45,000,000 rounds. In that case, it is necessary to continue the arsenal at Quebec.

Mr. CHAPLIN: In the ordinary course of events, how long would it take, in ordinary military training, to use up 45,000,000 rounds of munitions, and how much with the reduced training?

Mr. GRAHAM: About 10,000,000 rounds a year.

Mr. CHAPLIN: We have on hand about four years' supply. I think we could readily take a holiday.

Mr. GRAHAM: But we must maintain a reserve.

Mr. GUTHRIE: I think this reserve is one of the things that we should eventually aim at. The reserve was fixed by a suggestion made by the present Lord French, then Sir John French, in the year 1910, when he came through Canada at the invitation of the Liberal government then in power and made an examination of all the military establishments in the country. In his report he stated that 40,000,000 rounds, the quantity which was then the reserve of our rifle ammunition, should be doubled. I have never seen where the figure 90,000,000 was used.

Mr. PARENT: Was that a private report?

Mr. GUTHRIE: No. I have it here. It is in the Library; it is circulated, and everybody knows about it. Our reserve may have been climbing up to that figure, but we have never reached it. We have maintained a reserve at just about the figure at which it stands to-day, namely 40,000,000 or 45,000,000. The annual training and the Rifle Association will use probably eight or ten million rounds. I think that is the case when the whole volunteer establishment is trained. The effort, however, has been to get up to the proper reserve limit. I will ask the committee to note that this appropriation is entirely for small arm ammunition; nothing is asked for in this appropriation in the nature of artillery ammunition, and this kind of ammunition can all be made at Lindsay. I have had occasion to go through both the arsenals, and they are both very good institutions. The one at Lindsay is, of course, the more modern, and I think the hon. member for East Hamilton (Mr. Mewburn) is quite correct when he says that at this date it is the most up-to-date ammunition factory in America. In round figures, it cost $1,750,000,000, and it is only three or four years old. I do not believe it can ever be sold for anything approaching the figure which it cost. There is room in that arsenal to manufacture, not only our rifle ammunition, but our heavy ammunition, and I know that during the last two years the proposal was made to remove the heavy machinery from Quebec and to bring it to Lindsay. The reason for the suggested change was that Lindsay strategically was the proper place for an arsenal, whereas Quebec did not offer the same advantages on account of the exposed situation. There is no doubt that one cruiser in the river could, with a single shot, put the Quebec arsenal out of business.

Mr. BUREAU: The same thing might be done at Lindsay by an aeroplane.

Mr. GUTHRIE: But that can be said of every arsenal in the country. One is in an exposed situation; the other is remote from our frontier, well inland, and I think any military man in the department —and the minister can make inquiries for himself—will agree with me when I say that, from a military point of view, Lindsay is the best situation for an arsenal.

We know that we have on hand in the way of rifle ammunition, because we have just been told that, and we know approximately how long it will last. We have also a general idea of what we have in the way of heavy ammunition for our artillery. If we did not know that; the Prime Minister (Mr. Mackenzie King) tried to inform the country last fall as to what we had, and he said: "this country is becoming literally a storehouse of high explosive shells and the like." We know what the quantity is; it is 500 rounds per gun. It has been so stated on oath before the Public Accounts Committee. That was our reserve before Lord French came to this country to make his report, and we have that reserve of 500 rounds per gun. The question for the committee to decide is whether the suggestion of the hon. member for Lincoln (Mr. Chaplin) is not a good one, whether we cannot afford to take a holiday at both arsenals,—if the one, why not at both? The most modern arsenal is at Lindsay; the best situated is at Lindsay; all they propose to manufacture is .303, the small arm ammunition, which could be made at either of them. It is for the committee to decide where that ammunition ought to be made.

Mr. THURSTON: How much land is there in connection with the arsenal at Lindsay? How many acres?

Mr. GRAHAM: I have the cost of the land, $39,943. I have not the acreage at hand.

Mr. THURSTON: I have been told on some authority that the gentleman who owned the land received $10,000 for it. Where did the balance go?

Mr. HALBERT: How many employees are there at Lindsay?

Mr. GRAHAM: There are 171 at Lindsay and 281 at Quebec.

Mr. SUTHERLAND: When did the Government decide upon its policy of disposing of Lindsay arsenal? Negotiations have been on foot, and apparently it ts the intention of the Government to dispose of it. I do not believe this matter was discussed during the campaign last December, and it must have been very recently when the Government discussed it.

Mr. GRAHAM: I could not exactly give the date, but the Minister of Militia and Defence recommended to his colleagues that, as the Lindsay arsenal was not necessary, a large amount of money could

be saved annually. That suggestion was accepted by his colleagues, and consequently the recommendation is made to the House.

Mr. RYCKMAN: Will the minister kindly tell us first, what product of the Quebec arsenal went overseas and next, what is his argument in favour of the Quebec arsenal as against the Lindsay arsenal?

Mr. GRAHAM: There are two or three arguments which I have given. I will give them again.

Mr. RYCKMAN: What product of the Quebec arsenal was actually shipped overseas and used at the front?

Mr. GRAHAM: Cartridges, small arm bore, .303, mark VII, approximately 16,000,000 rounds; cartridges, filled, B.L. 12-pounders, 15,000 rounds; shrapnel and blank, 97,000 rounds. As I have pointed out to my hon. friend before, the Quebec arsenal is an old institution which manufactured both heavy and small arms ammunition and the eighteen pounder. It employs over 100 men more than the other arsenal. It would cost a great deal of money to move that machinery to Lindsay. A very strong argument in favour of disposing of Lindsay arsenal was that the Quebec arsenal could not be sold to any such advantage as the Lindsay arsenal could as a building. As to the suggestion by the hon. member for South Wellington (Mr. Guthrie), as regards the danger at Quebec, the great danger to hospitals as well as to arsenals is from the air and not from the land or sea, as our boys found out in France.

Mr. CANNON: Did I understand the hon. member for Victoria (Mr. Thurston) to state that when the Lindsay arsenal was built, the land was bought by the government for $39,000, and that the owner of the land received only $10,000. Where did the other $29,000 go?

Mr. THURSTON: Can the minister tell me from whom the land was purchased, if he cannot tell me the number of acres?

Mr. GRAHAM: This land was purchased by the Public Works Department, which does all the building for the various other departments. I have not the information with me.

Mr. LAPOINTE: Mr. Rogers was Minister of Public Works at the time.

Mr. MEIGHEN: I would suggest that if the hon. member for Victoria (O.), (Mr. Thurston), has any charges to make in respect of that purchase he make them in the usual way. I will ask for no special formality; let him demand an investigation by the Government without delay.

Mr. CANNON: The member for Victoria (O.) is under no necessity to lay any formal charge.

Mr. MEIGHEN: I do not think he will.

Mr. CANNON: He is entitled to ask for information just as my right hon. friend (Mr. Meighen) is, and that is what he is doing now. If the Minister of Militia has the information it is time that the committee were given it. When was the land bought, and from whom?

Mr. GRAHAM: The Public Works Department carries on that part of the business for the other departments; I have not the information available. I should think that the land was bought in 1916 or 1917.

Mr. BUREAU: Perhaps the hon. member for Victoria (O.) has the information.

Mr. GRAHAM: Does the hon. member know the date?

Mr. THURSTON: I do not know the date, but I am told by Lindsay people that this man owned a hundred acres and that he received $10,000 for the land, and I was wondering why the cost should be represented as $39,000.

Mr. CANNON: Do you know the year?

Mr. MEIGHEN: I should like the minister to give the information before the vote carries. I object to leaving the matter in the shape of an innuendo.

Mr. McBRIDE: We have heard a great deal for the past two days about cutting down expenses, and we have listened to that sort of thing until we are almost tired. Now if there is one item that has come before this committee, since the House met, that can stand cutting down it is this item of $425,000. The militia is cut down, the mounted police estimates are cut down, and the navy is practically abandoned. That being the case, why do we want ammunition? I move in amendment that this item be reduced by $110,000 for the Quebec arsenal.

The CHAIRMAN: The hon. member for Cariboo (Mr. McBride) moves that vote No. 96 be reduced by the sum of $10,000.

Mr. McBRIDE: No, Mr. Chairman, $110,000.

The CHAIRMAN: I must call the hon. member's attention to the fact that the committee is considering vote No. 96 which calls for an expenditure of only $25,000.

Mr. McBRIDE: I stand corrected, but I thought that we had passed that item and were on No. 97.

Mr. SUTHERLAND: The location of an arsenal is an important matter to the whole country. There are two arsenals in Canada, one of which is about to be closed, and this perhaps might be approved by many. But the Government have intimated that they have entered into negotiations for the disposal of one of these arsenals without consulting Parliament or bringing the matter before the people. Now, the location at Lindsay was selected because of its distance from the international boundary and the facilities at hand for its proper defence, while the other one at Quebec is in a more exposed position. During the war the arsenal at Quebec was exposed to danger. This was recognized by no less a personage than the leader of the Opposition of that day, who, in the city of Quebec on December 8, 1916, delivered an address from which I shall quote a paragraph to show the danger in which Sir Wilfrid Laurier supposed that arsenal to be, from its exposed position.

The CHAIRMAN: I must point out to the hon. member that we are on item 96 "Dominion Arsenal, Lindsay—$25,000."

Mr. SUTHERLAND: The location of an arsenal, Mr. Chairman, is a matter of great importance to the country, and the abandonment of the arsenal at Lindsay has a direct bearing upon the remaining arsenal at Quebec. I contend therefore that I am in order in discussing the relation of the one to the other.

The CHAIRMAN: Provided the quotations are relevant to the item under consideration, and conform to the rules, they may be read.

Mr. SUTHERLAND: If I contravene the rules I bow to your decision, Mr. Chairman. But my contention is that the policy of the Government in regard to the location of the arsenal at Lindsay is a matter that has a distinct relevancy to the other arsenal at Quebec. Of course, if I am not in order I do not wish to proceed in that direction.

The CHAIRMAN: If item 96 is passed it will be quite in order for the hon. member to discuss it in connection with the following vote, as he is doing.

Mr. SUTHERLAND: I take it that if this particular item is disposed of I shall be out of order in later adverting to it. I hold, Sir, that we should not dispose of the Lindsay arsenal as the Government proposes to do. I was stating some reasons why this should not be done, and I think I am well within the rules of the House in doing so. I was going to quote from the words of Sir Wilfrid Laurier, spoken on December 8th, 1916, in the city of Quebec, when he pointed out the danger to which the arsenal there was exposed at that time.

Sir Wilfrid then read extracts from a plan prepared by the German General Staff and published before the war, showing that it was their intention to add two more provinces to those taken from France. He could prove that the German idea was the imposition of Deutsch tum, or German domination, on the world, and he added that the war had shown how near they had come to succeeding.

Mr. CANNON: Will my hon. friend allow me a question?

Mr. SUTHERLAND: Let me finish the quotation.

Mr. CANNON: What document is the hon. member quoting from?

Mr. SUTHERLAND: If you will permit me to read the extract I shall be glad to answer any questions afterwards. The report goes on:

If it was possible for merchant submarines to enter United States ports it was possible for armed submarines to enter Halifax, St. John and Quebec ports.

Mr. CANNON: What document are you quoting from?

Mr. SUTHERLAND: From the Toronto Globe of December 8, 1916.

Mr. CANNON: Reporting a speech which was supposed to have been made at what place in Canada?

Mr. SUTHERLAND: At Quebec. Now, Sir, we have had an intimation from the Minister of Marine and Fisheries (Mr. Lapointe) as to what the policy of the Government is in regard to the harbour at Quebec. I also desire to draw the attention of the House to another matter. I hold in my hand the Canada Gazette of April 6, 1918, in which I find an Order in Council passed by the government on the 4th April of that year. It is in these words:

Whereas on the 28th day of March last the opposition of a large number of the population of the city of Quebec to the enforcement of the Military Service Act 1917 and the regulations thereunder broke out in open violence and serious riots ensued on that day—

The CHAIRMAN: Order. I must call the hon. member's attention to the fact that this Order in Council, so far as it has been read, is not relevant to the item under discussion, the Dominion arsenal at Lindsay, and therefore he is out of order.

Mr. SUTHERLAND: Mr. Chairman, I do not desire to be out of order, but I have read only a part of the recital. I think if you will permit me to read the remainder of the order I shall be able to demonstrate that I am well within my rights, and that this Order in Council proves conclusively that Quebec city is not a suitable place for a Dominion arsenal.

And whereas—

The CHAIRMAN: Order. The hon. member has already been advised that the Order in Council he is attempting to read is not relevant to the item before the committee. Therefore under Rule 13 (5) he is clearly out of order.

Mr. SUTHERLAND: Mr. Chairman, I am not going to appeal to the House from your ruling, although I think if you had permitted me to read the Order in Council you would not have taken exception to it. I was endeavouring to point out that the location of the arsenal at Lindsay was much more suitable than at Quebec, and my reason for doing so was the danger with which we might be confronted in the event of a national crisis. I pointed out that the arsenal at Quebec is situated on an international waterway which in all probability will be the main international artery of this continent in a very few years. During 1918, while we were tested and tried to the limit of our national capacity, we found that Quebec was the one point in the whole Dominion where martial law had to be enforced in order to suppress rioting and an outbreak of its citizens—at a time, I repeat, when we were being called upon to exert our utmost energies in the successful prosecution of the war, and yet I am prevented from reading this Order in Council to substantiate my statement.

The CHAIRMAN: Order. I have already declared the hon. member to be out of order in regard to the reading of that document.

Mr. MEIGHEN: Would it not be well if hon. gentlemen opposite were kept in order and some decorum observed in this House? That is infinitely more important than the mere wisdom of reading a particular order-in-council.

The CHAIRMAN: I think the right hon. gentleman is quite right, and that an effort should be made on the part of hon. members of this committee to give a courteous hearing to every hon. member discussing these items. I would ask hon. members to follow that practice.

[Mr. Sutherland.]

Mr. SUTHERLAND: The location of our dominion arsenals is of too great importance to be passed over lightly, what has happened indicates what the policy of the Government is with regard to our national affairs. We have extracted from the Government at different stages information as to their policy in regard to national defence, and while a great proportion of the party opposite sit back and say nothing, yet the ministers who are responsible for the administration of their departments express in a half-hearted way what has been taking place behind the scenes. I ask this committee whether they consider it to be in the interests of good government that the Administration should negotiate for the disposal of one of the most important features of our system of defence without consulting Parliament or the people. When a policy of that kind is entered upon the people are entitled to know something more about it than has been furnished so far. And when by insinuation and innuendo it is made to appear that the people of Ontario are absolutely opposed to the best interests of this country, I think the Government have to put up some better arguments than they have advanced so far. The insinuations thrown out by the Prime Minister were such that every self-respecting citizen of Ontario will, I am sure, resent when the proper time comes they will call him to account. I refer to the campaign which he claims was carried on in Ontario in regard to national defence. Now, Mr. Chairman, notwithstanding the evident desire that certain things should be kept from the public, so far as I am concerned I may say that I am going to protest as vigorously as I can on behalf of my constituents against the disposal of the Lindsay arsenal and the maintaining of the arsenal in the city of Quebec. In doing so I do not wish to be understood as advocating the manufacture of large quantities of munitions at the present time; but we should have at our disposal the facilities for turning them out in the event of their being required, and, above all, we should have an arsenal located at a point where there will be absolutely no danger of any interference with those who would be there carrying out there duties in the event of a crisis arising.

Item agreed to.

Dominion Arsenal, Quebec, $425,000.

Mr. LAPOINTE: As intimated the other day by the hon. Minister of Militia (Mr. Graham), I beg to move that this item be reduced by the sum of $50,000.

Mr. McBRIDE: I beg to move an amendment that the item be reduced by the sum of $110,000.

Mr. GRAHAM: It strikes me as peculiar that when we shut up one arsenal some hon. gentlemen object, saying that we should keep it open to manufacture munitions; yet they now show signs of being in favour of cutting $110,000 off the vote for the other one.

Mr. MEIGHEN: It was ruled, the minister will remember, that we could not discuss the proper location of the Quebec arsenal while the other vote was under consideration.

The CHAIRMAN: I would draw the hon. gentleman's attention to the fact that it was not ruled that for purposes of comparison it could not be discussed. But an Order in Council dealing with certain riots and lawlessness alleged to have taken place in the city of Quebec was ruled out of order on the discussion of the item in respect to the Lindsay arsenal. That was the intention of the Chairman, at least.

Mr. MEIGHEN: Does the Chair contend that that had no relevancy at all to the question as to the proper location of the arsenal?

Mr. GRAHAM: There is no point of order in this, that I can see. I have made my statement as to the inconsistency of assuring the House that the Government should not think of shutting up the Lindsay arsenal, because of its being required to manufacture small arms ammunition, and of thereupon arguing that the Government should take $110,000 off the vote for the other arsenal. I could understand the attitude if hon. gentlemen were in favour of not cutting either down. Now, the Government proposes, as moved by the Minister of Marine and Fisheries, that this item be reduced by $50,000. This, together with the reduction in the case of the other arsenal, is, I think, a big jump in the reduction of expenditure so far as these two items are concerned.

Mr. MEIGHEN: How much was spent last year at the Quebec arsenal?

Mr. GRAHAM: For ten months, $311,000.

Mr. SUTHERLAND: Will the minister inform the committee who is propounding the policy of the Government, the Minister of Marine and Fisheries, or himself? There is a motion to adopt this item, and the Minister of Marine and Fisheries, another member of the Government, proposes to reduce it by $50,000. I am wondering whether or not we have any government at all. This is surely becoming a spectacle such as has never before been witnessed in any civilized country. It is a peculiar procedure for one minister to move the adoption of an item and then for another minister, in order to forestall our friends to the left, to jump up and introduce a motion to cut the item down by a large amount. Surely this is an innovation in responsible government. I would like to know from either one minister or the other, which is the policy of the Government?

Mr. GRAHAM: My hon. friend I know, is thirsting for information. I would ask him this: if the vote related to works in the county of South Oxford, would he move a reduction, as the Minister of Marine did? I rather think he would say, on the contrary, that he wanted more. However, owing to the ruling of the Chair that the minister in charge of the estimates cannot properly move a reduction, as has been the custom in the committee for many years, it becomes necessary for someone else to move that reduction.

Mr. SUTHERLAND: Why does the minister submit the estimate, then?

Mr. GRAHAM: My hon. friend will permit me to answer his question. As a matter of fact, if someone other than a member of the Government, had moved the reduction which I told the House some days ago we intend to move, the hon. member would immediately have raised the point that although the Government were responsible, they were getting a private member to move the reduction. So we make it absolutely governmental; a member of the Government living in the city of Quebec has asked the reduction.

Mr. CHAPLIN: The minister says that $311,000 was spent during ten months of last year at the Quebec arsenal. The proposal now is to spend $425,000 for this year; that is the economy the Government practices, it is not economy as I view it. We have a tremendous amount of large am munition; we certainly do not want any more of that. From what the minister has

told us to night, we have 45,000,000 rounds of small arms ammunition, enough to last, under ordinary circumstances, for four years; yet the minister proposes to reduce this item by $50,000 as an evidence of practical economy. It is economy, is it?

Mr. GRAHAM: Yes.

Mr. CHAPLIN: If that is economy as you have been preaching it for some time, it is not economy as I view it. You do away with the need for this ammunition by partly doing away with the annual camps; yet you now propose to make more ammunition.

Mr. GRAHAM: Not so much. My hon. friend is mistaken; he forgets that some ammunition was manufactured at Lindsay last year.

Mr. CHAPLIN: I understand that perfectly well.

Mr. GRAHAM: In the second place, we are taking $50,000 off the $425,000, which will leave $375,000. The amount
11 p.m. expended last year would have been $396,000, so that you have this year $375,000 instead of $396,000, notwithstanding the fact that the arsenal at Lindsay is closed.

Mr. CHAPLIN: I do not think the minister's explanation is very clear. It is quite plain that all the ammunition that was made at Lindsay was small arms ammunition. Now, nothing but small arms ammunition is to be made at Quebec, and that amounts to $425,000. But according to last year's estimates, some large ammunition was made there. Does the minister give us that information now, or does he try to make us believe that all the ammunition that was made last year was small arms ammunition. I would like to ask him how much small arms ammunition and how much large ammunition was made in Quebec last year?

Mr. GRAHAM: In this estimate we propose to make at Quebec 5,000 rounds of the 18-pounder shells.

Mr. MEIGHEN: Has that the approval of the Prime Minister?

Mr. CHAPLIN: It is not so stated in the estimates.

Mr. GRAHAM: If the committee desires it, I will read what the estimate is based on:

7,000,000 cartridges, S. A. Ball, .303.
200,000 cartridges, S. A. Ball, .303. for Dom. Rifle Association.

[Mr. Chaplin.]

10,000 cartridges, S. A. Ball .303. Tracer, Mark VII.
500,000 cartridges, S. A. Dummy .303.
7,710 boxes for .303 ammunition.
144,000 bandoliers .303 ammunition.
1,500,000 chargers, cartridges .303.
900 boxes for Long Rifle ammunition.
1,000 puffs, powder, 4 Drachms, R.F.G. 2.
1,000 puffs, powder, R.L.G. 2.
500 puffs, powder 4 oz.
500 puffs, powder 2 oz.

Mr. CHAPLIN: It is exactly as I pointed out a few minutes ago: There is not one dollar's worth of 18 pound ammunition in the estimate that I can see; it is all for rifle cartridges.

Mr. GRAHAM: I think my hon. friend is right but I have the 18-pound in my explanation and it is an error that it does not appear in the estimates, surely.

Mr. CHAPLIN: I submit that it is not an error, for the reason that the price of this ammunition as laid down in this specification amounts to $425,000 and that is the total amount of the estimate. Consequently there can be no 18-pound ammunition there. As the deputy minister is here, I hope the information asked for in reference to the division of the ammunition for which $311,000 was spent last year will be given, that is approximately how much was spent on 18-pound ammunition and how much on rifle ammunition?

Mr. CANNON: The patriotic spirit in the hon. member for Lincoln has always been known in this House, but this year he is evidently changing his attitude. I do not understand how my hon. friend can think of putting questions to the minister of such a nature as to cause our military secrets to be divulged. The hon. gentleman has always been a very strong supporter of the British Empire, has likewise always been in favour of our taking part in the defence of the Empire. Is it fair therefore that my hon. friend should to-night ask the minister such questions that tomorrow every foreign power will know exactly the amount of ammunition we have in this Dominion. I think the hon. gentleman is treading on most dangerous ground and I appeal to you, Mr. Chairman, to protect our military secrets from disclosure.

Mr. MANION: I rise to say that I think that when the conditions of this country have got to the pass where my hon. friend from Dorchester (Mr. Cannon) taunts my hon. friend from Lincoln with lack of patriotism, we really should reconsider this vote. In view of the cuts that

have been made in the various estimates—in the militia estimates, in the navy estimates, in the estimates for various other branches of defence—it is only reasonable that the hon. gentleman who has moved a reduction—and he informs me that it is quite in proportion with the other cuts that have been made—should be supported. I find that as a result of the different motions which have been made in the House we have a nation without defence; we have a navy without sailors; we have a militia without annual training; we have estimates without consistency; and now hon. gentlemen opposite are proposing ammunition without an army. In view of these circumstances I am going to have very much pleasure in supporting the hon. gentleman who has moved the amendment to the amendment.

Mr. CHAPLIN: I am thankful to the hon. member for Dorchester for referring to me in the very kindly way in which he did. Let me say to him that we have very much missed his voice in the discussion of these estimates. But his voice was not lacking last year; he was one of those hon. members who were very persistent in moving for reductions. As I say we have missed him very much this session, we would like to hear something more from him; and yet to-night we find him defending an estimate which cannot rightly be defended. Let me say one word in respect to the accusation of giving away military secrets. I only asked for what is published in the estimates. That information is set forth there in black and white; it is there for anybody to see from one end of the Dominion to the other; and anywhere else for that matter. While I am on that question I may say that I have had placed in my hands a copy of last year's estimates and I find, although the minister would not give me the information, there is a matter of some six or seven thousand rounds of artillery ammunition referred to. I do not know what the price was but I think a reasonable figure to put it at would be about $25 a shell, which would represent a sum in the neighbourhood of $175,000 or $200,000. If I said the minister was misleading the committee, you, Mr. Chairman, would probably call me to order, but I certainly would like to have an explanation from him.

Mr. CANNON: I am very grateful to the hon. member for his statement that he has missed my voice this session. If I have not taken as active a part in the debates this session as I did in former years, the reason, I may inform the hon. member, was that I was studying the Roumanian question.

Mr. CHAPLIN: If it were in order, Mr. Chairman, I might ask my hon. friend what he learned from studying the Roumanian question so hard.

Mr. CANNON: Axes sometimes cut.

Mr. CHAPLIN: If the Chairman wished to be fair to the committee he would tell my hon. friend that he has no business to talk about such a matter at such a time.

Mr. CHURCH: Surely the minister in the case of a large item like this, is going to tell the committee that he is acting on the advice of his technical experts. I may say that the freight charges for the carriage of small arms and ammunition in Canada is very great and that is one reason why an arsenal should be more centrally located. It certainly should not be established near the border of the country; that lesson has been driven home to us by examples during the great war. Surely from the standpoint of national defence a Dominion arsenal should be located where it is not easily open to attack. Suppose a hostile fleet ever sailed up the St. Lawrence what would become of the arsenal at Quebec? Is the minister going to depend on a few fishing boats and trawlers to protect the place, or does he expect it to be defended by the British fleet?

Mr. GRAHAM: The suggestion for a reduction of $50,000 has not been made without full consultation with the officers responsible in the department. As I pointed out a few moments ago danger to any building in the future, as shown in the recent great war, will likely come from the air rather than from approaches by sea or land. There is no part of Canada, as far as I know, that could not be attacked by bombs from an aeroplane.

Mr. RYCKMAN: The minister was asked, what portion of this sum of $428,300 had relation to small arms last year and what proportion to heavy arms or bombs? I should like an answer to that question, notwithstanding the pleasantries of the hon. member from Dorchester (Mr. Cannon), and upon that answer I shall make a further inquiry.

Mr. GRAHAM: The amount expended last year was divided between small arm

ammunition and artillery. I think there were about 6,000 rounds of artillery ammunition—

Mr. RYCKMAN: Give it in dollars and cents. That is the only way, in my ignorance, I can interpret it. How much of this $428,300 was for small arms, and how much for heavy ammunition? I am told there was $311,000. How much for small arms and how much for 18-pounders? It seems that the answer is not readily forthcoming, and I would almost think that the member for Dorchester, in that happy manner of his, has to draw aside an intelligent answer to that question. What do we find? This Government has proposed, and has succeeded in its proposition, to strike $700,000 from militia service estimates, and $1,000,000 has gone from the naval service estimates. That means that $218,300 have gone from the appropriation which was made last year to the Lindsay arsenal, and the proposition now is that, notwithstanding that $1,700,000 have been stricken out of the amount this country is going to have for its defence and, that $218,300 have gone from the Lindsay appropriation, we shall strike only $110,000 from the amount that is voted for the Quebec arsenal. Under all the circumstances, from the amounts that have already been stricken out, this amount of $110,000 should be increased. Upon any reasonable solution of this proposition there is no question the amount should be larger, and if hon. members opposite want to justify the larger vote than the vote, minus the $110,000, they ought to explain it to the members of this House. In view of these large amounts that have been proposed, not by the Opposition not by the Progressive members, but by the members of the Government themselves, to be stricken from the naval and militia estimates, I have great pleasure in supporting this $110,000 rebate which the Progressive member asks, but which I think is altogether too small a sum, and I would support a proposition to strike off any other sum which could be saved to this country on this deal.

Mr. BAXTER: I do not propose to approach the consideration of this question from any political point of view. I have sat several hours in this House through what I would like to characterize, if it would not be too harsh, as a succession of farces. It seems to me the navy has sailed back again into the Militia Department, and really when hon. members ask for information from the minister, I do not know whether they are asking it from the Captain or "Little Buttercup." The nearest thing we get is that it is shady—it is shady, for we cannot obtain any exact information. I do not propose to vote for the amendment to the amendment moved by the hon. member for Cariboo (Mr. McBride) unless I am forced to do so for want of information. It does not square with my idea of the manner in which military or naval subjects should be treated in this House. I am prepared to give here an absolutely non-partisan vote in support of any estimate that the Government will bring before this House with a sense of responsibility and with a courage that faces the House and the country and says the amount is required for the defence of Canada. Anything else would be exceedingly small politics indeed. I invite the hon. minister to give us frankly the advice that he surely must have had from his experts and show us what this vote is for. Evidently what appears on page 29 of the Estimates is either a mistake or a sham. Let him give us what ought to replace that, and show us what they intend to do with it. I will assume that what was done at Lindsay last year is to be done at Quebec this year. That is a question of territory, and a question of politics, but if ammunition is required for the Canadian militia it must be made somewhere. The Government has to settle that question. The hon. member thinks the only danger is from the air. I think there is too much danger from the air in this House. We want to bring the thing out of the air, and get it down to concrete form, so that we can understand it and vote intelligently upon it. Can we have a plain direct statement as to the ammunition, not that some political body has recommended, but that the officers of the Militia Department have recommended, as being necessary. Tell us the reasons of it and the cost of it. For one, I am prepared to vote for that cost, but I want more information and I want it here. I would like, at the same time, although it is not so important, to have an explanation to this House of why, when the estimates, which are supposed to be thoroughly considered and prepared by the minister with the assistance of his staff, were brought before the House they were brought down with apparently $50,000 more demanded than the minister thinks necessary now. I make no cavil with regard to the fact that the Minister of Marine, or some other member of the Gov-

ernment moves an amendment, but why should it be necessary to amend the estimates? Will the Minister of Militia tell this House one single bit of technical advice he has received from his experts since these estimates were laid on the Table of the House weeks ago, that he can transmute into $50,000, and show as a justification for cutting off that amount? Is this a real bona-fide reduction because his technical officers advised him that the original estimates were prepared in error, or is it a bit of cheap political stage play before the members of this House and the people of Canada? Let us have the reason. After all that, even if he finds it is only because the political club has been shaken, or because he wants to gain favour with some members of the morganatic alliance, if he will say he cannot stand the reduction suggested by the hon. member for Cariboo, I will vote for what he proposes, because I do not propose to take the responsibility in the matter. If, some months later, an emergency should arise, I do not propose to be counted as one of the men who refused to do what the military authorities of this country said was necessary.

Mr. BROWN: Two or three times since this session opened, we have heard something about alliances. The leader of the Opposition (Mr. Meighen) spoke, in the early part of the session, of a proposed alliance of which the banns were forbidden. The hon. member for St. John city (Mr. Baxter) for the second time has used the term "morganatic alliance". When those expressions were used, I for one could not but recall a certain illicit alliance that was entered into at one time, an alliance of which hon. members to my right have been reminded two or three times by hon. gentlemen opposite, an alliance that was entered into, as such illicit relationships are often entered into without very much regard for the consequences,—consequences that at one time threatened to be serious to the people of Canada, and consequences which were serious. I should like just to remind our hon. friends who speak of morganatic alliances that they ought to remember some of those alliances of the past—

The CHAIRMAN: I should like to draw the attention of the hon. gentleman to the fact that while he introduced his remarks on the appropriation for the Dominion arsenal at Quebec, his remarks in the committee up to the present have not been relevant to this particular appropriation.

Some hon. MEMBERS: Go ahead.

Mr. BROWN: I submit that my remarks may not be relevant; but neither were the remarks of the hon. gentleman (Mr. Baxter).

Mr. GRAHAM: My hon. friend (Mr. Baxter) rather suggested that I was concealing information. The decision to reduce by $50,000 was not made by the Government. That made, of course some little difference in the details. I read out to my hon. friend a few moments ago all that the Government proposed to manufacture at Quebec with the $425,000. The change would be that we would drop some of the small arms and manufacture 5,000 rounds of 18-pound shells.

Mr. BAXTER: What is that in money? No one has told us that yet.

Mr. GRAHAM: I have informed one hon. gentleman that I have no calculation as to the cost and I cannot possibly give that to him to-night.

Mr. BAXTER: I want to know if I understand the minister aright, that at the time the estimates were brought down to the House, he did not know that shell ammunition would be required; that he has been informed since then that shell ammunition is required, and that he will have to cut down the small arm ammunition in order to make room for the other.

Mr. GRAHAM: I want to give my hon. friend all the information. As I stated a few moments ago, an error was made in leaving out the 5,000 rounds of artillery ammunition.

Mr. CHAPLIN: In reference to the 5,000 rounds of 18-pound ammunition, we have no information as to the cost. I ventured the opinion a while ago that it would be worth probably somewhere between $20 and $25 a shell. Might I ask the minister, as his deputy is present, if that includes the explosive, the cartridge and the primer, the whole thing complete, loaded?

Mr. GRAHAM: I am informed by my deputy that that is the whole shell complete.

Mr. CHAPLIN: At $25 apiece, that would mean that the small arm ammunition would be cut to the extent of $125,000.

Mr. GRAHAM: I did not finish my remarks. I did not state any price.

Mr. CHAPLIN: The minister has not done so yet.

Mr. GRAHAM: I am doing my best to do so. I am informed that the complete shell will cost from $18 to $21.

Mr. MEIGHEN: The committee is in just the position in which it was when this estimate was first brought up. The estimate is for virtually the same amount as that of last year. The only reason advanced so far by the minister for its reduction is that some 5,000 rounds of 18-pound shells extra are required. That might be a reason for increasing the estimate. No reason at all is given for the reduction; but, of course, we all know the reason; the reason is simply a demand made that it be done. But inasmuch as everything else is reduced that is of service, I for one do not know any reason why it should not be $110,000 less, or even $150,000 less, just as much as $50,000 less. We have no information on the subject at all. I need not comment on the inconsistencies of the Government. The Prime Minister (Mr. Mackenzie King) went through the last campaign—and ever since, indeed, he has continued the process—storming against the quantity of ammunition that was in the country, promising all sorts of exposures, all sorts of scandals about it, complaining that ammunition that we owned was brought here at the mere cost of carrying it, and now he comes to Parliament and wants us to vote $375,000 to make some more.

No reason whatever has been given as to why the Lindsay arsenal is closed and this one continued. The minister says: "There is danger as regards both being destroyed in the event of hostilities." We all know that there is possibly equal danger from the air; but the one is in very grave danger from the chief source of peril, and the other in no danger from that source at all. In point of danger, as regards geographical location, the argument is wholly in favour of the Lindsay arsenal. The minister never attempted to make any reply to that, nor to shift from the shoulders of his Government the very obvious explanation that it is merely a political move, keeping the one and abandoning the other. Inasmuch as we have no explanation at all why $110,000 cannot go off just as much as $50,000; inasmuch as the minister has reduced the provision for the rest beyond what he admitted, once at least, was the margin of safety, and inasmuch as he had virtually abandoned the training or, at least, the greater part of the training, can he show us that there is not on hand sufficient to enable them this year to get along with the quantity that would be allowed by the amendment of the hon. member for Cariboo (Mr. McBride)? Indeed, so far as information is given to the committee, there would not require to be any made at all, except perhaps of one line. If I have understood all the information given, there is enough of the rest on hand to last from four to nine years. Why then go ahead except with the line as respects which there may be some shortage? In a word, unless we are to get information that puts the responsibility up to us, I know of no reason for voting money here at all. We have enough to produce just what the minister says we need.

Mr. HOEY: I want to make my position clear on this item in just a word or two. I want first of all to congratulate the minister on his courage in making these reductions, not only this particular reduction, but reductions in other items that we have already considered. It is my judgment that these reductions will be received throughout this country with considerable satisfaction, if not with enthusiasm. It is my hope—and I trust I am justified in that hope—that these reductions will be interpreted as economies effected in the interest of soldiers' civil re-establishment. Even this afternoon and for several days I have been moved—and I possess a somewhat phlegmatic nature—by the kindling eloquence of the leader of the Opposition (Mr. Meighen). His speeches in the interests of Canadian defence were eloquent. He says that the policy of a country—referring to its defence—is reflected in the moral character of the citizens of that country. I was deeply moved by his appeal. But I cannot understand his position at the moment.

Mr. LAPOINTE: Well, I do.

Mr. HOEY: I cannot understand the attitude which hon. members to my right are taking. Even allowing that we have no militia at all, would not common sense tell us that ammunition itself is a factor in national defence in view of the thousands of trained men we have throughout the country? Now, these are the men that talk about national defence, and sing "Rule, Britannia." I do not take second place to any member in this House in my loyalty to the British Empire. I had the good fortune, or the misfortune, whichever you like, to come from a part of the country that has suffered more than any other part of the British Empire in the

determination to adhere to that Empire. But I say I cannot understand at all the position taken at the moment by the right hon. gentleman to my right, and I want to congratulate the minister (Mr. Graham) on his courage in giving way to the wishes of Parliament in this regard and in making these reductions in the interests of economy, thus relieving the people from the oppressive and ponderous burdens under which they are labouring.

Mr. MEIGHEN: Mr. Chairman—

Mr. LAPOINTE: Speech No. 34.

Mr. MEIGHEN: I am grateful to hon. gentlemen for the applause they have seen fit to accord me.

Mr. DUFF: Will the hon. member allow me a question? Is this the first time he is speaking?

Mr. MEIGHEN: If it is your will, Mr. Chairman, and the will of the committee that we convert ourselves into an entertainment association we might import movies here with some degree of success.

Mr. DUFF: We do not have to when you are here.

Mr. MEIGHEN: The subject is treated as one purely of levity on the part of hon. gentlemen opposite. They seem prepared to spend money so long as it is spent just in the way they want, and when they get sufficient fun out of it in the House. I am not at all surprised at the position taken by the hon. member who has just spoken (Mr. Hoey). I make no comment on any alliances; I let the facts speak for themselves. The records of this House is a pretty good disclosure to the people of the country as to just the relationship between that hon. gentleman, at least, and some others near me, and hon. gentlemen opposite. He says that he does not understand me. As soon as it is shown to me that the further manufacture of ammunition to this extent is necessary, as soon as the minister states it on his responsibility and gives me the facts to prove that it is necessary to have this ammunition on hand for our purposes, I will support him, and support an increase in the vote.

Mr. HOEY: He has already given that explanation.

Mr. MEIGHEN: The hon. gentleman (Mr. Hoey) is easily satisfied. And if any hon. gentleman thinks the action courageous of a minister who brings an estimate to Parliament, declares it is the minimum for the safety of the nation, and, because a roar is raised behind him, reduces it, then the relationship is pretty easily established between him and such a minister. The minister has stated that he cannot give any figures at all to show the cost of the extra ammunition he wants, nor will he tell us what it is proposed to make. We do not need to know accurately at all, but we should like him to give, even roughly, an estimate as to how long what is on hand will last, and what the cost will be of what it is proposed to make. As soon as we have that information and it is shown that we need that extra ammunition I am prepared to vote every dollar of the $50,000, every dollar of what in the first place he said would be required.

Mr. SUTHERLAND: The Minister of Militia before leaving the Chamber said that he anticipated the greatest danger to the arsenal from the air. I would ask the Minister of Marine (Mr. Lapointe) who has moved to reduce the item, when the Government decided on this reduction? Was it after the estimates for the air force had been reduced by $617,000? This reduction was made in the expenditure on the Canadian Air Forces a short time ago in connection with the policy of the Government on national defence. The minister informed the House that he anticipated a greater danger from the air than from any other source. Possibly that is the reason why the arsenal has been removed from Lindsay to Quebec. Now it will be a long way from the headquarters of the remnant of the air service which was and might be situated at Camp Borden, and I think that Lindsay would have been a much more suitable place for the arsenal. Does the minister anticipate danger to the Quebec arsenal from our own air force or from some foreign force? Will he inform the committee as to when it was decided to reduce the item $50,000? He has told the committee that he made an announcement to the effect some days ago. Evidently I was not in the House at the time.

Mr. GRAHAM: That has been explained already.

Mr. CHAPLIN: In last year's estimates the total amount of small arms ammunition proposed to be made was seven and a half million rounds, or perhaps about eight million. According to the estimate, at page 29, this year it is proposed to make seventeen million rounds. This is what the minister calls practising economy. He

proposes to make nearly seventeen million rounds of ammunition as against seven or eight million rounds last year.

Mr. CANNON: Does not the hon. member think that the reduction proposed is a fair one in view of the fact that a truce has just been signed for eight months at Genoa by thirty-four nations of the world?

Mr. CHAPLIN: There is no reduction. I have just pointed out that there is an increase of some nine million rounds of ammunition this year.

Mr. GRAHAM: My hon. friend does not understand the facts. The nine million which he has added to the seven million have been deducted from the list.

Mr. CHAPLIN: Well, you never said so before. At page 29 of the Estimates, there are two figures, seven millions and nine millions.

Mr. MEIGHEN: How many years' supply have we on hand in the way of reserve? Can the minister tell us that, and on what authority? The only information I have heard has been that we have forty-five million rounds and that the utmost that has been used were ten million. There will be less used this year on account of the reductions in the other estimates. What is the minister's policy, and what does he base it on, as to the number of years' reserve that should be on hand?

Mr. GRAHAM: If I remember correctly the figure given by the hon. member for South Wellington (Mr. Guthrie), it is eighty million rounds.

Mr. MEIGHEN: There is that reserve?

Mr. GRAHAM: No. I do not say that any Canadian government has maintained that reserve, but it is the opinion of Lord French that a reserve of eighty million rounds should be maintained. I imagine that provides for ten million rounds in addition being used each year.

Mr. MEIGHEN: That is for a very much larger force than the minister contemplates by his policy. What is the minister aiming at himself, and on what does he base his opinion as to what we ought to have by way of reserve?

Mr. GRAHAM: My officers think that we ought to have eighty million rounds in reserve, but we have not anything like that number of rounds.

[Mr. Chaplin.]

Mr. MEIGHEN: The hon. minister's officers also think that we ought to have much more training.

Amendment (Mr. McBride) to the amendment negatived.

Amendment (Mr. Lapointe) agreed to.

Item as amended agreed to.

Adjustment of War Claims—Militia and Defence, $7,380,000.

Mr. GRAHAM: Mr. Chairman, one of the amounts in this item is $500,000 for the battlefield memorials. I admit without any hesitation that I think it should be separate. A committee composed of members of both Houses was named to deal with this matter. I might by repetition detail the history of the appointment of that body, but as the hon. member for East Hamilton (Mr. Mewburn) is chairman of it, I would suggest that he give to the House a resumè of what has been done.

Mr. MEWBURN: Mr. Chairman, I agree with the minister that this item should have been placed among the miscellaneous votes, but I do not criticise its inclusion in this vote.

For the information of some members of the House who were not then members, I may say that in 1920 a committee of the House was appointed to consider the question of Canadian battlefields' war memorials. That committee sat for some time, took evidence, and made a report to the House, recommending that certain memorials be erected in France and Belgium. Eight sites were selected as follows: No. 1, St. Julien; No. 2, Passchendaele; No. 3, Observatory Ridge; No. 4 Vimy Ridge; No. 5, Drury Crossroads; No. 6, Bourlon wood; No. 7, Courcelette; No. 8, Hospital Wood.

Subsequently a commission was appointed consisting of the Hon. Mr. Lemieux, General Sir Richard Turner, Colonel Leonard, Senator Turriff and myself, a purely voluntary commission, to consider the erection of these war memorials. A competition was held for designs, open to architects and sculptors all over Canada, and very complete rules were printed and issued. Something like 160 competitors submitted designs. The assessors appointed to consider those designs were, Professor C. H. Reilly, representing the Royal Institute of British Architects; M. Paul P. Creats, representing the Société Centrale des Architects (Paris); and Mr. Frank Darling, representing the Royal Architectural Institute of Canada. Those assessors selected seventeen designs

for the second stage, and from those two awards were made, one to Mr. Allward of Toronto, the other to Mr. Clemenshaw of Regina.

The memorial designed by Mr. Allward, of which a photograph has been on exhibition, and I think is now in the Speaker's room, was proposed by the commission to be erected at Vimy. It is on a large and magnificent scale and has received great commendation throughout not only the length and breadth of this country but of England and France.

Working in conjunction with the Imperial War Graves Commission, we discussed the perpetuation of the names of Canada's missing. As you are all aware, the Imperial War Graves Commission is a body incorporated by Royal charter of which the Prince of Wales is chairman, and with which all the overseas dominions are associated. They are charged with perpetuating their quota within the war cemeteries by a headstone of simple design placed over the grave of every officer, non-commissioned officer and man. It has been unanimously decided that we should consecrate the names of Canada's missing within this one large memorial which we propose erecting at Vimy. Those names at the present time, I regret to say, run to about nineteen thousand.

The other seven memorials, exactly similar in design but on a very much smaller scale, will be erected at the other seven points. Land has been acquired at the eight different points at very low cost, one of the areas having been presented to the Canadian Government. General Hughes has been over there as engineer in charge; he has laid out the plans for the grounds, arranged for the grading of roads, and so on. We are hoping at an early day to complete the contracts for the erection of these memorials. I may say that this vote was brought into the House by myself in 1920 and again in 1921; it is now again presented this session. It was strongly recommended by the committee of the House appointed in 1920, and it has been practically a revote ever since. As I have already stated, this work is being carried on voluntarily by the gentlemen whose names have been given. We hope this vote will pass the House unanimously, in order that we may be enabled to make some headway with what we look upon as the least this country can do to perpetuate the deeds of heroism of those Canadians who fell in France and Flanders.

Mr. MACKENZIE KING: I wish to say just one word in regard to this vote and to the work of the War Memorials Commission. The hon. member for East Hamilton (Mr. Mewburn) has spoken of what has been done in the way of the proposed erection of monuments. I hope the commission will consider very seriously indeed—I know in fact it is considering it—the advisability of acquiring a very considerable tract of land along Vimy Ridge as a permanent memorial. Whilst sculpture may do a great deal to commemorate the sacrifices of our men, Vimy itself is one of the world's great altars, on which a perceptible portion of our manhood has been sacrificed in the cause of the world's freedom. As a national memorial nothing can equal the preservation of the ridge itself, if it can be acquired. I hope the commission will go just as far as it can in acquiring what to Canada will ever be consecrated and hallowed ground.

Mr. MEWBURN: I am glad the Prime Minister referred to that; there is just one word that I omitted to say. We took expert evidence as to the location of these memorials from all the officers, from the corps commander down, and in the decisions we arrived at we have been backed up by their opinion as well as by that of Professor Reilly, who went over and viewed the sites. The unanimous opinion was that the large memorial ought to go to Vimy. Many of the army officers held that Vimy was by no means the most important battle that was fought by the Canadian corps; yet it is agreed that there is something distinctive regarding Vimy that comes very close to the hearts of Canadians. We have a small site there and we feel that sufficient of that ground should be acquired; we trust that Parliament will approve whatever recommendation we may finally make with that idea in view. The base of this memorial will occupy very nearly an acre of ground, and we hope we can acquire at a reasonable price certain portions of Vimy to perpetuate for all time the outstanding features of Canada's exploits on that ridge. That, I think, is what the Prime Minister referred to. I may say that all the members of the commission are unanimously of that opinion, and General Hughes has agreed to continue the negotiations with the French Government and some of the owners with a view to seeing just what land we can acquire for that purpose.

Mr. GUTHRIE: I quite agree with the suggestion that additional land be procured

on Vimy Ridge. I was familiar with the work of this commission, because it is under the Department of Militia and Defence, as is also the War Graves Commission. I had an opportunity of personally inspecting all the eight sites which have been referred to by the hon. member for East Hamilton (Mr. Mewburn). At the time I examined the sites, the work on them was progressing. A good deal of work has been done on some of them in the way of levelling, cultivation, and the construction of permanent roadways, which have made them very accessible and also very beautiful. But what struck one on looking at the eight sites was that Vimy Ridge was too far removed from the main road and that many people might pass by without their attention being specially called to the fact that this site had been chosen as the location of the memorial. Originally the memorial was to have been erected on Hill 62, near the Ypres salient, but on further consideration, those more concerned than I was with the matter—the officers who had charge of it—decided that Vimy would be a more suitable point. It so happens that there is a large tract of the ridge running right out to the main highway which can be secured, I believe, on very reasonable terms from the government of France, who still own it. I quite agree with my hon. friend from East Hamilton and with the Prime Minister that the Vimy site should be secured right to the main road. It cannot cost very much, and the result will be to add materially to the value of the property as a monumental site.

Mr. SPEAKER: As this is a non-political matter, Mr. Chairman, I may, perhaps, be allowed to say a word. I had the honour to be appointed a member of this commission by the late government, and have attended all its sittings. The work has been most harmonious, and I must thank the late government for the appointment of my friend from East Hamilton (Mr. Mewburn) as chairman of that commission. I have asked the new Government, since there has been a change, to maintain him as chairman of that commission. Very little has been said in the Canadian press about the monuments which have finally been selected, but in looking over the British and the French press—and, I may say, the American press, because our secretary has collated all these reports and comments published in the newspapers—we find with pride that the monuments designed by Canadian artists equal, if they do not surpass, the memorials to be erected on that great battlefield by other nations. It has been stated—and I repeat, word for word, I think, what I have read in one of those most artistic reviews from France—that as regards grandeur, simplicity and reverence combined, there is nothing to equal the masterpiece that Allward, a Canadian, has produced. I re-echo the views expressed a moment ago by the Prime Minister. To Canadians, Vimy Ridge is hallowed ground, and it will be acquired by the commission if that can be done. I have nothing more to say; I repeat that I would not have taken part in this debate had the subject not been a non-political one. I am proud to serve on that commission and under my good friend the member for East Hamilton.

12 m.

Mr. GRAHAM: Mr. Chairman, as this commission comes under the Department of Militia and Defence, I want to assure the committee that up to date everything connected with the commission has been most harmonious. The commission has had but one object in view, that of carrying out the wishes of Parliament in order that honour may be done to our dead and a lesson be thus taught to the living. I have visited some of the battlefields overseas, and take this opportunity or assuring any hon. gentlemen who are personally interested in the cemeteries over there that they are being taken care of in minutest detail.

When the work of the War Graves Commission is completed Canadians who go overseas will find places not only of beauty but places of reverent instruction, places helpful in forecasting the possibilities of the future viewed in the light of what has happened in the past. When I went overseas two years ago I was waited on by some gentlemen there who wished to get the views of the Canadian people on the suggestions that had been made, that the remains of the boys who had fallen should be brought back to Canada. It is a delicate question to discuss, but after having consultation with the War Graves Commission, and after visiting the cemeteries, I have no hesitation in giving it as my view that the boys ought to be left to rest where their day's work was finished. I believe that is best in the interest of the world as a whole because, in the years to come, these monuments erected to the memory of the Canadian boys will stand as a part of the history, in a sense, of the world's revolution, and if these bodies were to be removed we would lose one of

the great lessons of the war. These cemeteries will form in the years to come a monument to Canada's ideals, to Canada's courage, and to Canada's devotion to what the people of this land deemed to be the right. I hope in a year or two, if I live, to visit these graves again, and I feel assured, from the sites that have been located for the erection of these battlefield memorials, that every Canadian who visits that land will feel a greater thrill of pride when he surveys these memorials.

Mr. JOHNSTON (Last Mountain): I am sorry the leader of the Progressives party is unavoidably absent at this moment, but having talked this matter over with him I know that had he been here his voice would have been raised in commendation of the work of the commission in reference to these war memorials. I believe too that he would have supported the idea of the Prime Minister that the commission should acquire a larger acreage in connection with the memorial at Vimy, and that this wonderful piece of work should not suffer for lack of space. It has been my privilege to view a photograph of these memorials and I am sure that all Canadians will feel great pride that we are to have such a memorial to commemorate the work of our men on Vimy Ridge as well as the smaller memorials at other points in the battle area.

Mr. SHAW: I wanted to make one observation which I am sure the hon. member for East Hamilton (Mr. Mewburn) would have uttered had it not perhaps inadvertently escaped him, and it is this: I think the public should know that these monuments are being placed on spots which, to Canadian soldiers at least, are all historic ground. It is unnecessary to say that the monument at Vimy Ridge is essentially one of that character; but perhaps it may not be known that numbers of the others too, commemorate probably some of the greatest engagements in which the Canadian soldiers took part. I need only mention that the contemplated memorial at the crossroads near the little town of Dury commemorates the successful attack on the Hindenburg line, in which the Canadian corps formed the spearhead on that particular day in September. Might I also mention that the memorial proposed at Bourlon Wood commemorates the Cambrai attack in the latter part of September, 1918. So too it will be recalled that the proposed memorial at Courcellette commemorates the attacks on the Somme; and similarly with the remainder. There is just one thing which occurs to me, as a tragic incident in connection with the war, and which probably will bring home to people who perhaps, at this distance, are not sufficiently impressed with the tremendous and awful horrors of war, and that is that to-day there are 19,000 Canadians, out of a total of 60,000 dead, who are missing. I think that is a tragic circumstance, and one that perhaps will not lose its significance upon those who seem to think that the horrors of war are overstated.

The CHAIRMAN: Shall the resolution carry?

Mr. GUTHRIE: The resolution comprises the whole war claims vote, whereas the item we have been discussing only refers to a sum of half a million. I understood my hon. friend wanted this particular item to pass. There was some arrangement with my hon. friend from East Hamilton (Mr. Mewburn) that it should be discussed, but I know that my leader was under the impression that the rest of the vote would not go through to-night.

Mr. MACKENZIE KING: Very well, we will hold it.

Mr. GRAHAM: With the exception of this item; we are through with this particular resolution.

Mr. GUTHRIE: That is perfectly satisfactory.

On motion of Mr. Mackenzie King for the adjournment of the House

Mr. GUTHRIE: We will have the Budget to-morrow?

Mr. MACKENZIE KING: Yes. I may say that once the debate on the Budget is commenced the Government would like it to proceed until it is disposed of.

Mr. GUTHRIE: That is, the debate should proceed each day after routine business?

Mr. MACKENZIE KING: Yes.

Motion agreed to and House adjourned 12.10 a.m. Tuesday.

Tuesday, May 23, 1922

The House met at three o'clock.

MEMORIAL TO THE LATE COLONEL G. H. BAKER, M.P.

Mr. W. F. KAY (Missisquoi) moved, seconded by Mr. Ethier: That the follow-

ing members of parliament, namely Messieurs Ross (Kingston), Boivin, Kay and Mewburn be appointed a special committee to act with a like committee of the Senate in further considering and determining the form of the national memorial to be erected in the Parliament building to the late Lieut.-Colonel Baker, M.P., who lost his life on the field of battle, and that a message be sent to the Senate to acquaint their honours accordingly.

Motion agreed to.

PRIVATE BILLS

FIRST READINGS

Bill No. 109 (from the Senate), for the relief of D'Eyncourt Marshall Ostrom.—Mr. Church.

Bill No. 110 (from the Senate), for the relief of George Herbert Stanley Campbell.—Mr. Ross (Kingston).

Bill No. 112 (from the Senate), for the relief of Robert James Owen.—Mr. Boys.

Bill No. 113 (from the Senate), for the relief of Gibson Mackie Todd.—Mr. Boys.

Bill No. 115 (from the Senate), for the relief of Margaret Thompson.—Mr. Sheard.

Bill No. 116 (from the Senate), for the relief of Daniel Calvin Bell.—Mr. Sheard.

Bill No. 117 (from the Senate), for the relief of Stanley Davidson Morning.—Mr. Duff.

Bill No. 118 (from the Senate), for the relief of Johnston Nixon.—Mr. Rankin.

Bill No. 119 (from the Senate), for the relief of William Andrew Hawkins.—Mr. Ryckman.

Bill No. 120 (from the Senate), for the relief of James Malone.—Mr. Boys.

Bill No. 121 (from the Senate), for the relief of Marjorie Elizabeth Wickson.—Mr. Maclean (York).

Mr. SPEAKER: Bill No. 111, for the relief of Deliah Jane Mills, and Bill No. 114, for the relief of Mary Agnes Flynn Donoghue, have no sponsor, and their first reading must be postponed.

BUSINESS OF THE HOUSE

On the Orders of the Day:

Hon. W. L. MACKENZIE KING (Prime Minister): It was understood that we would go on with the Budget; but might I ask the committee if they will kindly take up, in the first instance, Order No. 12, on the Order Paper? The Minister of Finance (Mr. Fielding) has been delayed for a few moments in coming into the House, and we might proceed with that Order if hon. gentlemen opposite are agreeable.

[Mr. Kay.]

ANIMAL CONTAGIOUS DISEASES ACT AMENDMENT

On motion of Hon. W. R. Motherwell (Minister of Agriculture) Bill No. 62, to amend the Animal Contagious Diseases Act, was read the second time, and the House went into committee thereon, Mr. Gordon in the Chair.

On section 1—maximum compensation reduced.

Mr. MOTHERWELL: As this Bill went through its second reading so quickly, I had not an opportunity of making a few remarks at that stage, but they probably can be made just as well now. As most hon. members are doubtless aware, since 1906 an act has been in force providing for certain compensation for animals on account of their being slaughtered to prevent the spread of contagious disease. That act has been changed from time to time with regard to the amount of compensation in proportion to the increase in value of animals on the market, whether pure bred or animals for commercial purposes. Now it is thought advisable to reduce the compensation to correspond with the reduction in value of animals on the market. That is the purport of this bill. There may be a difference of opinion as to the amount of this reduction on the various classes of animals; but I do not think there will be any difference of opinion in the committee as to the principle of reducing the compensation in proportion to the reduced value of animals on the market today. As a matter of fact, many animals are not worth one-half what they were two years ago; and as this bill is for the purpose, not of purchasing animals, but rather of indemnifying owners who have had animals examined and slaughtered, it is obviously inadvisable to leave these indemnifications at the high rate at which they are at present. It seems to my officials and myself that the amounts named in the bill are about right, but they are not fixed arbitrarily, and I shall be glad to have any suggestions made in cases where it is considered they are left either too high or too low.

Mr. CRERAR: What is the amount of the reduction that has taken place?

Mr. MOTHERWELL: I have in my hand a statement showing the various amount of indemnities during the years since 1906, and I have a copy of this for my hon. friend. The statement reads:

Between 1906 and 1913	
Pure breds—	
Horses	$300
Cattle	150
Pigs or sheep	50
Grades—	
Horses	$150
Cattle	60
Pigs or sheep	15
Between 1913 and 1918	
Pure breds—	
Horses	$500
Cattle	150
Pigs or sheep	50
Grades—	
Horses	200
Cattle	60
Pigs or sheep	15

Then, as the act was amended in 1918:

Pure breds—	
Horses	$500
Cattle	250
Pigs or sheep	75
Grades—	
Horses	200
Cattle	80
Pigs or sheep	20

The figures provided for in this amendment now before the committee are exactly identical with what they were from 1906 to 1913, just before the war, which I have already read. It is within the judgment of the House to indicate in what instance they are still too high or may be made too low. It was not originally intended to purchase the animals, but to encourage the inspection of them. The object was to identify and destroy diseased animals and indemnify the owners to the extent of these amounts, leaving the animals as salvage to the owners in addition to the indemnifications. It must be remembered also that we have only a certain amount of money to do the work with, the reasonable compensation like the foregoing will clean up a larger number of herds than if we left the indemnifications too high. In other words, you get more useful work done by this fair indemnification proposed in the bill than by the present rate, and at the same time give to the owners a fair compensation on the basis of the valuation of the animals.

Mr. JOHNSON (Moosejaw): Is the full value of the animal paid or only a percentage of the value?

Mr. MOTHERWELL: It depends on the relative value of the animal, but the inspector will take this amount proposed as a maximum. The compensation for each individual animal will depend upon the inspector's appraisal of its value.

Mr. JOHNSON (Moosejaw): I do not think the minister grasps my point. Is the indemnification a percentage of the value of the animal, or is it the entire value?

Mr. MOTHERWELL: It is two-thirds of the value.

Mr. JOHNSON (Moosejaw): That is what I thought.

Mr. MOTHERWELL: And it is based upon the inspector's appraisal.

Mr. SALES: The inspector, I understand, may give what compensation he thinks is proper according to the value, in his estimation, of the animal destroyed. But the maximum is $150?

Mr. MOTHERWELL: Yes.

Mr. SALES: Does not the minister think that this maximum is rather low? Here we have the question of tuberculosis confronting us. This is an important matter, as it effects the health of our people, especially young children who drink the milk from these animals. Many of these animals cost more than $150, some of them two, three or four times as much; and I think that, considering the way in which we were voting money for ammunition last night and for various other matters, we might well increase the maximum compensation paid to the owners of these animals. I urge this point not because it is a matter of agriculture; it is something that is of vital importance to all our people, from the point of view of health. I suggest that the maximum be increased by $50 at least, making the compensation $200. Horses are not used for food, and I am quite satisfied to let the compensation in regard to these animals, and in regard to swine and sheep, stand as it is.

Mr. HODGINS: I am not quite clear as to the meaning of the bill. Does the minister mean that the compensation to be allowed is two thirds of $150? He might explain that point.

Mr. MOTHERWELL: As the Minister of Finance (Mr. Fielding) is ready to deliver his Budget I move that the committee rise and report progress.

Motion agreed to and progress reported.

THE BUDGET

ANNUAL FINANCIAL STATEMENT BY HON. W. S. FIELDING, MINISTER OF FINANCE.

Hon. W. S. FIELDING (Minister of Finance, member for Shelburne and Queens), moved:

That Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means.

He said: Mr. Speaker, eleven years have passed since I last had the pleasure of delivering the Budget Speech in this House of Commons. During these years, and particularly since the year 1914, a great change has come over the financial position of the Dominion. I am sometimes afraid that the full character and the consequence of that change are but inadequately appreciated and understood by the majority of our people. That Canada has built up a very large public debt; that the interest alone on that debt calls for an enormous sum of money, greater indeed than the total expenditure of Canada but a few years ago; that we have a large pension list; and that in various ways we have added enormously to our obligations, are facts well understood by all close students of our public affairs. I think they may possibly be understood in a way, a vague and hazy way perhaps, by the broader public whom we sometimes typify as "the man in the street." He has an opinion, no doubt, that things are a little more serious than they used to be; but I do not think he has quite appreciated the full consequences of the change. Some things are happening as in the good old days. The board of trade, the chamber of commerce, the city council, the town council, and all the other excellent organizations which exist for the advancement of the community, hold their meetings and pass their resolves. They decide at once that for some particular thing which is dearest to their hearts they must instantly have a large appropriation, and then they send sheaves of resolutions to that effect, sometimes following those up with delegations in carload lots to impress upon the Government the necessity of complying with their request. Have these people no notion whatever of the situation? It would hardly be fair to say that. Yes, they have a notion in a way; they have a formula of their own; and they will say to the ministers: "Gentlemen, of course we understand that the situation is a little more anxious than it was wont to be; of course, there is need of economy. But the particular thing we want, everyone must admit, is entirely an exception to the rule." We are all in favour of economy for the other fellow, but we are not so ready to recognize the need of economy in the case of the things that are nearest and dearest to us ourselves.

I must to-day present two thoughts which are of paramount importance. The first is as to the need, the deep and earnest need, of economy. That means that we must appeal both to members of Parliament and to the people to pass what I may call self-denying ordinances. They must not expect all the things which in the good old days they got so readily,—it may be a railway, a bridge, a public work of some kind, a public building, a breakwater, a pier, or any one of the numerous things which we should all like to have, all in their way useful in the development of the community, all desirable, some of them even urgent under better conditions. But it is unpleasant to have to tell people, in most cases, that these things must for the present stand aside. The second thought is that, with all the economy that we can practise, there will still be need of severe examination into our taxation system. It is not pleasant to have to increase taxes, but the fact is that under our present taxation system, I am afraid, with all the economy we can practise, there will not be sufficient means to meet the various obligations of the country. And so we will have to ask the consideration of hon. members and of the public in order that there may be a proprer appreciation of these new conditions that have arisen.

The accounts for the fiscal year 1920-21 have been published and distributed, so that one need not dwell upon them to any extent. The budget speech necessarily takes some account of three years—the year which has passed and for which we have the public accounts, the year that is sometimes current—in this case it happens to be just finished;— and we have to have some regard to the year ahead.

Income and Expenditure

For the year 1920-21 the public accounts show what is called a surplus, to the amount of $73,268,391. Old members may recall the discussions that have taken place in this House from time to time with regard to the manner in which a surplus is declared. A Finance Minister who has

the good fortune to produce a surplus—I have had that good luck on a number of occasions—may find, and very often will find, that he meets with this criticism: Oh, you have no such surplus; you actually have run into debt during the year. The method in the past of showing a surplus has been to take what is called the ordinary expenditure of the country—the everyday expenditure, if I may so call it—and set against it the revenue of the year, which left you either a surplus or a deficit. If that revenue is more than the ordinary expenditure you will have a surplus; if it is less than the ordinary expenditure you will have a deficit.

But every year there are expenditures which do not appear in that calculation. The objection made in times past was well founded. It was and is a fact that there are always expenditures of a special character, and the criticism that has been made in times past is in that respect correct. The distinction that is drawn between capital expenditure and ordinary expenditure has often been a subject of debate. This much is clear, that where you have important public works, large undertakings—such, for example, as this building—they are a legitimate charge to capital account. There is very often much dispute as to what is a proper charge and what is not, but I have observed that notwithstanding criticism of that character, whenever a change of government occurred the new Minister of Finance coming into office fell into the old ways and claimed a surplus even when the country was running into debt.

It is not an unfair claim to make if the facts be clearly understood. It has always been the method by which our public accounts have been conducted. So when the accounts for 1920-21 claimed that there was a large surplus of $73,000,000, the method of bookkeeping was being followed that had existed in the past, yet as a matter of fact during that year there was actually an increase in the public debt of $92,000,000 and over, the difference, of course, representing the charges to capital and special account and that now ever-growing account, the railway service of the country.

If we turn to the year 1921-22, the year that has just closed, although the accounts are not quite complete we are sufficiently informed to be able to make a substantially correct statement of the outcome.

The income tax and business profits tax for this last year show an increase of $14,276,774 over the receipts of the previous year. That, of course, is very gratifying; but on the other side the Customs Department shows a decrease of $57,000,000. The total revenue from all sources we place at $381,271,000, against in 1920-21 $434,386,000. There was, therefore, a very large decrease in the revenue of the year.

The expenditure charged to consolidated fund was $348,145,000, a decrease of $12,972,000, as compared with the previous year. With a revenue of $381,271,000, and an expenditure on consolidated fund of $348,145,000, there is therefore an apparent surplus, according to the method which I have spoken of, of $33,125,000 on the year just closed. There were, however, other expenses on capital account of $23,073,000, cost of loan flotations $80,218, demobilization $9,180,000. Then there are other payments which are classified as investments, active or non-active; only the active investments are taken in the reduction of the public debt.

The result of the operations for the year just closed is that while we have according to one calculation a surplus, we have to acknowledge an addition to the public debt of $86,417,000.

For the fiscal year 1922-23, on which we have entered, on the basis of our present taxation I would estimate that the revenue would be $332,629,000. In this we are including customs at $103,000,000, which is $2,500,000 less than the receipts of the past year. If our anticipations of improving business are realized, we should do a little better than this.

With regard to income tax we could not expect to be so fortunate. This tax is levied on the income of the past year, which was not a good business year; indeed, I think it was a year of exceptional depression, and the effect of that depression will be marked in the reduction of our income tax receipts for the present year. We received last year from income tax and from business profits tax $101,500,000. We would not feel justified in estimating for the coming year more than $60,000,000 from that source.

With a loss of revenue last year as compared with the previous year of $53,000,000, and with a prospect of a shortage of $40,000,000 on the income tax for the current year, the House will see that the situation is a very serious one indeed.

From these and other receipts we estimate a total revenue for the present year of $332,629,000, based, of course, upon our present system of taxation.

The estimates of expenditure which we have submitted to Parliament called for a

total of $466,983,359. Supplementary estimates yet to come will add something to this total, but I hope not much.

From our present sources of revenue we could provide for all our ordinary expenditure and have a modest surplus—in the way that surpluses are now made up—but there would still be a large expenditure on capital account and for the railways, and this would have to be provided for by additions to the public debt. That would not be a very cheerful prospect. We must soon begin to consider the question of the reduction of our public debt rather than aim to increase it. Great Britain with all her troubles has since the war paid off £500,000,000 of her public debt. The United States is making efforts to reduce her public debt. We have not only made no reduction, but we have to acknowledge a steady increase in the public debt every year since the war. Last year, three and a half years after the armistice, we increased our debt by $86,500,000. If we cannot reduce our debt, we should at all events make strenuous efforts to guard against increasing it. We should endeavour to balance our budget, that is, to pay all classes of our expenditure. It would be a joy to me if I could tell the House that we have an expectation of that during the present year. I am afraid, however, the situation will not permit us to do so much. Let us ever recognize our obligation to move in that direction and make every possible effort toward the end in view. We cannot do this if we are content to rest on our present methods of taxation. Even if our estimates of revenue, which are conservative, should be exceeded —and I hope they will—we shall find ourselves short by a considerable sum. If we are to avoid that situation we must accept the responsibility of additional taxation.

The Public Debt

I want to call attention now to the increase of our public debt. Against the gross debt are set off what are called the assets of the Dominion. In former years practically all our assets were treated as good. When the amount was not very great in proportion to our business, perhaps there was no need of any discrimination, but when these assets, under the operation of our railways, grew to very large figures, it became desirable or necessary that there should be discrimination. My predecessor in office, very properly I think, made that discrimination by dividing those assets into active and non-active. It makes no difference with regard to the general expenditure, but if only the good assets are set off against the gross debt we get a fairer statement of the real debt of the country. Now, we are continuing this method of treating the assets: we treat these railway moneys as loans. Perhaps there can be some just objection to that. The Grand Trunk and the Canadian Northern are now virtually owned by the Dominion of Canada, and when we advance money to them we are, in a sense, lending money to ourselves. When we represent these debts as assets, a keen critic might find some fault. But it may be that it will be necessary to continue that system; we are following out the accounts for 1922 in that way. There may be an advantage and a convenience in separating the railway operations from the rest of our expenditure. However, there is another view of the matter. We have a justification for charging to capital or to a special account some particular thing—the building of a railway, for instance. Various classes of public expenditure having permanent results may properly be classified as assets, may properly be classified under capital account. But if from year to year we are to provide for the ordinary expenses of the railway; if we are to provide for the deficit, the difference between receipts and expenditure; if we are also to provide large sums for interest on the bonds and other securities of these so-called railway companies—if we are to do that unfailingly every year, with a reducing figure we may hope, it will be open to some to say, with much justice, that this is no longer a special account but part of the ordinary expenditure of the country; and if so, that ordinary expenditure should be included before we undertake to declare a surplus. However, as I said a moment ago, there may be some advantage in keeping the accounts of the railways for the present as separate and apart from the others. If we clearly and definitely understand the nature of the transaction, I suppose there may be no serious objection to it.

The net debt on the 31st March, 1914—I am taking that year as one of great events —was $335,996,850. That was the accumulation of half a century of confederation. It included what remained of all the old provincial debts taken over by the Dominion. It included the construction of great public works. It included what we once thought were large expenditures. The

result of it was that that debt in 1914 was a shade under $336,000,000. That was considered in its day a large debt, and many a speech was made in this House as to its magnitude, many a cautious member wondered how we were ever going to stand it. But what are we to say of it to-day in comparison with the enormous debt that we now have? As against a little less than $336,000,000 in 1914, our estimated net debt on the 31st March of the present year was $2,427,296,798. Our largest increase was in 1920—$674,000,000; the smallest increase was in the year recently closed—$86,000,000.

Loans

During the year four Canadian government loans have been floated. Three of these have been in the names of the railway companies and one a direct government obligation. We still keep up the theory of corporations in regard to these railways; the railway loans are issued in the names of the railway companies, with guarantees by the government. As a matter of fact, the government to-day are both makers and endorsers of those securities; so that practically they are now government loans. Three of these loans, therefore, have been railway loans guaranteed by the government; the fourth was a direct government loan, of which I shall speak in a moment. In July, 1921, there were sold $25,000,000 of 6½ per cent Canadian Northern Railway bonds guaranteed by the government. These were sold at 92½; they were afterwards sold to the public at 96¼. There was thus on that transaction a clear margin of profit to the buyers of 4 per cent—the spread between what the government got and what the investors who got them paid. This, I think, indicates that it was rather a better transaction for the buyers of the bonds than it was for the government. In September, 1921, a $25,000,000 fifteen year 6 per cent loan of the Grand Trunk, guaranteed by the government, was placed. It was sold in New York to realize 92; subsequently it was issued to the public at 95¼, a spread in this case of 3¼ per cent—a little less than in the case of the previous loan, but still a pretty large margin for a transaction of that kind. A third loan was one of $11,000,000, floated by the present Government in March of this year, $11,000,000 of three year Canadian Northern Railway five per cent notes guaranteed by the Government. We needed $11,000,000 to retire obligations of the Canadian Northern Railway arising in New York and London. We thought the arrangements that had been made on former occasions for the sale of these bonds had not worked out to the advantage of the Government, and we adopted a different method; we invited tenders in New York for the loan, received the bids, awarded the contract, and sold these notes at 99.03. They were sold again to the public at 99⅝, a spread between what we received and what the investor paid of 59 cents on the $100, as against $4 on the hundred in one case and $3.25 on the hundred in the other.

Then, we come to the $100,000,000 5 per cent loan which we recently placed in New York. That loan was to run thirty years, with our right to redeem it, if we wished to do so, in twenty years. It was sold at 97½; it was afterwards placed on the market at par. Some reference has occasionally been made to commissions. I ought to say that the word is not appropriate. In all these transactions to which I have referred there was no question of commissions; the price mentioned in each case was the net price received by the Government. Our $100,000,000 loan sold for 97½ net; there were no commissions or charges of any sort to reduce it. We shall probably need for our financial operations some further borrowing at no distant date. I am hoping that when the moment arrives the condition of the money market in Canada will be such that we can have a domestic loan. I think many people regard it as important that we should place our loans at home, because the interest then is payable to our own people. That is an excellent idea, but it may be pushed too far. There are times when it would be manifestly advantageous to Canada to go abroad. But to begin with, times are not so favourable now for placing loans at home. The loans which were so successfully placed a few years ago had for their support the war spirit and the war fever of the time. Men entered into these transactions largely from patriotic purposes, and they had money to invest in those days, for money was being made. That situation is not exactly repeated to-day. The last year has not been a good business year. Not many men have made money. Not many men have money to invest in government bonds to-day, and there is no longer the patriotic zeal for the war. A loan to-day must be looked upon as a cold-blooded proposition. It might be you would have to offer, to induce our Canadian people to invest in a loan, a higher rate of interest than could be obtained

elsewhere. On anything like even terms I should prefer the domestic loan, if the money is available.

There is still another thought. Canada is still, I won't say an undeveloped country, but a partially developed country; Canada will still have to be a borrowing country for many years. We shall have to go abroad for capital. If we have too much money locked up in government bonds at home, there will be less money available for mortgages and industrial enterprises in this country. Much will depend on the condition of the money market. If there is an abundance of money, it may be wise for us to have a domestic loan. If there is not an abundance of money, it may be wise to go abroad, because if foreign capital is to be brought in it is easier for the government to bring it in probably than it would be for others. We may still hope, however, that conditions will favour a domestic loan when the moment arrives for us to make another move of that kind.

There is an interesting account that we have with the British government of which it is perhaps worth while passing mention should be made. In the early days of the war, arrangements were made by the government of the day with the British government whereby moneys were advanced by the Mother Country for the payment of our troops in England and France. For a considerable time that continued, and at one time we owed a very considerable amount to the Imperial government. In 1915, on December 31, we owed the British government almost $141,000,000. Then a change took place. The British government desired to buy munitions and supplies of various kinds in Canada, and they arranged with the Canadian government that advances should be made in Canada to the charge of the British government. Since that point was reached, the account has turned the other way, and we have ever since that been the creditor of the British government to a large amount. At one time, on the 31st of August, 1919, the British government owed us the enormous sum of $333,000,000. On March 31, 1922, the year just closed, subject to some questions of readjustment with regard to exchange, Great Britain owed us on that date, $117,859,630. Arrangements have now been made by which this account is to be paid off in installments of $5,000,000 per month. We have received two payments of that character and no doubt in due course the whole matter will be settled.

Trade

Coming to the question of our trade, the effects of the depression of the past year are clearly seen in the returns of our import and export trade. As compared with 1921 our imports from the United Kingdom fell from $213,000,000 to $117,000,000, and our imports from the United States dropped from $856,000,000 to $516,000,000. Our exports to the United Kingdom held better, the amount for 1922 being $299,000,000, and for 1921 $312,000,000. Our exports to the United States showed the course of the decline, being $293,000,000 against $542,000,000 in the previous year. I do not wish to ask the privilege of the House to put in many statistical documents, but there is one statement prepared by our Bureau of Statistics which I shall ask the House to let me insert. It shows in a condensed form the trade of Canada with each country of the world for a number of years. It will not occupy a great deal of space, and it presents that aspect of the matter in a very quick form. If the House has no objection, I shall see that it is included in my speech.

(The following is the statement referred to): (See following page.)

IMPORTS AND EXPORTS BY PRINCIPAL COUNTRIES

	Twelve Months ended March		
	1920	1921	1922
IMPORTS FOR CONSUMPTION	$	$	$
United Kingdom	126,362,631	213,973,562	117,134,570
Australia	1,371,775	791,980	1,041,027
Bermuda	55,604	76,959	98,246
British East Indies	16,236,412	14,307,404	8,928,420
British Guiana	7,412,931	9,085,108	6,166,664
British South Africa	735,948	146,798	127,738
British West Africa	174,928	104,719	19,202
British West Indies	12,114,790	14,833,746	8,113,453
Hong Kong	3,208,836	3,516,760	2,114,394
Newfoundland	2,146,414	2,886,203	1,387,766
New Zealand	3,494,600	4,219,965	1,783,500
Other British Empire	1,036,790	2,059,484	2,144,672
Argentine Republic	3,402,554	2,552,831	2,355,100
Belgium	911,407	4,693,368	3,817,931
Brazil	1,973,768	2,151,066	1,495,245
China	1,205,229	1,897,349	1,411,135
Cuba	17,585,528	30,743,239	13,042,568
France	10,630,865	19,138,062	13,467,803
Germany	44,255	1,547,685	2,006,513
Greece	729,830	817,157	1,033,981
Italy	999,040	1,745,330	1,387,370
Japan	13,637,287	11,360,821	8,192,238
Mexico	2,648,915	2,185,399	3,798,202
Netherlands	2,266,169	4,237,791	4,002,145
Norway	461,848	616,978	409,359
Roumania	.....	688	688
Sweden	360,353	555,927	245,295
Switzerland	7,758,051	14,143,448	8,671,608
United States	801,097,318	856,176,820	516,105,107
Other Foreign Countries	24,464,047	19,592,235	17,302,386
Total imports	1,064,528,123	1,240,158,882	747,804,332
EXPORTS (CANADIAN)			
United Kingdom	489,152,637	312,844,871	299,361,675
Australia	11,415,623	18,112,861	10,678,600
Bermuda	1,249,020	1,523,992	989,113
British East Indies	6,762,259	6,388,898	2,341,175
British Guiana	3,109,381	3,594,118	2,298,105
British South Africa	8,649,756	14,648,879	3,890,390
British West Africa	1,067,639	666,576	144,778
British West Indies	10,869,276	13,030,225	9,976,969
Hong Kong	1,343,867	2,000,825	1,411,699
Newfoundland	16,175,443	16,676,728	9,317,639
New Zealand	6,987,008	11,873,000	4,128,531
Other British Empire	5,006,094	2,091,246	1,303,224
Argentine Republic	6,126,457	8,171,980	3,233,423
Belgium	28,463,855	40,252,487	12,359,300
Brazil	2,703,488	2,835,191	2,002,449
China	6,665,805	4,906,570	1,900,627
Cuba	6,329,783	6,573,768	3,974,432
France	61,108,693	27,428,308	8,208,228
Germany	610,528	8,215,337	4,509,547
Greece	29,588,984	20,834,577	5,247,035
Italy	16,959,557	57,758,343	15,335,818
Japan	7,732,514	6,414,920	14,831,520
Mexico	410,825	1,086,197	1,197,597
Netherlands	5,653,218	20,208,418	9,582,924
Norway	4,798,299	5,119,365	2,599,447
Roumania	12,953,605	3,801,584	15,383
Sweden	4,449,105	5,528,361	1,220,196
Switzerland	1,484,416	1,410,777	345,626
United States	464,028,183	542,322,967	293,906,643
Other Foreign Countries	17,636,780	22,842,332	13,928,587
Total exports	1,239,492,098	1,189,163,701	740,240,680

Trade Agreements and Negotiations

Several things have happened with regard to the tariff lately with other countries. An agreement was made by the late government, as the House will remember, with the British West Indies, which came into operation at an early date, and affected most of those islands. One of the islands, however, which remained outside for a considerable period, was Jamaica, but she has now joined the arrangement, and the agreement of that day is in force as between Canada and all the British West Indies.

We have many inquiries with regard to our relations with Australia. There have been communications for some time, under the late government, and under the present government, with the Australian government in relation to that. In the early days of our preferential arrangements, one of the Australian colonies received the benefit of the preference. New South Wales was a low tariff country and she was entitled to the preference. The neighbouring colony of Victoria had higher tariffs, and was not entitled to the preference. Soon after the Australian Commonwealth was formed a new tariff was adopted, which was less favourable than that of New South Wales, and from that time forward Australia has not had the benefit of our preference. Efforts have been made by the late government and by this to bring about a friendly arrangement between the two countries. Recently a member of the Australian government passed through Ottawa and we had an opportunity to discuss the subject with him. He manifested a warm interest in the matter and gave us every reason to expect that the Australian government would take a friendly view of our proposal. Thereupon we proposed to the Australian government that they should give us the preference which the United Kingdom enjoys, and we in return would give them the benefit of our preference. That proposal has not been accepted nor have we received any counter-proposal. However, we fully anticipate that some opportunity will occur for further negotiations, and our hope is that we will be able to make a satisfactory arrangement with the Australian Commonwealth.

Not many months ago this House ratified a treaty that had been made with France. It seemed to have been of a temporary character, contemplating a larger treaty at a later date. I believe the French Consul General approached the late government with a view to further negotiations, but the time was not then deemed opportune and nothing was done. We have recently been asked by the French Consul General to take up the matter, and have intimated our willingness to do so. That is the way the matter stands at the present. I hope at no distant date we shall have some further negotiations, and possibly we may be able to revive the old treaty with France, or make some other treaty which will be fair and just to both sides.

Tariff Revision

Now I come to the question of tariff revision. In the Speech from the Throne His Excellency the Governor General said:

> You will be invited to consider the expediency of making some changes in the Customs Tariff. While there are details of revision, the consideration of which will require time and care that are not at present available, there are features of the tariff which it is felt may properly be dealt with during the present session.

The work of tariff revision may be divided into two parts. What I shall call part 1, the part which most concerns the public, I think, is that which touches the revision in the direction of re-

4 p.m. duction, if there is to be a reduction, in the duties of customs. That is probably the subject most keenly interesting both to those desiring the reduction and to those who do not desire it. The other part relates to what I may call readjustments in a different way. With the progress of time new conditions arise, new interpretations of the Customs tariff are given, new questions come before the Board of Customs, allegations are made that there is inequality between the duty on the raw material and the duty on the finished article. Many questions of that kind arise, not of wide concern to the public generally, but each of concern to some interest which is affected by it. There may be questions of that character to which we shall have to give attention at another time. Some of such there certainly will be, perhaps not so many as some people imagine, but with that portion of the question which relates to the matter of tariff reduction, we propose to deal at once.

The line upon which we ought to be expected to deal, and upon which we intend to deal, is expressed in a resolution that I had the pleasure of moving in this House a year ago:

> That, while recognizing that existing financial requirements of the Dominion demand the maintenance of a Customs Tariff, the House is unable to concur in the declarations by the Government that the tariff should be based on the

principle of protection; the tariff is a tax, and the aim of legislation should be to make taxation as light as circumstances will permit;

That the aim of the fiscal policy of Canada should be the encouragement of industries based on the natural resources of the country, the development of which may reasonably be expected to create healthy enterprises, giving promise of enduring success;

That such changes should be made in the Customs duties as may be expected to reduce the cost of living, and to reduce also the cost of implements of production required for the efficient development of the natural resources of the Dominion;

That, while keeping this aim clearly in mind, the House recognizes that in any readjustment of the tariff that may take place, regard must be had to existing conditions of trade, and changes made in such a manner as will cause the least possible disturbance of business.

This resolution declares for tariff reduction—a tariff reduction that should be made with great care, guarding against any interference of a serious character with the business of the country. The policy so laid down is the policy we are prepared to carry out to-day. With the exception of one item, an increase for strictly revenue purposes, every change I shall propose to-day is a reduction in the Customs tariff; it is a revision downwards at every point.

British Preference

We maintain the British preference which the Liberal government established in 1897 and 1898. When that principle was adopted by the Canadian government it gave offence for a while to some of the people of other nations. Germany, in particular, took offence at it, and for a while undertook to penalize us because of the action we had taken. Other countries, perhaps, did not like it, but still took no very strong part against us. Germany and Belgium were in a particularly favoured position. Other nations had the benefit of what is called "Favoured nation treatment". That is, that any nation having what is called a "Favoured nation" treaty shall, at all times, be on even terms with any other nation. That is the general principle of what the favoured nation condition requires. Germany and Belgium had more than that. Germany and Belgium had made treaties—Lord Salisbury called them "those unlucky treaties"—under which they had a right to claim not only the same conditions that were extended to other foreign nations, but the same terms and conditions that were extended to our Mother Country. We had to get rid of those old treaties before we could establish the British preference, and in the end we did.

In the United States some objection was taken, but not in an official way. There was a good deal of discussion in the American press as to this, as was said, "unfriendly act"; but the American government never took objection. When the matter came up they understood that it was entirely a question within our own family circle. And that is the situation to-day. We stand by the British Preference to-day, and the world recognizes that it is our right to make any arrangement we desire within the Imperial family without any other nation having cause to take offence at it. So we adhere to the British Preference in the arrangement we make, and the effect of the change that we make will be to increase, in some respects, that preference.

Trade with the United States

For many years we regarded the United States as pursuing an unfriendly policy towards Canada in tariff matters. I do not think it was ever deliberately intended to penalize Canada; but we were the nearest neighbour and the tariff policy of the United States unquestionably did seriously affect us, and produced a good deal of hostile feeling in Canada; for years we had reason to complain and we did complain. There came, however, a happier moment when a change occurred. There came a moment when the American government sent representatives to Ottawa to ask us to reopen negotiations, and see whether we could not come to a friendly arrangement. The result of that negotiation—first held in Ottawa and afterwards in Washington—was the making of a comprehensive agreement. It was not a treaty but a comprehensive agreement which was entered into in 1910-11 as the House will remember. I am wondering whether we did not miss the golden opportunity then.

> There is a tide in the affairs of men
> Which, taken at the flood, leads on to fortune.

The flood tide of goodwill in trade matters from our American neighbours came to us in 1910-11, but unhappily the Canadian people did not accept the agreement. I do not want to dwell upon that further than to have the fact clearly understood that though, in former years, we had reason to complain of unfriendly action, at that moment we had every reason to recognize

the fairness of the American government. A happy combination of circumstances arose then which has not arisen since; which perhaps may not come again. A Republican administration, an administration representing the party of high tariff, was in power at Washington; and yet that Republican administration had come to us with a willingness to give us what we thought was a fair deal. The Democratic party was traditionally a low tariff party; and so, with the Republican administration supporting the agreement, the Democratic party naturally gave it their good will. The agreement was confirmed by the American Congress. It was not confirmed by Canada, much, as I think, to the regret of many of the people to-day who at that time did not view it with favour. Now many things have happened since that time. The Democratic party coming into power established trade arrangements which, for some years, gave us some of the benefits which reciprocity would have given us. The Democratic tariff gave us a chance still to do business, and we did a very extensive business. Unfortunately, however,—no I should not say that; we do not want to meddle in the politics of our neighbours—the people of the United States in their wisdom turned out the Democratic party, and the Republican party were restored to power. Since they were restored to power they have introduced what is called the Fordney Emergency Act, which deals largely with agricultural products. That Act unquestionably worked great harm to the Dominion of Canada, and especially to our western provinces. There is no doubt in the world—we may frankly acknowledge it—that the trade relations that had grown up between the two countries were sadly marred by the Emergency Tariff Act, and our western country in some branches of industry—notably the cattle business—has suffered severely in consequence. Now there is another Tariff Bill at Washington—a bill that has passed the House of Representatives and is now before the Senate—which proposes to enlarge on the Fordney Emergency Act. It includes, I think, all the duties of that Act, and in some instances they are increased. It proposes to establish a schedule of duties which is very high indeed. We have no right to complain of our American friends for doing that; but if they assume that position they cannot expect us in Canada to be as willing as we otherwise would to deal liberally with them. If our American brethren try to persuade themselves that you can sell all the time and never buy, we can only regret that they are failing to understand an economic truth; but since they want to pursue that policy we regret it because it must affect our own attitude towards them. I have had the privilege of being at Washington to discuss this question. I have had the opportunity to say to the President of the United States, and to the leading Congressmen of the Union, that Canada, notwithstanding the events of 1911, was prepared to open negotiations. We were glad that we had a friendly offer before. We were sorry on account of the difference with respect to it amongst our own Canadian people. However, we thought that was past and gone. We thought that the Canadian people to-day were prepared—at all events we the Government of Canada were now prepared—to undertake negotiations with the desire to obtain something like the agreement of 1911. Anyhow we took that course feeling that it would bring about better relations, believing that good relations will be better for both countries. We do not say that we are dependent on the United States, and still less that the United States would admit that they are dependent on us; each country can live and prosper and flourish without the other, but both will live and prosper and flourish more if they have friendly relations and intercourse as good neighbours should. A distinguished American, who himself was closely identified with the reciprocity movement in 1911, said some months ago that if the reciprocity movement was ever to be revived it must come from Canada. The United States, having made a friendly offer which was rejected, could not be expected to come to Canada again. That was a fair criticism. It was our move; we have made the move, and we have intimated to the American government in the way that I have described, that we are quite ready to re-open negotiations, with every desire to make a friendly arrangement. Whether anything will come of that or not remains to be seen. For the present, while our American friends are not prepared to meet us in the generous spirit they did in 1910 and 1911, while, in their judgment, it is necessary to adopt the high tariff policy which is now before Congress and which, in all probability, will become law, they will surely admit that, at such a moment, they cannot reasonably expect us to make concessions towards them. Therefore, we propose to hold our hands in that respect

and to await the turn of events at Washington. We shall be open at all times to friendly negotiations; but for the present, we are about to make tariff reductions which we are not prepared to extend to them. Whether we shall later be able to extend any of them to the United States or not depends entirely upon the attitude which they assume. I think myself there is a hope for better things. The bill at Washington is not universally popular; there is very strong opposition to it, and there is a possibility that it may not pass. But at all events, I think—and I am sure the House will agree with me—that until we have a clear understanding of what our American friends are going to do, we should hold our hands as regards the United States.

The reductions which we are going to make are almost entirely in the British preference. We are not going, except in a few cases, to reduce duties on American goods, which come to us under the operation of the general tariff. There are a few things which we desire in Canada which can be obtained most conveniently from the United States. As regards agricultural implements, for example, to offer a reduction of the British preferential tariff on agricultural implements would only provoke a smile, because such things are not brought from Great Britain; they are made in the United States. In that case, and in a few similar cases, we reduce the tariff on American goods, that is the general tariff, because that is the tariff that applies; but speaking broadly and generally, our reductions are being made in the British preferential tariff and not in the general tariff which would apply to the United States.

Marking and Valuation

I shall come shortly to the details of what we propose in that direction. Meantime, let me say that there are some other features to which I wish to call attention. The budget of last year introduced a number of features which, though I am sure they were well intended by the minister who introduced them, did not work out well. They have proved to be unsatisfactory, and I think there is no question about that now. One of these provisions was an amendment to the Customs Tariff Act providing that all goods that were imported should, where possible be marked, stamped, branded and so forth, and penalties were imposed for failure to do this. The government which passed that regulation evidently had occasion to reconsider their judgment on the matter; at all events they were reluctant to enforce it. The law required that the act should take effect on the 31st of October, 1921, I think it was; but when that date arrived, the then government decided that they would not enforce the act, and they gave notice by Order in Council that its enforcement was postponed until the 31st of December. When the 31st of December came, another Government was in power by one day—it got in on the 30th—and the Minister of Customs and Inland Revenue of the present Government shortly after advised that the thing was unworkable and that it be postponed until the present Parliament should be consulted. We are now in a position to determine what to do. Our opinion is that, as a general law, this provision should be repealed. We propose, in any particular case of an exceptional character, when there are reasons why articles imported from abroad should be marked, that we should have the right by Order in Council to deal with the matter; but we propose that, as a general law, this provision shall be repealed.

Another provision of that kind was with regard to the valuation of goods. The time-honoured system of Canada was that the value of goods for customs purposes was the fair market value in the country of production. That has been our custom for ages. A proposal was made last year to enact that the customs officer must determine the value; that the value for duty must be not less than the cost of production in the country which produces the goods, plus a fair profit. How an unfortunate customs officer, any one of the hundreds scattered throughout Canada, was going to be able to determine the cost of production of these things in a far-away country, I cannot readily understand, and still more would be his difficulty to determine what, under all the circumstances, was a fair profit. However that may be, we are of opinion that that also is an unnecessary interference with trade, and we propose to wipe it out.

Another regulation of a somewhat similar character dealt with the question of depreciated currency. The German mark, for example, is normally worth nearly twenty-four cents; it is actually worth today one-third of a cent. The act of last year provided that in no case should depreciation of currency be recognized below 50 per cent. That is to say, in the case of German trade, whatever might be the value of goods for customs purposes, the mark was to be declared worth 50 per cent of its original value; that is, roughly

speaking, it should be worth about 12 cents. The normal value of the mark is 24 cents; it is declared to-day to be worth 12 cents, whereas, the actual value to-day is one-third of a cent. What you do by this is really to multiply the duty by a fictitious value, to multiply it by 36 times to-day. That is to say, the thing which is worth only one-third of a cent, you say shall be worth 12 cents. That multiplies its value, as I said, 36 times. So, while you keep up the pretence of a duty of 35 per cent, you are actually taxing those goods 1,000 per cent. If you want to say that German goods shall be prohibited, say so; if you shrink from saying that in such a direct way, then put on the 1,000 per cent duty; but do not humbug the world at large by pretending that we have a duty of 35 per cent when the real duty is about 1,000 per cent.

Another feature of the matter to which I should like to draw attention is this: The design, no doubt, was to give an enhanced protection to some industries which desired it; but what was the effect? The late government have not succeeded in shutting out German goods. What they have succeeded in doing is in shutting out the Canadian merchant from an opportunity of doing direct trade and in obliging him to pay tribute to somebody else. For example, if a merchant in Holland buys goods in Germany, takes them to Holland and then sells them to a merchant in Canada, the invoice is expressed, not in German marks, but in the currency of Holland which is not depreciated. The Hollander is allowed to purchase the goods at their real value, and the Canadian merchant can go to Rotterdam and buy the goods; but he has to pay the real German price plus the cost of transportation to Holland, plus the Holland merchant's profit—that is, the invoice price of the goods. The Canadian merchant can bring the German goods into Canada in that way; but he cannot bring them in direct. He can do better than that: he can go to England, where there is no duty. The English merchant can buy the German goods at the real value of the mark; he takes them to England, and he sells them to the merchants in Canada at an English price. The merchant in Canada still gets the goods; he is getting them to-day; but he has to pay tribute to the merchant in Holland or in London, and the real effect of this is to prevent the Canadian merchant from doing a direct trade and to oblige him to pay tribute to somebody else. We propose to abolish the whole thing.

Another regulation at that time—it was a busy time in the Budget last year—contemplated the establishment of commercial agencies abroad and the requirement that a commercial agent of Canada should have his certificate attached to every invoice of $100 or more. It could be seen at once that if that was to be effected, we would have to have a large army of commercial agents, scattered throughout the wide world. After adopting that, the government seem to have had some hesitation in applying it. They did not bring it into force at once. They provided that it should be brought into operation by order of the Governor in Council. They have never brought it into operation. To-day it is a dead issue and we propose to make it doubly dead by wiping it out.

We are making a numerous list of reductions. I shall not detain the House by giving every one. My recollection is that there are forty-nine or fifty items in the tariff that are affected. The resolutions to be placed on the Table immediately will give them all in detail. In the meantime I can state some of the particular items. Last year an arrangement was made whereby the duty on alcohol was increased to a very high figure. It is now $9 per proof gallon. Provision was made that in the case of men engaged in the making of pharmaceutical preparations, where they are largely engaged in the business, and are put to the expense of keeping a bonded warehouse, they are allowed to get alcohol at $2.40 per proof gallon as against the rate of $9 charged others. Now, the druggists of Canada, a very large and respectable body, require alcohol in the making of various preparations, and they are obliged to pay a duty of $9 per proof gallon for it, while the man who has a big warehouse and does business on a large scale pays only $2.40. We think that is inequitable. It was a great mistake on the part of the late government to adopt that scale, and we propose now that the druggists of the country shall be allowed—and we think we can devise a scheme whereby this can be done—to obtain alcohol for their own legitimate purposes, for the manufacture of the preparations they make, at the same rate enjoyed by the large manufacturing concerns. Of course, it is a matter that might easily lend itself to abuse. I realized that, and my

first thought was that there might be a danger of that kind. The druggists of Canada, however, are a most respectable body. They are, as a rule, among our foremost citizens, being organized under provincial laws, and I do believe that they will be only too anxious to see that this privilege is not abused. We believe, at any rate, that we can surround it with devices that shall make it absolutely sure that the druggists will use the alcohol only for their legitimate purposes and in no other way. We are doing this in order to meet what we feel to be a reasonable demand on the part of a large section of the Canadian people.

Now I shall give an intimation of some of the reductions in duty that have been made. We are making some changes in the law respecting tobacco, and these I may as well mention. It is proposed to change the duties on cigarettes and cigars and on Canadian raw leaf tobacco when taken into a licensed tobacco or cigar manufactory. The excise duty on all weights of cigarettes is increased $3 per thousand. The present rate is $6 per thousand for cigarettes weighing not more than 3 pounds per thousand, and $11 on cigarettes weighing more than 3 pounds. It is proposed to increase the rate in the customs tariff on imported cigarettes from $4.10 per pound, and 25 per cent, to $5.25 per pound and 25 per cent. It is estimated that the increase in both excise and customs tariff will give an additional revenue of over $5,000,000 per annum, after allowing for a reduction of 10 per cent in the consumption owing to the increased rate. The consumption of cigarettes has grown to immense proportions in Canada, the number consumed last year being equal to 267 for each man, woman and child in the country. It is proposed to readjust the duties on cigars. This will have the effect of reducing the duties on the low priced, and increasing it on the higher priced, cigars. The intention is to impose a graduated rate according to the value of the cigars. At present there is a tax of $6 per thousand irrespective of the value or character of the cigar. We want to introduce something like the principle of ad valorem, so that a cigar of medium character will still pay about the same rate, while the more expensive cigar will pay a higher rate. We think it is only reasonable that the cheaper cigars should be allowed to come in and be sold at a lower rate than the expensive cigars, and one effect will be to increase largely the consumption of Canadian native leaf.

Then with regard to the duty on raw leaf tobacco. There is a duty of 5 cents per pound on raw leaf tobacco. At present raw leaf tobacco is of very low value. I was told the other day—possibly the case was an extreme one—that the value in some cases is little more than the tax, and therefore the tax seems to be a heavy burden. We propose now not to abolish the duty altogether, but to abolish it when the tobacco is taken into a licensed tobacco or cigar factory. We think that in that way it will lead to an increased quantity of native tobacco being used in the cigar factories, and when the tobacco is used in the factories we shall get the duty of 20 cents per pound. This, therefore, is a move that is intended to help the native tobacco industry, which we all desire to see flourish, while it will not involve us in any considerable loss of revenue.

Reductions and the Industries

There are some reductions in duties to which I desire to draw attention. These reductions of duties will benefit the several industries on the following articles. First, I take the farming industry, in relation to which reductions include:

	Per cent
Mowing machines, harvesters, binders and reapers, reduced under the general tariff	2½
Cultivators, harrows, horse-rakes, seed drills, manure spreaders and weeders, reduced under the general tariff	2½
Ploughs and threshing machines, reduced under the general tariff	2½
Milking Machines, reduced under the general tariff	5
Vegetable grading machines, reduced under the general tariff	5
Nearly all other agricultural implements are reduced under the general tariff	5

There is a corresponding reduction on these articles under the British Preferential Tariff, but practically all are imported under the General Tariff. Tractors for farm purposes valued at $1,400 or less and parts thereof, are now free by Order in Council: It is proposed to make these articles free by Act of Parliament. Wrought iron tubing four inches and under in diameter is reduced five per cent under both preferential and general tariffs. Wrought iron tubing over four inches and not over ten inches is reduced five per cent under the preferential tariff. Tools are reduced five per cent under the preferential tariff. Harness is reduced 2½ per cent under the pre-

ferential tariff. Farm waggons are reduced 5 per cent under the preferential tariff and 2½ per cent under the general tariff.

For the dairying industry a reduction is made on paper milk bottle caps of 7½ per cent under both the preferential and general tariffs.

Glass Milk Bottles are reduced 5 per cent under both tariffs.

Dairy tin hollow-ware and cans for milk and cream are reduced 2½ per cent under the preferential tariff and 5 per cent under the general tariff.

Milking machines are reduced 2½ per cent under the preferential tariff and 5 per cent under the general tariff.

In regard to the fruit-growing industry, fruit-grading machines are reduced 2½ per cent under the preferential tariff and 5 per cent under the general tariff.

In the lumber industry there are several reductions. Machinery for saw mills is reduced 2½ per cent under the general tariff. Wrought iron tubing 4 inches in diameter or less is reduced 5 per cent under both tariffs. Tools and cantdogs are reduced 5 per cent under the preferential tariff.

For the mining industry. Porcelain parts of pumps are reduced from 20 per cent preferential tariff and 30 per cent general tariff to free under all tariffs. Wrought iron tubing 4 inches and under in diameter is reduced 5 per cent under both tariffs; and tubing over 4 inches and not over 10 inches is reduced 5 per cent under the preferential tariff.

For the fishing industry; Gasoline over .725 specific gravity and not exceeding .750 is reduced from 2½ cents per gallon to 1 cent under the general tariff. Manila rope not exceeding 1½ inches in circumference is made free of duty to all fisheries,—under the present tariff it is free only for holding traps used in the lobster fisheries. Oiled clothing is reduced five per cent under both tariffs. Oiled hats are reduced 2½ per cent under the preferential and 5 per cent under the general tariff.

The plumbing industry benefits by the reductions already stated on wrought iron tubing and tools.

For the general public there are a number of reductions. Certain liquid medicines, non-alcoholic, are reduced 35 per cent under the preferential tariff and 20 per cent under the general tariff. Cocoa, unsweetened, is reduced I cent per pound under the preferential tariff; cocoa, sweetened, one-half cent per pound under the preferential tariff, and cocoa in powder form five per cent under the preferential tariff; and preparations are reduced 2½ per cent under the preferential tariff. On refined sugar the preference is increased from one-quarter off in the general tariff to practically one-third off.

Other reductions include the following:

	Per cent
Enamelled ware reduced under the Preferential Tariff	2½
Window shades reduced under the Preferential Tariff	2½
Cotton fabrics, gray, bleached or dyed reduced under the Preferential Tariff	2½
Corsets and cotton clothing reduced under the Preferential Tariff	2½
Flannels, lustres, mohair reduced under the Preferential Tariff	2½
Alpaca and Italian linings reduced under the Preferential Tariff	2½
Woollen fabrics, woollen clothing, cloths, doeskins, cassimeres, tweeds, coatings, overcoatings, and felt cloth, n.o.p. reduced under the Preferential Tariff	2½
Rubber clothing reduced under the Preferential Tariff	2½
Knitted goods reduced under the Preferential Tariff	2½
Boots and shoes reduced under the Preferential Tariff	2½
Collars and cuffs reduced under the Preferential Tariff	5
Blankets, cotton, reduced under the Preferential Tariff	2½

Clothes wringers—2½ per cent. reduction under both Tariffs.

Dairy tin hollow-ware reduced 2½ per cent, under Preferential Tariff and 5 per cent under General Tariff.

Automobiles are now entitled to be entered as settlers' effects by farmers only. It is proposed to admit automobiles valued at not more than $1,000 by other settlers as well as by farmers. It is also proposed to admit boats for fishing purposes by settlers as settlers effects.

This is a long list, Mr. Speaker, and one which I hope will find favour with the House.

I have already intimated that while we could with our present taxation system meet what might be called ordinary expenditure, we are not content to do that. We could with our present sources of revenue probably meet what is called ordinary expenditure, possibly even some of our capital expenditure, but it is quite certain that if we do not adopt some other method of taxation we should be adding enormously to the public debt, and I think I speak the wish of the House when I say that that is a course to be guarded against. So we are proposing some new rates of taxation.

The sales tax we propose to increase by 50 per cent. We propose that automobiles up to $1,200 shall pay a tax of 5

per cent, and those above $1,200, 10 per cent. On confectionery we propose a tax of 5 per cent; on ale, beer, etc., 15 cents per gallon; on mineral waters and other soft drinks, 10 cents per gallon. Cheques now pay 2 cents. We maintain that 2 cents up to $50, but we impose a tax of 2 cents on each additional $50. We propose a small tax of 5 per cent on certain classes of insurance premiums which are not at present reached. We propose that telegrams and cables, which are now taxed 1 cent shall hereafter pay 5 cents. On transfers of stock which now pay 2 cents per $100 share, we propose 5 cents. Beet sugar is to be subjected to an excise duty of 49 cents per 100 pounds.

The beet sugar industry is in a very fortunate position. The ordinary refiner imports his material from abroad and pays duty on it. The value he gets in the way of protection, if you call it such, is the difference between what he pays on his raw material and the duty fixed on the refined article. But in the case of the beet sugar refiner he has no duty to pay on his raw material at all, and therefore when the duty was increased, as it has been increased largely on sugar, he is getting the full benefit to an extent which he really does not need. We think he can well afford to pay a duty of 49 cents per 100 pounds, almost half a cent a pound on beet sugar made in Canada. This will not affect the price of sugar because the price is governed by the duty on the refined article, and that is not increased.

These taxes are all to be made under what is called the Special War Revenue Act excepting beet sugar which will be under the Inland Revenue Act.

I have already explained the change we propose in the cigar duty.

Last, but not least, we are going to ask the banks to bear some share of these new burdens which we all have to shoulder. There is at present a nominal tax of 1 per cent on the circulation of the banks, but when you come to the income tax you find that whatever the banks have paid as tax on their circulation as deducted from the income tax. We propose to abolish the exemption and say that the 1 per cent tax on circulation shall be paid and shall come into the revenue of the country. As the circulation in the beginning is really supplied by the Government—by the people of Canada, who give the banks large privileges in this way, we think this demand they shall pay us 1 per cent tax on the circulation in not unreasonable is these hard times.

Financial Situation

I am not going to detain the House by referring to all the items dealt with. I shall lay the resolutions on the Table, and they of course will be scanned carefully by hon. members as opportunity occurs.

I have deemed it proper in this address to present very clearly what I regard as the gravity of the financial situation. I would not, however, have any one draw the impression that I have a gloomy view of the future. There is, happily, a brighter side. I have unbounded faith in the resources of our country and in the intelligence and patriotism of the Canadian people. The worst of the commercial and industrial depression is, I believe, over. Already the sun of better times is beginning to shine. I do not look for any rapid restoration to prosperity, but I believe that from this time forward there will be a quiet and steady improvement. Everywhere there seems to be hope and confidence that such improvement is coming. That hope and that confidence will have much influence in bringing about a better day. If Providence sends us a blessing of good crops this year, we may look for the beginning of the prosperity of former times. While we have diversified industries, all of them entitled to careful consideration, we shall do well to remember that agriculture is and will continue to be the occupation of the largest class of our people and the industry that has the widest influence on general prosperity.

No nation in these days liveth to itself. Whether we like it or not, every country is in some degree dependent upon events in other countries. It has been a topsy-turvy world that we have been living in, and we cannot look for satisfactory conditions until the world generally recovers in some degree its balance. In our own country, if one thing more than another is necessary, it is the establishing of better relations between labour and capital.

Admirers of the British constitution claim as a virtue for it that wherever a grievance exists a way of relief can be found. Why should it not be so with labour and capital to-day? In nearly every relation of life we are obliged to submit to the judgment of authority. Why cannot labour and capital agree upon tribunals to which disputes can be referred? The lockout and the strike of to-day are evidences that our so-called civilization is

still far from perfect. Why should either labour or capital deem it necessary to resort to force? The general public, whose interests are so often affected by the conflict, have a right to expect that both capital and labour will endeavour to find a better way of settling their disputes. If labour at times seems to be unreasonable, let us not forget that in the days that have gone, too often the workingman, so-called, did not receive a fair share of the wealth which his labour created; too often he saw his employer grow rich and prosperous while the workingman had little more than an existence. There has been a happy change in this respect. We cannot return to pre-war conditions. The workingman's position has advanced. His standard of living has improved. He is unwilling to go back to pre-war conditions, and nobody should expect him to be content to do so. He has a right to expect better conditions for himself and his family than in former days. But he has duties to perform on his part. Labour has come to a sense of its power. Has it come to a sense of the responsibility and duty which should always accompany power? We cannot doubt but the mass of the working men, as we call them, wish to be good citizens of Canada. They hold interests in common with other classes of the community. They have wives and mothers and children and homes to protect, and protection for these can only come when law is upheld and order observed. There are so-called labour leaders who, unfortunately, preach the doctrine that the employer is the enemy of the workman. They preach the doctrine that the workingman should play an entirely selfish part, that his duty is to get all that he can in the way of wages and give as little as he can in the way of labour. Such men are a menace to the true interests of labour as well as to the interests of society generally. There are in Canada many labour leaders who refuse to preach these dangerous doctrines and who, while zealous in defending the interests of labour, are no less zealous in maintaining the interests of society. Let us pray that on this vital question capital and labour may alike recognize their responsibilities, that they may put aside every temptation to play a selfish part, and co-operate in efforts which will mark Canada in the eyes of the world as a land of peace, and progress, and prosperity.

[Mr. Fielding.]

RESOLUTIONS

I beg to give notice that upon the House resolving itself into committee I shall move the following resolutions:

Resolved, That it is expedient to amend the Customs Act and Amending Acts, including the Department of Customs and Excise Act (Chapter twenty-six of the Statutes of 1921), as follows:—

1. By repealing section six of the Department of Customs and Excise Act, being Chapter twenty-six of the Statutes of 1921, and amending section thirty-one of the said Customs Act accordingly.

2. By repealing section seven of the Department of Customs and Excise Act aforesaid, and amending section forty of the said Customs Act accordingly.

3. By amending section fifty-nine of the said Customs Act, as follows:

(1) By striking out subsection three thereof, and substituting therefor the following:—

"(3) Whenever the value of a currency has not been proclaimed, or whenever there is no fixed standard value, or whenever from any cause the value of a currency has become depreciated or appreciated, there shall be attached to the invoice of the goods imported the certificate of some Consul or Canadian Trade Commissioner, resident in such place or country, or the certificate of a Bank, showing the extent of such depreciation or appreciation, or the true value at the time of the exportation of the goods of the currency in which such invoice is made out, as compared with the standard dollar of Canada: Provided that the Collector of Customs and Excise may compute the value for duty at the rate of exchange certified by the Bank through which the same is drawn as current at the time and place when and whence the goods were exported to Canada."

(2) By amending subsection four of the section fifty-nine by adding after the word "Consul's" in the second line thereof the words "or Canadian Trade Commissioner's".

(3) By repealing section eight of the Department of Customs and Excise Act aforesaid and amending said section fifty-nine accordingly.

Resolved, That any enactment founded on the foregoing resolution shall be deemed to have come into force on the twenty-fourth day of May, one thousand nine hundred and twenty-two and to have applied to all goods imported or taken out of warehouse for consumption on and after that day and to have also applied to goods previously imported for which no entry for consumption was made before that day.

1. Resolved, That The Customs Tariff, 1907, be amended by reapealing section 12A, added thereto by section 5 of The Customs Tariff Amendment Act, 1921, and by inserting in place thereof the following section.

12A. The Governor in Council may from time to time as he deems it expedient, order that goods of any description or class specified in such order, imported into Canada, shall be marked, stamped, branded or labelled in legible English or French words, in a conspicious place that shall not be covered or obscured by any subsequent attachments or arrangements, so as to indicate the country of origin. Said marking, stamping, branding, or labelling shall be as nearly indelible and permanent as the nature of the goods will permit.

All orders made by the Governor in Council under this section shall have effect from and after the day on which the same are published in The Canada Gazette, or from and after such later day as is appointed for the purpose in such orders, and during such time as is therein expressed, or if no time is expressed for that purpose, then until the same are revoked or altered.

Provided that all such goods imported into Canada after the date of the coming into force of any such order of the Governor in Council which do not comply with the requirements of such order, shall be subject to an additional duty of ten per centum ad valorem to be levied on the value for duty purposes, and in addition such goods shall not be released from Customs possession until they have been so marked, stamped, branded or labelled under Customs supervision at the expense of the importer.

Provided further that if any person shall violate any of the provisions so established relating to the marking, stamping, branding or labelling of any such imported goods, or shall deface, destroy, remove, alter, or obliterate any such marks, stamps, brands or labels, with intent to conceal the information given by or contained in such marks, stamps, brands, or labels, he shall be liable on summary conviction to a penalty not exceeding one thousand dollars, or to imprisonment not exceeding one year, or to both fine and imprisonment.

The Minister of Customs and Excise may make such regulations as are deemed necessary for carrying out the provisions of this section and for the enforcement thereof.

2. Resolved, That schedule A to The Customs Tariff, 1907, as amended by chapter twenty-six of the statutes of 1914, by chapter five of the statutes of 1914 (second session), by chapter seventeen of the statutes of 1918, by chapter forty-seven of the statutes of 1919, by chapter twenty-seven of the statutes of 1921, and by Orders in Council be further amended by striking thereout tariff items:—20, 21, 22, 23, 134, 143, 208, 219a, 220, 326, 398, 399, 427, 445, 446, 446b, 447, 448, 517, 520, 521, 522, 523, 565, 566, 567, 568, 575, 591, 611, 611a, 612, 619, 621, 631, 638a, 657a, 660, 682, 705a, the several enumeration of goods respectively, and the several rates of duties of customs, if any, set opposite each of said items and to repeal section (b) of the Orders in Council, P.C. 2654, dated twenty-seventh day of November, 1907, designated as item 715 of The Customs Tariff, section 2 (b) of Orders in Council, P.C. 16/1556, dated fifth day of June, 1912, designated as item 762 of The Customs Tariff, P.C. 224 and P.C. 2/233, dated thirtieth day of January, 1919, and P.C. 383, dated twentieth day of February, 1919, and to provide that the following items, enumerations and rates of duty be inserted in schedule A:—

Tariff Items	——	British Preferential Tariff	Intermediate Tariff	General Tariff
20	Cocoa paste or "liquor" and chocolate paste or "liquor", not sweetened, in blocks or cakes, per pound	3 cents	4 cents	5 cents
21	Cocoa paste or "liquor" and chocolate paste or "liquor", sweetened, in blocks or cakes, not less than two pounds in weight, per pound	4 cents	4½ cents	5½ cents
22	Preparations of cocoa or chocolate in powder form	22½ p.c.	27½ p.c.	35 p.c.
23	Preparations of cocoa or chocolate, n.o.p., and confectionery, coated with or containing chocolate, the weight of the wrappings and cartons to be included in the weight for duty, per pound	1½ cents. and 20 p.c.	1½ cents 27½ p.c.	1½ cents 35 p.c.
134	All sugar above number sixteen Dutch standard in colour, and all refined sugars of whatever kinds, grades or standards, not covered by tariff item No. 135, when not exceeding eighty-eight degrees of polarization, per one hundred pounds	$1.33	$2.00	$2.00
	when exceeding eighty-eight degrees but not exceeding eighty-nine degrees, per one hundred pounds	$1.35	$2.03	$2.03
	when exceeding eighty-nine degrees but not exceeding ninety degrees, per one hundred pounds	$1.37	$2.06	$2.06
	when exceeding ninety degrees but not exceeding ninety-one degrees, per one hundred pounds	$1.39	$2.08	$2.08
	when exceeding ninety-one degrees but not exceeding ninety-two degrees, per one hundred pounds	$1.41	$2.12	$2.12
	when exceeding ninety-two degrees but not exceeding ninety-three degrees, per one hundred pounds	$1.43	$2.15	$2.15
	when exceeding ninety-three degrees but not exceeding ninety-four degrees, per one hundred pounds	$1.45	$2.18	$2.18
	when exceeding ninety-four degrees but not exceeding ninety-five degrees, per one hundred pounds	$1.47	$2.20	$2.20
	when exceeding ninety-five degrees but not exceeding ninety-six degrees, per one hundred pounds	$1.49	$2.24	$2.24
	when exceeding ninety-six degrees but not exceeding ninety-seven degrees, per one hundred pounds	$1.51	$2.27	$2.27
	when exceeding ninety-seven degrees but not exceeding ninety-eight degrees, per one hundred pounds	$1.53	$2.30	$2.30
	when exceeding ninety-eight degrees but not exceeding ninety-nine degrees, per one hundred pounds	$1.59	$2.39	$2.39
	when exceeding ninety-nine degrees, per one hundred pounds	$1.59	$2.39	$2.39

Tariff Items	——	British Preferential Tariff	Intermediate Tariff	General Tariff
	Provided that refined sugar shall be entitled to entry under the British Preferential tariff upon evidence satisfactory to the Minister of Customs and Excise, that such refined sugar has been manufactured wholly from raw sugar produced in the British colonies and possessions, and not otherwise.			
143	Cigars, the weight of the bands and ribbons to be included in the weight for duty, per pound	3.90	$3.90	$3.90
	and	25 p.c.	25 p.c.	25 p.c.
143a	Cigarettes, the weight of the paper covering to be included in the weight for duty, per pound	$5.25	$5.25	$5.25
	and	25 p.c.	25 p.c.	25 p.c.
197a	Machine finish book grades of paper, not coated, when used exclusively in the production of magazines, newspapers and periodicals printed, published and issued regularly	12½ p.c.	22½ p.c.	25 p.c.
198a	Coated or super-calendared newsprint paper, coated or super-calendared book grades of paper, when used exclusively in the production of magazines, newspapers and periodicals printed, published and issued regularly	17½ p.c.	32½ p.c.	35 p.c.
199a	Paper milk bottle caps, printed or not	15 p.c.	25 p.c.	27½ p.c.
208	Boracic acid and borax in packages of not less than twenty-five pounds weight; hydro-fluosilicic acid; oxalic acid; tannic acid; ammonia, sulphate of; sal ammoniac and nitrate of ammonia; cyanide of potassium; cyanide of sodium and cyanogen bromide; antimony salts, viz.:—tartar emetic, chlorine and lactate (antimonine); arsenous oxide: oxide of cobalt; oxide of tin; bichloride of tin; tin crystals; oxide of copper; precipitate of copper, crude; sulphate of copper (blue vitriol); verdigris or subacetate of copper, dry; sulphate of iron (copperas); sulphate of zinc; chloride of zinc; sulphur and brimstone, crude or in roll or flour; cream of tartar, in crystals or argols; tartaric acid crystals; iodine, crude; bromine; phosphorus; sulphide of arsenic; carbon bisulphide	Free	Free	Free
210c	Caustic soda in solution	15 p.c.	17½ p.c.	17½ p.c.
219a	Non-alcoholic liquid preparations for disinfecting, dipping or spraying, n.o.p.	10 p.c.	15 p.c.	20 p.c.
220	All medicinal, chemical and pharmaceutical preparations, compounded of more than one substance, including patent and proprietary preparations, tinctures, pills, powders, troches, lozenges, syrups, cordials, bitters, anodynes, tonics, plasters, liniments, salves, ointments, pastes, drops, waters, essences and oils, n.o.p.:—			
	(*a*) When dry	20 p.c.	25 p.c.	25 p.c.
	(*b*) Liquid, when containing not more than two and one-half per centum of proof spirit	25 p.c.	40 p.c.	40 p.c.
	(*c*) All other	60 p.c.	60 p.c.	60 p.c.
	Provided that drugs, pill-mass and preparations, not including pills or medicinal plasters, recognized by the British or the United States pharmacopoeia, or the French Codex as officinal, shall not be held to be covered by this item;			
	Provided, also, that any article in this item, containing more than forty per cent of proof spirit shall be rated for duty at per gallon	$3.00	$3.00	$3.00
	and	30 p.c.	30 p.c.	30 p.c.
236a	Paper refills for sputum cups; paper pocket sputum cups	12½ p.c.	17½ p.c.	20 p.c.
272a	Gasoline ·725 specific gravity and heavier, but not heavier than ·750 specific gravity at 60 degrees temperature, per gallon	M ½ cent	¾ cent	1 cent
326	Glass demijohns or carboys, bottles, n.o.p., decanters, flasks, phials, glass jars and glass balls, lamp chimneys, glass shades or globes; cut, pressed, moulded or crystal glass tableware, decorated or not; blown glass tableware and other cut glass ware	20 p.c.	30 p.c.	32½ p.c.
326b	Glass milk bottles	15 p.c.	25 p.c.	27½ p.c.
344a	Dairy tin hollow-ware, including cans for fresh milk or fresh cream; kitchen tin hollow-ware, not painted, decorated or japanned	12½ p.c.	17½ p.c.	20 p.c.

Tariff Items	——	British Preferential Mariff	Intermediate Tariff	General Tariff
399	Wrought or seamless iron or steel tubing, plain or galvanized, threaded and coupled or not, ten inches or less in diameter, n.o.p.	15 p.c.	27½ p.c.	30 p.c.
427	Agate, granite or enamelled iron or steel ware	20 p.c.	27½ p.c.	35 p.c.
445	Mowing machines, harvesters, self-binding or without binders, binding attachments, reapers, and complete parts thereof, not including shafting or malleable iron castings	7½ p.c.	10 p.c.	10 p.c.
446	Cultivators, harrows, horse-rakes, seed-drills, manure spreaders and weeders and complete parts thereof	10 p.c.	12½ p.c.	12½ p.c.
446b	Ploughs and complete parts thereof	10 p.c.	15 p.c.	15 p.c.
447	Portable engines with boilers, in combination, horse-powers and traction engines for farm purposes, n.o.p., and complete parts thereof	12½ p.c.	17½ p.c.	17½ p.c.
447a	Gas or gasoline traction engines for farm purposes, valued at not more than fourteen hundred dollars each, and parts thereof for repairs: traction attachments designed and imported to be combined with automobiles in Canada for use as traction engines for farm purposes and parts thereof for repairs	Free	Free	Free
447b	Wind-stackers, and threshing machine separators, including baggers, weighers and self-feeders therefor, and complete parts thereof	10 p.c.	15 p.c.	15 p.c.
448	Fruit or vegetable grading machines, incubators for hatching eggs, brooders for rearing young fowl, pruning hooks, pruning shears, hay loaders, potato-diggers, fodder or feed cutters, grain crushers, fanning mills, hay tedders, farm or field rollers, post hole diggers, snaths, and other agricultural implements, n.o.p., and complete parts of articles specified in this tariff item	10 p.c.	15 p.c.	15 p.c.
448a	Milking machines, milking machine attachments, centrifugal machines for testing butter fat, milk or cream and complete parts of articles specified in this item	10 p.c.	15 p.c.	15 p.c.
448b	Street or road rollers and complete parts thereof	12½ p.c.	20 p.c.	20 p.c.
453b	Machinery for sawing lumber, up to but not including the point of planning, and complete parts thereof, not to include motive power	15 p.c.	22½ p.c.	25 p.c.
454a	Adzes, cleavers, hatchets, metal wedges, sledges, hammers, crowbars, cantdogs and track tools; picks, mattocks, and eyes or poles for the same; tools of all kinds, n.o.p.	15 p.c.	27½ p.c.	30 p.c.
460a	Plungers or valves made of porcelain for pumps to be used exclusively in mining operations	Free	Free	Free
517	Window shade or blind rollers	20 p.c.	30 p.c.	35 p.c.
520	Batts, batting and sheet wadding of wool, cotton or other fibre, cotton warps and cotton yarns, dyed or not, n.o.p.	15 p.c.	22½ p.c.	25 p.c.
521	Gray cotton fabrics and fabrics of flax, unbleached, n.o.p.	12½ p.c.	22½ p.c.	25 p.c.
522	White cotton fabrics, and fabrics of flax, bleached, n.o.p.; tailors' hollands of linen and towelling of linen or cotton in the web, coloured or not	15 p.c.	22½ p.c.	25 p.c.
523	Fabrics of cotton or flax, printed, dyed or coloured, n.o.p.	22½ p.c.	30 p.c.	32½ p.c.
543a	Linen yarn, when imported by manufacturers of tailors' hollands of linen, for use exclusively in the manufacture of tailors' hollands of linen in their own factories	Free	Free	Free
565	Blankets of any material	22½ p.c.	30 p.c.	35 p.c.
566	Flannels, plain, not fancy; fabrics of wool or of cotton and wool, commonly described and sold as lustres, mohair, alpaca and Italian linings	20 p.c.	30 p.c.	35 p.c.
567	Fabrics, manufactures, wearing apparel and ready-made clothing composed wholly or in part of wool, worsted, the hair of the goat, or other like animal, n.o.p.; cloths, doeskins, cassimeres, tweeds, coatings, overcoatings and felt cloth, n.o.p.	27½ p.c.	35 p.c.	35 p.c.
568	Knitted undershirts, knitted drawers and knitted goods, n.o.p.	20 p.c.	30 p.c.	35 p.c.

Tariff Items	——	British Preferential Tariff	Intermediate Tariff	General Tariff
575	Embroideries, n.o.p.; lace, n.o.p.; braids, n.o.p.; tapes of cotton or linen not over one and one-quarter inches in width, not including measuring tape lines; fringes, n.o.p.; cords; elastic, round or flat; garter elastic; tassels; handkerchiefs of all kinds; lace collars and all manufactures of lace; nets and nettings of cotton, linen, silk and other material, n.o.p.; shams and curtains, when made up, trimmed or untrimmed...	25 p.c.	32½ p.c.	35 p.c.
575a	Corsets of all kinds; linen or cotton clothing, n.o.p...	22½ p.c.	32½ p.c.	35 p.c.
575b	Oiled clothing and oiled hats made from cotton or linen.....	20 p.c.	30 p.c.	30 p.c.
581a	Silk cloth woven in the gum, not boiled or bleached, measuring not less than twenty inches in width, when imported for the purpose of being dyed and finished in Canada, under regulations prescribed by the Minister of Customs and Excise.....	10 p.c.	17½ p.c.	30 p.c.
590a	Aeroplanes and other aircraft and complete parts thereof, under regulations prescribed by the Minister of Customs and Excise.....	Free	25 p.c.	27½ p.c.
	And on and after July 1, 1923	15 p.c.	25 p.c.	27½ p.c.
591	Farm wagons and complete parts thereof.....	10 p.c.	15 p.c.	17½ p.c.
611	Boots and shoes, pegged or wire fastened, with unstitched soles close edged.....	15 p.c.	22½ p.c.	25 p.c.
611a	Boots, shoes, slippers and insoles of any material, n.o.p.....	17½ p.c.	27½ p.c.	30 p.c.
612	Harness and saddlery, including horse boots.....	17½ p.c.	27½ p.c.	30 p.c.
619	India-rubber clothing and clothing made water-proof with india-rubber; rubber or gutta percha hose, and cotton or linen hose lined with rubber; rubber mats or matting and rubber packing.....	20 p.c.	30 p.c.	35 p.c.
621½	Window shade cloth in the piece; window shades, cut to size or hemmed or mounted on rollers, n.o.p.....	20 p.c.	30 p.c.	35 p.c.
631	Collars and cuffs, of cotton, linen, xylonite, xyolite or celluloid.....	20 p.c.	35 p.c.	37½ p.c.
657a	Cinematographs or moving picture films, positives, one and one-eighth of an inch in width and over, per linear foot	1½ cents	3 cents	3 cents
657b	Special parts, in the rough, when imported by manufacturers of cameras, for use only in the manufacture of cameras.....	5 p.c.	7½ p.c.	7½ p.c.
660	Clothes wringers for domestic use, and parts thereof..	20 p.c.	30 p.c.	32½ p.c.
682	Fish hooks, for deep-sea or lake fishing, not smaller in size than number 2·0; bank, cod, pollock and mackerel fish lines; and mackerel, herring, salmon, seal, seine, mullet, net and trawl twine in hanks or coil, barked or not,—in variety of sizes and threads,—including gilling thread in balls, and head ropes for fishing nets; barked marline, and net norsels of cotton, hemp, or flax; and fishing nets or seines, and manila rope, not exceeding one and one-half inches in circumference, when used exclusively for the fisheries, not to include hooks, lines, nets or rope commonly used for sportsmen's purposes.	Free.	Free.	Free.
705a	Settlers' effects, viz.:—Machines, vehicles and implements for agricultural purposes, moved by mechanical power, and motor vehicles, valued at not more than one thousand dollars, and boats for fishing purposes if actually owned abroad by the settler for at least six months before his removal to Canada, and subject to regulations prescribed by the Minister of Customs and Excise. Provided that the said machines, vehicles, implements and boats may not be so entered unless brought by the settler on his first arrival, and shall not be sold or otherwise disposed of without payment of duty until after twelve months' actual use in Canada.....	Free.	Free.	Free.

3. Resolved, That schedule B to The Customs Tariff, 1907, as amended by chapter forty-seven of the statutes of 1919, be amended by striking thereout tariff item 1026, the enumeration of goods, and the rate of drawback of customs duties set opposite to the said item, and to provide that the following items, enumerations and rates of drawback of customs duties be inserted in said schedule B:—

Item No.	Goods	When subject to drawback	Portion of Duty (Not including Special Duty or Dumping Duty) Payable as Drawback
1026	Materials, including all parts not finished.....	When used in the manufacture of goods enumerated in tariff items 446, 446b, 447b, 448 and 448a.....	40 p.c.
1027	Materials, including all parts not finished.....	When used in the manufacture of goods enumerated in tariff items 447, 448b, and 591.....	30 p.c.
1028	Materials, including all parts.....	When used in the manufacture of goods enumerated in tariff item 447a.....	99 p.c.
1029	Hatters' plush of silk or cotton; hatters' bands (not cords) bindings and hat sweats; hatters' tips and sides when cut to shape; and cashmere when cut to shape for underbrims and hat covers.....	When imported by hat and cap manufacturers and used in the manufacture of hats and caps in their own factories.....	99 p.c.
1030	Materials.....	When used in the manufacture of surgical trusses, suspensory bandages and elastic hosiery..	50 p.c.

4. Resolved, That schedule C (prohibited goods) to The Customs Tariff, 1907, shall be amended by adding the following:—

1214. (a) Common mongoose (Herpestes griseus) or mongoose of any kind;

(b) Common mynah, Chinese mynah, Crested mynah, or any other species of the Starling family (Sturnidae);

(c) Java sparrow, rice bird, nutmeg finch, or other species of the weaver bird family (Ploceidae);

(d) European chaffinch (Fringilla coelebs);

(e) Great titmouse (Parus major).

5. Resolved, That any enactment founded on the foregoing resolutions shall be deemed to have come into force on the twenty-fourth day of May, one thousand nine hundred and twenty-two, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that day, and to have also applied to goods previously imported for which no entry for consumption was made before that day.

1. Resolved, That it is expedient to amend The Inland Revenue Act, as amended by chapter six of the statutes of 1914, and chapter twenty-eight of the statutes of 1918 by repealing sub-sections (e), (f), (g) and (h) of section two hundred and seventy-nine thereof and sub-section three of section three hundred and twenty-eight A., and substituting therefor the following:

279 (e) On cigars of all descriptions, made from raw leaf tobacco, three dollars per thousand;

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

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

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

328 A. (3) There shall be levied, collected and paid an excise duty of five cents per pound on all tobacco grown in Canada for consumption therein, except when such tobacco is taken into a licensed tobacco or cigar manufactory.

2. Resolved, That any enactment founded on the preceding resolution shall be deemed to have come into force on the twenty-fourth day of May, one thousand nine hundred and twenty-two.

3. Resolved, That it is expedient to amend The Inland Revenue Act as amended by chapter six of the statutes of 1914 and chapter thirty-four of the statutes of 1921, and to provide:

That when any druggist is licensed by the Minister of Customs and Excise to prepare prescriptions for medicines and pharmaceutical preparations in the manufacture or preparation of which spirits are used, where such spirits are purchased for such purposes by a druggist so licensed the following duties of excise shall be imposed, levied and collected, that is to say:

On spirits testing not less than fifty per centum over proofs in such limited quantities as may be prescribed by the Minister of Customs and Excise—

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

dollars and forty cents and so in proportion for any greater strength than the strength of proof, and for any less quantity than a gallon:

(b) When manufactured exclusively from malted barley, taken to the distillery in bond and on which no duty of customs or excise has been paid, or when manufactured from raw or unmalted grain, used in combination, in such proportions as the department prescribes, with malted barley, taken to the distillery in bond and on which no duty of customs or of excise has been paid, on every gallon of the strength of proof by Sykes' hydrometer, two dollars and forty two cents, and so in proportion for any greater strength than the strength of proof, and for any less quantity than a gallon;

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

(d) Where such spirits are purchased from a government vendor or other person lawfully authorized to sell the same and where the duties imposed by law have been paid thereon, the said druggist may be entitled to a drawback of all such duty in excess of the rates of duties set forth in this resolution.

4. Resolved, That it is expedient to provide that no person shall receive spirits under the preceding section without a license of the Minister of Customs and Excise, that there shall be payable for such license a fee of two dollars per annum and that a license shall not continue beyond the end of a fiscal year unless renewed; and to provide that a licensee shall jointly with a guaranty company approved by the Department enter into a bond to His Majesty in the sum of one thousand dollars which bond shall be conditioned that the licensee shall use all spirits specified in these resolutions exclusively in the preparation of prescriptions and pharmaceutical preparations on his own premises and that he shall keep books and accounts and make such entries and returns as are called for by the regulations of the Department and to faithfully comply with all the requirements of such regulations; and to provide that a person who violates any of the provisions of these resolutions or of any regulations of the Department made thereunder shall incur a penalty not exceeding two hundred dollars recoverable in the manner prescribed for recovery of penalties in the Inland Revenue Act and that in addition he may incur other penalties under the provisions of the said act; and also that if a licensee is convicted for any violation of these resolutions his license shall be cancelled and shall not be renewed within a period of two years from the date of conviction; and to provide that the Minister of Customs and Excise may make such regulations as are deemed necessary for carrying out the provisions of these resolutions.

5. Resolved, That any enactment founded on the preceding resolutions numbered three and four shall be deemed to have come into force on the first day of July, one thousand nine hundred and twenty-two.

6. Resolved, That it is expedient to amend The Inland Revenue Act, chapter fifty-one of the Revised Statutes, 1906, and amended by chapter six of the statutes of 1914 and chapter thirty-four of the statutes of 1921 by adding the following:

There shall be imposed, levied and collected on all sugar produced in Canada from sugar beets, the following duties of excise:

Sugar, sugar drainings, melado, sugar concrete and molasses testing over fifty-six degrees and not exceeding seventy-five degrees of polarization.

per one hundred pounds.. .. ..25 cents

and for each additional degree over seventy-five degrees

per one hundred pounds.. .. .. .. 1 cent

provided that fractions of five-tenths of a degree or less shall not be subject to the tax and that fractions of more than five-tenths shall be subject to the tax as a degree. Provided that such duty of excise shall not be payable when such sugar is exported.

7. Resolved, That it is expedient to provide that no person shall produce sugar in Canada from sugar beets without a license and that a fee of two dollars per annum be paid for such license and to further provide that all the provisions of Part 11 of The Inland Revenue Act respecting licenses and the obligations of persons holding them, the keeping of books or accounts, the payment of duties and making returns and the general regulations as to bonding and warehousing, so far as applied by departmental regulations, and all provisions respecting penalties, so far as applicable, shall have full force and effect with respect to the manufacture of sugar made from sugar beets.

8. Resolved, That any enactment founded on the preceding resolutions numbered six and seven shall be deemed to have come into force on the twenty-fourth day of May one thousand nine hundred and twenty-two.

Resolved, That it is expedient to amend The Special War Revenue Act, 1915, as amended by chapter forty-six of the statutes of 1918, chapter seventy-one of the statutes of 1920 and chapter fifty of the statutes of 1921 and to provide:

1. That sub-section two of section five of the said act be amended by removing purely mutual companies from the class of companies exempt from the tax imposed by said sub-section, and by adding to said section five the following sub-sections;

(11) Every person resident in Canada, who insures his property situate in Canada, or any property situate in Canada in which he has an insurable interest, with any British or foreign company or British or foreign underwriter or underwriters, not licensed under the provisions of the Insurance Act, 1917, to transact business in Canada, or with any association of persons formed for the purpose of exchanging reciprocal contracts of indemnity upon the plan known as inter-insurance and not licensed under the provisions of the Insurance Act, 1917, the chief place of business of which association or of its principal attorney-in-fact is situate outside of Canada, shall on or before the thirty-first day of December in each year pay to the Minister for the Consolidated Revenue Fund, in addition to any other tax payable under any existing law or statute, a tax of five per centum of the total net cost to such person of all such insurance for the preceding calendar year, and for the purposes of this section every corporation carrying on business in Canada shall be deemed to be a person resident in Canada.

(12) Every person to whom this section applies shall on or before the thirty-first day of December in each year make a return in writing to the Superintendent of Insurance stating the names of the companies, societies of underwriters or associations with whom the insurance was effected by him or on his behalf, the amount of such insurance and the net cost thereof in each case.

(13) Every such person who fails or neglects to make such return or pay to the minister within the time limited by sub-section (11) hereof the tax hereby imposed, shall incur a penalty of fifty dollars for each and every day during which such default continues.

2. That sub-sections two and three of section eight of the said act be amended by providing that the tax imposed on cable companies and telegraph companies shall be increased from a sum equal to one cent upon each despatch or message therein mentioned to a sum equal to five cents upon each such despatch or message; and that every company may charge the five cents to and collect the same from the person paying or liable to pay the regular charges for the transmission of the despatch or message.

3. That section twelve of the said act as amended by chapter seventy-one of the statutes of 1920 be amended by striking thereout sub-sections two and four and substituting the following:

(2) No person shall issue a cheque payable at or by a bank unless there is affixed thereto an adhesive stamp or unless there is impressed thereon by means of a die a stamp of the value of, if the amount of money for which the cheque is issued

(i) does not exceed $50.00.. .. two cents
(ii) exceeds $50.00, for every
$50.00 or fraction thereof.. two cents

and every adhesive stamp affixed to a cheque shall be cancelled by the bank at which the cheque is payable at or before the time of payment.

(4) No person shall sign a receipt for money paid to him by a bank chargeable against a deposit of money in the bank to his credit until he has affixed to the receipt an adhesive stamp or unless there is impressed thereon by means of a die a stamp of the value of, if the amount of the money for which the receipt is signed

(i) does not exceed $50.00.. two cents
(ii) exceeds $50.00, for every
$50.00 or fraction thereof.. two cents

and every adhesive stamp affixed to such receipt shall be cancelled by the bank at the time the money is paid; and that said section twelve be further amended by providing that wherever sub-sections three (a), three (c), three (d), and three (f) of said section twelve provide for payment of a tax at the rate of two cents for every one hundred dollars, the said sub-sections be amended to provide that the tax shall be at the rate of two cents for every fifty dollars of the bills, notes, advances or overdrafts therein mentioned and by providing that sub-section thirteen of said section twelve be amended by increasing the tax imposed on sales or transfers of stock or shares of any association, company or corporation from two cents for every one hundred dollars or fraction thereof to five cents for every one hundred dollars or fraction thereof of the par value of the stock or shares sold or transferred.

4. That section thirteen of the said act be amended by striking thereout sub-sections two and three and by substituting the following:

(2) Every express company carrying on business in Canada shall before the issue of a money order or traveller's cheque affix thereto an adhesive stamp of the value of, if the amount of money for which the money order or traveller's cheque is issued

(i) does not exceed $50.00.. .. two cents
(ii) exceeds $50.00, for every
$50.00 or fraction thereof.. .. two cents

and the company may charge the amount of the stamps so affixed to and collect the same from the purchaser of the order or cheque or from the payee thereof. The company shall before delivery of the order or cheque cancel the stamp by writing on or across the stamp —initials or other identification of the company together with the date of the issue of the order or cheque.

(3) No money order shall be issued under the provisions of the Post Office Act until there is affixed thereto or to the relative advice a postage stamp of the value of, if the amount of money for which the money order is issued

(i) does not exceed $50.00.. .. two cents
(ii) exceeds $50.00, for every
$50.00 or fraction thereof.. .. two cents

to be paid for by the purchaser of the order. The postmaster or other officer of the Post Office Department issuing the order shall cancel the stamp by impressing thereon when affixed the date stamp of the post office at which the order is issued.

5. That sub-section one of section sixteen A of the said act as enacted by chapter forty six of the statutes of 1918, be amended by adding thereto the following:—

Provided that when matches are put up in packages containing not more than sixty and not less than thirty matches each, the tax shall be payable at the rate of one-half of one cent for each package, and when matches are put up in packages containing less than thirty matches each, the tax shall be payable at the rate of one-fourth of one cent per package.

6. That section nineteen A of the said act as enacted by chapter forty-six of the statutes of 1918 be amended by adding thereto the following:

Provided that in computing the "duty paid value" of tea purchased in bond in the United Kingdom the amount of the customs duty payable on tea for consumption in the United Kingdom shall not be included in the value of such tea for purposes of this act.

7. That Order in Council 2031 dated the thirteenth day of June, 1921, shall cease to have force or effect and that sub-section one of section nineteen BBB of the said act as enacted by chapter fifty of the statutes of 1921 be struck out and the following substituted therefor:—

(1) In addition to any duty or tax that may be payable under this section, or any other statute or law, there shall be imposed, levied and collected an excise tax of two and one-quarter per cent on sales and deliveries by Canadian manufacturers or producers, and wholesalers or jobbers, and a tax of three and three quarters per cent on the duty paid value of goods imported, but in respect of sales by manufacturers or producers, to retailers or consumers, the excise tax payable shall be four and one-half per cent and on goods

imported by retailers or consumers the excise tax payable shall be six per cent on the duty paid value.

Provided that in respect of lumber an excise tax of three per cent shall be imposed, levied and collected on sales and deliveries by the Canadian manufacturer and of four and one-half per cent on importations, and that no further excise tax shall be payable on re-sale.

Provided also that the taxes specified in this section shall not apply to sales or importations of:—

Bread; flour, oatmeal, rolled oats and cornmeal; rolled wheat, buckwheat meal and pea meal; animals living; live poultry; meats and poultry, fresh; milk, including butter-milk; cream; butter; cheese; oleomargarine, margarine, butterine or other substitutes for butter; lard, lard compound and similar substances, made from animal or vegetable stearine or oils; eggs; vegetables, fruits, grains and seeds in their natural state; bran, shorts, middlings, alfalfa meal; oil cake, oil cake meal; grains mixed or crushed for cattle or poultry feed; hay; straw; hops; nursery stock; chicory, raw or green; bees; honey; sugar; molasses; salt; other farm produce sold by the individual farmer of his own production; ice; fish and products thereof not canned or medicated; ores of metals of all kinds; fuel of all kinds; gold and silver in ingots, blocks, bars, drops, sheets or plates unmanufactured; British and Canadian coin and foreign gold coin; logs and round unmanufactured timber; fence posts, railroad ties, pulpwood, tan bark, and other articles the product of the forest when produced and sold by the individual settler or farmer; newspapers and quarterly, monthly and semi-monthly magazines and weekly literary papers unbound; materials for use only in the construction, equipment and repair of ships; ships licensed to engage in the Canadian coasting trade; calcium carbide; radium; electricity; gas manufactured from coal, calcium carbide or oil for illuminating or heating purposes; materials for use solely in the manufacture of oleomargarine or any substitute for butter or lard; artificial limbs and parts thereof; artificial eyes; donations of clothing and books for charitable purposes; settlers' effects; War Veterans' badges; memorials or monuments erected in memory of soldiers who fell in the Great War; articles imported for the use of the Governor General; articles imported for the personal or official use of Consuls General who are natives or citizens of the country they represent and who are not engaged in any other business or profession; Bibles, missals, prayer-books, psalm and hymn-books, religious tracts, and Sunday school lesson pictures; articles admitted to free entry under Customs Tariff item 682; manila fibre for use only in the manufacture of rope not exceeding one and one-half inches in circumference for the fisheries; boats bona fide purchased by individual fishermen for their own personal use in the fisheries; articles and materials used in the manufacture of boats bona fide built for individual fishermen for their own personal use in the fisheries; fibre for use only in the manufacture of binder twine; job printed matter produced and sold by printers or firms, whose sales of job printing do not exceed three thousand dollars per annum, and the Governor in Council shall have power to add to the foregoing list of articles exempted from the excise taxes on sales, as he may deem it expedient or necessary to exempt from the said excise taxes.

Provided further that the excise taxes specified in this section shall not be payable on goods exported, or on sales of goods made to the order of each individual customer by a business which sells exclusively by retail; and provided that the tax as specified in this section shall be payable on sales of goods manufactured for stock by merchants who sell exclusively by retail.

A drawback may be granted of ninety-nine per cent of the said taxes paid on materials used, wrought into or attached to articles exported, provided that payment of a specific sum in lieu of such drawback may be authorized by the Governor in Council in cases where specific rates of drawback of Customs duties are granted under the provisions of section 288 of the Customs Act.

8. That there shall be imposed, levied and collected upon goods enumerated in Schedule I to this part, when such goods are imported into Canada or taken out of warehouse on and after the twenty-fourth day of May, one thousand nine hundred and twenty-two, on the duty paid value in addition to any duty or tax that may be payable under The Special War Revenue Act, 1915, or any other statute or law, the rate of excise tax set opposite to each item in said Schedule I; and there shall also be imposed, levied and collected when any such goods are manufactured in Canada and sold on and after the twenty-fourth day of May, one thousand nine hundred and twenty-two, in addition to any duty or tax that may be payable under The Special War Revenue Act, 1915, or any other statute or law the rate of excise tax set opposite to each item in said Schedule I on the price for which the same is sold.

There shall be imposed, levied and collected upon all goods enumerated in Schedule II to this part, when such goods are imported into Canada or taken out of warehouse or when any such goods are manufactured in Canada and sold on and after the twenty-fourth day of May, one thousand nine hundred and twenty-two, in addition to any duty or tax that may be payable under The Special War Revenue Act, 1915, or any other statute or law the rate of excise tax set opposite to each item in said Schedule II.

Where the goods are imported such excise tax shall be paid by the importer and where the goods are manufactured and sold in Canada such excise tax shall be paid by the manufacturer; provided that if an automobile is, on the twenty-fourth day of May, one thousand nine hundred and twenty-two, in the hands of a dealer and not sold to a bona fide user the tax shall be paid by such dealer when such automobile is sold.

The minister may require every manufacturer to take out an annual license for the purposes aforesaid, and may prescribe a fee therefor, not exceeding two dollars, and the penalty for neglect or refusal shall be a sum not exceeding one thousand dollars.

Provided that such excise tax shall not be payable when such goods are manufactured for export, under regulations prescribed by the Minister of Customs and Excise.

Provided further that the value on imported cigars shall be the duty paid value as defined in section 19A of The Special War Revenue Act, 1915; the value on cigars manufactured in Canada shall include the amount of the excise duty payable thereon.

9. That section 19D of said act as enacted by Chapter forty-six of the Statutes of 1918 and subsection four of section three of chapter 71 of the Statutes of 1920 be struck out and the following section substituted therefor:

(19D). Every person, who being thereto liable, neglects or refuses to pay any war excise tax imposed by part four of The Special War Revenue Act, 1915, shall be liable, on summary conviction, to a penalty of not less than fifty dollars and not exceeding one thousand dollars.

10. That, notwithstanding the provisions of The Bank Act and The Bankruptcy Act, or any other statute or law, the liability to the Crown of any person, firm or corporation, for payment of the excise taxes specified in the said Special War Revenue Act, 1915, and amendments thereto, shall constitute a first charge on the assets of such person, firm or corporation, and shall rank for payment in priority to all other claims of whatsoever kind heretofore or hereafter arising save and except only the judicial costs, fees and lawful expenses of an assignee or other public officer charged with the administration or distribution of such assets.

11. Resolved, that any enactment founded on paragraphs numbered five, six, seven and eight of the preceding resolutions shall be deemed to have come into force on the twenty-fourth day of May, one thousand nine hundred and twenty-two, and to have applied to all goods imported or taken out of warehouse for consumption on and after that day, and to have applied to goods previously imported for which no entry for consumption was made before that date.

12. Resolved, that any enactment founded on paragraphs numbered two, three and four of the preceding resolutions shall come into force on the first day of July, one thousand nine hundred and twenty-two.

Schedule I.

Automobiles adapted or adaptable for passenger use, valued at not more than twelve hundred dollars each.. .. .. five per cent.

Automobiles, adapted or adaptable for passenger use, valued at more than twelve hundred dollars each.. .. .. ten per cent.

Confectionery which may be classed as candy or a substitute for candy.. .. .. five per cent.

Schedule II.

Ale, beer, porter and stout, per gallon.. .. .. fifteen cents.

Beverages when containing not more than two and one-half per centum of proof spirits, in casks, bottles or other closed containers, as follows:

Beverages derived wholly or in part from cereals or substitutes therefor; unfermented fruit juices and imitations thereof; carbonated beverages or aerated waters; all other compounded or mixed soft drinks, per gallon.. .. .. ten cents.

Cigars made from raw leaf tobacco:—

(a) Valued at not more than forty dollars per thousand, per thousand.. .. .. fifty cents.

(b) Valued at more than forty dollars per thousand and not more than eighty dollars per thousand, per thousand.. .. .. three dollars.

(c) Valued at more than eighty dollars per thousand and not more than one hundred and forty dollars per thousand, per thousand.. .. .. seven dollars.

(d) Valued at more than one hundred and forty dollars per thousand and not more than two hundred dollars per thousand, per thousand.. .. .. ten dollars.

(e) Valued at more than two hundred dollars per thousand, per thousand.. .. .. sixteen dollars.

Resolved, That it is expedient to amend subsection five (a) of section four of The Income War Tax Act, 1917, as enacted by chapter fifty-five of the Statutes of 1919, by providing that the provisions of the said subsection five (a) shall not apply to a bank as defined by section three of The Special War Revenue Act, 1915.

Sir HENRY DRAYTON (West York): Mr. Speaker, I intend to avail myself of the usual custom and to move the adjournment of the debate before attempting to answer my hon. friend (Mr. Fielding) at length. Not having knowledge of the resolutions—indeed, not having heard them—I could not be in a position to discuss the matter in detail. Perhaps, however, there are one or two things to which I ought to allude before moving the adjournment.

My hon. friend has referred to the question of loans, and he has given us particulars as to loans made, either railway loans or government loans. Of course, the question of the rate at which you should put out your securities, depends entirely on the state of the market at the time the issues have to be made. Let me say to my hon. friend at once that he chose a rather favourable time for his large issue in New York when he chose the date he did. But I was sorry, and I am still sorry, that my friend went to New York for the purpose of getting that money instead of getting it at home. He points out that to-day we have not the urge of war and the whip of necessity on our people, and that there might be difficulty in getting the money in the domestic market. Sir, I do not anticipate any such difficulty. The urge of war was over in 1919, when we raised a very large sum of money and had a very successful taxable issue. My hon. friend has referred to costs. Well, I think I should also refer to the question of costs in connection with these loan issues.

I would like to contrast the cost of doing business in our own country with the cost of doing business in New York, and to point to the advisability of raising money in our own country, thus saving the additional cost, except, of course, where the money has to be spent in the foreign market. To-day we have no maturities in

New York; our next maturity there, if I remember rightly, is in 1926. The money, therefore, was not required for New York purposes. Well, we raised $100,000,000 in 1915 at a total cost to the country of .425 per cent, considerably less than one cent on the dollar—less, indeed, than one half cent on the dollar. In 1916 we raised another $100,000,000 at a cost to the country of .797 per cent, again less than one per cent. The third war loan of 1917 cost .888 per cent. The Victory loan of 1917, when there was a most intensive organization and a tremendous amount of work was done, and when the amount of $397,591,200 was raised, cost us 1.185 per cent. The Victory loan of 1918, when we raised $638,176,250, again cost less than one per cent—.903 per cent. The taxable issues of 1919, involving an amount of $607,691,300, cost us 1.061 per cent.. I point out also to my hon. friend that over and above all the considerations that he has mentioned in favour of a domestic loan as against a foreign loan, there is the further circumstance that when the loan is domestic we get a return in income taxes on the interest which we have to pay, and that is a very substantial amount.

The minister has referred to commissions paid on other issues. Well, Mr. Speaker, commissions that are paid, as well as rates that have to govern, depend on the state of the market. Where the risk is small, where the offerings of money for investment are great, money can be raised more cheaply from the point of view of interest as well as from the point of view of commissions to be paid. In the present year, as everybody knows, we have had a culmination of the collection of gold in New York; we have had an accumulation of idle money which cannot to-day be used in American commerce, and is awaiting investment.

I am not going to make a comparison of the values of our own issues at different times, but let us take the issues of Great Britain sold in the New York market. In 1917 Great Britain issued twenty-year bonds at 5½ per cent, payable in 1937. The obligations were issued at par, with a commission cost to the British Government of 4.4 per cent. In 1919 sales were made of this issue as low as 93; in 1920 the issue sold down to 81⅜, and in 1921 to 83¾. On April 25 of this year, when our $100,000,000 loan was marketed, that issue sold at a premium of 103, 19¼ points higher than the low of 1921—that is, there was a difference between the time our loans were brought out and the time the $100,000,000 loan was made of 19¼ points—and 21⅝ points higher than the low of 1920, a rise of ten points as against the low of 1919.

In 1919 an issue was made through the Morgan house by the British Government of 5½ per cent ten-year bonds. The issue sold on a basis of 96¼, yielding over 6 per cent. In 1920 these bonds sold as low as 83⅞; in 1921, as low as 88¼. On the 25th of April of this year, when the large issue was made, this issue sold at a premium, the price being 107½, an increase of 19¼ points over the low of 1921 and of 23⅝ over the low of 1920. A further issue of three-year notes was also made by the British Government in 1919 and marketed at 98, yielding 6¼ per cent. This sold down in 1920 to 90½, and in 1921 to 94¾. On the 25th of April of this year that was up to 107½, an increase of 12½ points over the low of 1921 and an increase of 16½ over the low of 1920.

So, Mr. Speaker, it is as I say, in making loans questions both of commission and of cost are matters which have to be governed by the rates obtaining and the scarcity or plenty of money available at the time. I think it will usually be found that the smaller the issue, the less difficulty there is in placing it, and my hon. friend is entitled, of course, to consideration upon that point. I would point out that he has had two loans in this very good period. As to his first loan, of $11,000,000, he disposed of that on a cost basis of .59 per cent, a little over half of one per cent. There he is approaching something like the cost of domestic loans, a little lower than some of them, perhaps lower than most of them. A very short time afterwards, however, when there was still a bull market, he pays two and a half per cent on a loan of $100,000,000. That was the only matter that I ever questioned at all one way or the other. There is no doubt, as I said, that it was a good time in which to get the money. Other people also found it was a good time. This issue is costing us to-day, with all the costs incurred, something like 5.20. If I am wrong, my hon. friend will correct me. At that same time, the Greater Winnipeg Water District sold on the New York market, according to the New York press, bonds to yield 5.1. The City of DesMoines, Iowa, sold their bonds at a price to yield, 4.2. The New York issue of $45,000,000, which came about the same time, was sold to the syndicate that took it over to pay on the basis of 4.12 and it was offered to the

public to yield 4.06. The only profit there on a transaction of $45,000,000, going through on the 25th of April, was the difference between 4.06 and 4.12.

As I said, Mr. Speaker, there are difficulties in connection with all these matters, and on the whole I think my hon. friend went at the right time for his money, and possibly got just what he was entitled to: I do not think he got any more. I do not think, these other issues I have referred to are of such a character as to make us feel that we have got the best of the New York investor upon this issue. Why at that very time, the province of Ontario had bonds offering in New York to yield on the basis of 5.05.

I do not think I should at the present time offer any further observations, and I therefore move the adjournment of the debate.

Motion agreed to, and debate adjourned.

SUPPLY

MOUNTED POLICE

The House in Committee of Supply, Mr. Marcil (Bonaventure) in the Chair.

Royal Canadian Mounted Police, $2,991,599.11.

Sir LOMER GOUIN (Minister of Justice): We are asking this year for a vote of $2,991,599.11, which shows a decrease as compared with last year of $5,335,971.64. The estimate is based upon a strength of 1,559 as compared with last year's strength of 1,725 men, or a decrease of 166. While we have a decrease of only 166 men we have a reduction in the cost of over $500,000. The cost per capita in 1921-1922 was $2,044.37, and the estimated cost per capita in 1922-1923 is $1,918.92, a reduction of $125.45. The items are as follows:

5 p.m.

Pay of force		$1,456,532 00
Maintenance		844,297 50
Clothing and equipment		107,100 00
Transportation		177,110 00
Contingencies; Printing and stationery, criminal investigation branch	$185,000 00	
Buildings	216,559 61	
Compensation	5,000 00	

Which gives the total I have already mentioned.

Mr. GUTHRIE: The minister mentioned an item for "buildings"?

Sir LOMER GOUIN: That includes heating and repairing, and everything concerned with the lodging of our men.

Mr. GUTHRIE: The minister does not contemplate the erection of any buildings?

Sir LOMER GOUIN: Not in this estimate; if there is anything of the kind it will come under a later vote.

Mr. MEIGHEN: There is a reduction in the strength of the force from 1,700 odd—I do not remember the exact figures.

Sir LOMER GOUIN: A reduction from 1726 to 1559.

Mr. MEIGHEN: A reduction of 167.

Sir LOMER GOUIN: Yes.

Mr. MEIGHEN: When was the reduction made?

Sir LOMER GOUIN: It has been taking place gradually from April 1 last year until now. The strength is down to the latter figure now.

Mr. MEIGHEN: There is really no change of policy at all?

Sir LOMER GOUIN: There is no change of policy but we intend to decrease the number. We are informed by the chief of the branch that we can do that, and we intend to do it gradually.

Mr. MEIGHEN: That is not a change of policy, it is just the same as our policy in decreasing the army after the war. I do not know whether the minister has read the flaming speeches of the Prime Minister in regard to this vote, how he contrasted in the language of terror, the vote for the mounted police last year and the year before with the vote some ten years ago and claimed they should be alike. The minister, I understand, does not agree with that doctrine at all?

Sir LOMER GOUIN: I will not undertake to pronounce on that point.

Mr. MEIGHEN: The estimates are the pronouncement.

Sir LOMER GOUIN: The number of men engaged in the force in 1904-5 was 810; in 1906-07, 684; in 1908-9, 649; in 1910-11, 649; in 1912-13, 654; in 1914-5, 1268; 1916-17, 797; 1919-20, 1600; in 1920-21, 1671; and in 1921-22, 1628. I must say that we intend to decrease the number gradually and we hope to arrive at the figure 1200.

Mr. MEIGHEN: The minister would agree that there is not nearly the need to-day that there was, say, in the year 1919?

Sir LOMER GOUIN: In the year 1918-19 we had only 483 men.

Mr. MEIGHEN: No, no, not in 1919.

Sir LOMER GOUIN: Yes in 1918-19 we had 483. I understand many of our men were overseas. In 1919-20 we had 1600.

Mr. MEIGHEN: If men were at the front others were employed in their places. The minister read the figures a minute ago year by year?

Sir LOMER GOUIN: Most of the force were at the war in 1918-19 and the strength of those at home was 483. In 1920-21 the number was increased to 1600.

Mr. MEIGHEN: Solely by the return to their positions of the men who had been in the service before. The minister would not suggest for a moment that we should not hold their positions for these men when they came back from the war?

Sir LOMER GOUIN: They came back and were given their positions.

Mr. MEIGHEN: The minister will admit that was the right course to take? I am sorry the attention of the minister was not directed to the subject earlier because he might have rebuked his leader for taking an opposite course.

Mr. JACOBS: Would the leader of the Opposition divide the House against itself?

Mr. MEIGHEN: I do not need to do that. That is done frequently enough without my assistance.

Mr. JACOBS: By whom?

Mr. MEIGHEN: Sometimes by the hon. member himself, I am informed. I notice some reduction in the second item. How much of that is accounted for by a reduction of costs?

Sir LOMER GOUIN: Let me give my hon. friend a statement showing the expenditure in connection with the maintenance of the force:

Year	Average strength	Expenditure estimated	Per capita rate
1905-6	748	$1,004,079 19	$1,342 36
1910-11.. ..	638	710,663 45	1,113 89
1914-15.. ..	1,055	1,549,144 42	1,468 38
1919-20.. ..	1,537	3,384,389 26	2,201 49
1920-21.. ..	1,841	3,081,438 08	2,092 23
1922-23.. ..	1,559	2,991,599 11	1,918 92

Now as to Forage, Fuel and Rental of Buildings:

Year.	Forage.	Fuel	Rental of buildings per month.
1920-21—			
Hay	$32 00	Coal $12 50	$55
Oats	1 10	Wood 8 00	
1921-22—			
Hay	$30 00	Coal $12 00	
Oats	.80	Wood 8 25	$55

In 1922-23, we estimate coal at $11 per ton and wood at $8.75 per cord. Rental of buildings per month is about the same. In 1920-21 it was $55 per month for each building; in 1921-22, it was $55 per month, and for 1922-23, we estimate it at $50 per month. There is no change in the pay. The cost per ration in 1920-21 was 63 cents; in 1921-22, it was 67.5 cents, and the estimate for 1922-23 is 41 cents. The cost of stabling has decreased from $1.25 to $1.15 per diem.

Mr. MEIGHEN: I gather from the minister's figures that the great part of the reductions in this estimate is due to reduced cost of subsistence, and I understand his answer is in the affirmative. I should have asked this question at the same time: Is it not also a fact that the Dominion Police were incorporated in the Mounted Police between 1919-20, and that that accounts mainly for the increase then as well as the men returning from the front?

Sir LOMER GOUIN: They were incorporated in 1920. We had, I understand, in 1920, 200 men in the Dominion Police and an average of 800 men in the Mounted Police.

Mr. WARD: I think, if we are to be expected to respect the minister's statements and to take them seriously, there should, in all fairness, be a substantial reduction in this estimate. The minister advised us that he intended reducing the force to the lowest possible point, and to confine it as far as possible, to what we might call the unoccupied areas of Canada. If he carries out that policy, I imagine that we could surely reduce this estimate by at least the $456,000. I do not think we have had from the minister a satisfactory statement as to the need for the $1,456,000.

Sir LOMER GOUIN: I intend myself to propose a reduction of $150,000, $75,000 for pay of force, and $75,000 for subsistence.

Mr. MEIGHEN: What was spent on the whole last year?

Sir LOMER GOUIN: For the year $3,527,570.75.

Mr. MEIGHEN: That is the estimate?

Sir LOMER GOUIN: In 1921-22, the expenditure was $2,874,197.59.

Mr. MEIGHEN: That is less than the minister proposes to spend this year and, with the $150,000 off, almost equal to what he proposes to spend.

Sir LOMER GOUIN: I understand there is a balance not spent of over $300,000.

Mr. MEIGHEN: More than that. I do not want to starve the Mounted Police at all; but I think the minister could stand a little larger reduction than the one he has mentioned and continue the policy which he found in vogue when he took office.

Sir LOMER GOUIN: I do not think we shall need the full amount that I have mentioned, even with the reduction of $150,000; but, as I say, we cannot say exactly at what date we shall bring down the strength to 1,200 men. Last year there remained a balance unspent of $300,000. I hope the committee will give me the same confidence, and I do not see why any one should believe that we would spend money if it was not necessary to spend it. I move that a reduction of $75,000 be made in the first item and a reduction of $75,000 in the second item. That makes a reduction of $150,000.

Mr. KNOX: Not wishing to delay the passage of the item in any way, I want to speak to the last part of it, namely, the item of $5,000 to compensate members of the Mounted Police for injuries received while in the performance of duty. There are some members of the force who saw duty many years ago and who are to-day suffering from the performance of that duty, but who are not recompensed to the extent that I feel they should be, and I am sure many other hon. members feel the same. This matter has been brought up in this House on a number of occasions, on one occasion by the hon. member for Centre Vancouver (Mr. Stevens), at another time by the hon. member for Victoria, Alberta (Mr. Lucas), and I have discussed it myself. These men never had an opportunity of building up homes for themselves or of providing for themselves in any way. They spent many years on the force in the early days when the pay was so small that, as a consequence, the pension which they are to-day receiving is totally inadequate to keep, I might almost say, body and soul together. Many of them are receiving pensions which would not provide more than one meal a day, and I personally know some of them who are not able to earn a day's pay. I am sure it was not the intention of the government or of the country that these men should be left in that state. I know it would be objectionable to open up the pensions question, but these men could be provided for in some other way. I would ask the minister to look into the matter and if possible make some provision for them, so that they may not suffer. They deserve everything that can be done for them, for they have done their best for the country.

Sir LOMER GOUIN: If we were to pay the bonus proposed it would represent some $14,000 a year. If we were to pay them as we have paid our men since 1913 it would mean an increase of over $30,000. I am considering the question, and if it is possible to do anything for these men I can assure the committee that I am favourably disposed towards them.

Amendment agreed to.

Item as amended agreed to.

SOLDIER SETTLEMENT

Soldiers' Land Settlement—Advances to soldiers settling upon the land and cost of administering the Soldier Settlement Act, including salaries, $12,000,000.

Hon. CHARLES STEWART (Argenteuil, Minister of the Interior): I have to confess that there is a good deal of information that I am not in possession of with respect to this vote. Like many of the new members of the House, I have been looking on with considerable interest to see whether or not the land settlement scheme would prove successful. I do not care to discuss that particular phase of the matter, inasmuch as the committee is now dealing with matters of recommendation for improvements, etc., in connection with the working out of the scheme. I have a good deal of information with respect to what has been done. I have had some figures prepared which I thought would be of interest to the committee. This year we are asking for $12,000,000 based on the estimate in connection with the men who are in training and who have made applications not yet dealt with. The board estimates that this amount will be required. I have learned that while there are a very considerable number of what might be described as failures, and while I am unable to assign the cause of these failures, there are at the same time a vast number of these men who are doing remarkably well. They are not confined to any one province. I notice in the perusal of the work of the board that a very large proportion of the soldiers have been settled in western Canada. I have heard that a great many of them will not succeed and something will have to be done in respect of them. I shall not take up that aspect of the question, because the whole

matter is before the committee, who no doubt will be prepared to make recommendations to the Government. I have a statement with regard to what has been done in connection with the abandonment of farms by the soldiers, or their failure to make good. That statement, I think, will be of interest to the committee and I shall therefore read it:

1. (a) Total abandonments as at January 21, 1922			2,352
(b) Total amount of public moneys invested therein			$9,889,535 02
2. (a) Total number of cases completely foreclosed			567
(b) Total number of completely foreclosed cases on which financial statement has been received			532
(c) Amount invested in land and perm. improvements	$1,651,237 79		
Amount received for land and permanent improvements	1,852,334 58		
Capital appreciation			201,096 79
Amount invested in stock and equipment	$539,853 77		
Amount received for stock and equipment	376,466 95		
Deficit			163,386 82
Capital surplus			$ 37,709 97
Less refunds repayable to ex-settlers			73,240 22
Net capital deficit (532 cases)			$ 35,530 25
Average capital deficit, per case			66 79

That, of course, leaves a very large proportion of the claims still to be settled. I have given those cases that have been adjusted up to date. There are a number of other figures but as they are hardly relevant to the question before the committee I do not think I shall read them. I shall content myself with answering any question hon. members may ask.

Mr. BOYS: Of the appropriation of $35,017,000 last year, how much was actually spent?

Mr. STEWART (Argenteuil): Perhaps I had better give the total spent year by year:

[Mr. Charles Stewart.]

Fiscal year	Expenditure
1917-18	$ 3,733 20
1918-19	1,637,310 38
1919-20	47,220,145 55
1920-21	36,964,129 07
1921-22	13,268,623 66

Mr. WARNER: Is it intended to have a revaluation of these properties in view of their deflated values?

Mr. STEWART (Argenteuil): That matter is before the Soldiers' Civil Re-establishment Committee.

Mr. HOEY: What percentage of the $12,000,000 is required for administration?

Mr. STEWART (Argenteuil): These are the details, based on 1922-23:

General office expenses	$ 225,000
Travelling expenses of inspectors, appraisers, officials, field supervisers and adjusters	265,000
Salaries of commissioners and staff	1,100,000
Legal expenses and disbursements	30,000
Printing and stationery	20,000
Motor cars and accessories	45,000
Advertising	5,000
Miscellaneous expenses	50,000
Total	$1,740,000

Mr. EVANS: What is proposed to be done with those men who have had to abandon their homesteads? Some of them I know who had homesteads before they went to the war took advantage of the aid given by the Soldiers' Civil Re-establishment Board and borrowed money on the security of their homesteads. Those men have lost all they had. I do not think our obligation to them ends there. What is proposed to be done?

Mr. STEWART (Argenteuil): Was that the case in which the homestead was pledged as security for a further purchase, and now both are gone?

Mr. EVANS: Yes.

Mr. STEWART (Argenteuil): I have noticed that that is the case in several instances where adjustments have been made. I suppose much the same policy would be pursued as in the case of an ordinary foreclosure, that any balance left over would go back to the individual. Your statement that that leaves him in a very bad position is one that, during my short tenure of office, I have not had occasion to give any consideration to as yet. I presume that that will need consideration.

Mr. BOYS: Is the security held by the department?

Mr. STEWART (Argenteuil): In every case it is held by the board.

Mr. BOYS: I do not understand what the minister means by saying that any balance would go back to the individual.

Mr. STEWART (Argenteuil): The security being held by the board, the individual would not receive any of the proceeds of re-sale until the encumbrances had been discharged.

Mr. CALDWELL: How many salvage cases have you had where the settler has been reimbursed the money he put into the venture?

Mr. STEWART (Argenteuil): We have not those figures at hand. Noticing the few cases as they pass through my hands day by day, I have been struck by the fact that the land is selling for almost the amount of the purchase price. That may be because that is the very best class of security the board holds. But that is not true so far as the stock is concerned.

Mr. BOYS: How many forced sales have taken place during the past year?

Mr. STEWART (Argenteuil): Forced sales?

Mr. BOYS: As I understand, when the settler is in default the department seek to recover the money advanced on the security of the land. How many cases are pending in which proceedings are being taken by the department against defaulters?

Mr. STEWART (Argenteuil): I am told five hundred cases out of some twenty-three hundred.

Mr. BOYS: That means defaults?

Mr. STEWART (Argenteuil): No, cases in which proceedings have been taken.

Mr. BOYS: As many as that up to date?

Mr. STEWART (Argenteuil): Yes.

Mr. CALDWELL: I think the minister missed the point of my question. Does he mean that in the cases that have been salvaged enough money has been realized to discharge the indebtedness to the Government and also to reimburse the settler the money he originally put into the land?

Mr. STEWART (Argenteuil): No.

Mr. CALDWELL: This is what I am anxious about. I am told that a great many settlers will eventually lose all the money they put into their homesteads, due not to the failure of the scheme in the first place, but because the farms, stock and equipment were bought at a time of inflated prices. Now that prices have gone down I fear that these soldiers will lose all their original investment. I should like to know how many have been salvaged in which not only the Government received the amount of the mortgage against the property, but the settler has received all that he has sunk in the venture.

Mr. STEWART (Argenteuil): I am informed there are very few such cases. I judge from the report here of the five hundred and twenty-three odd cases I mentioned as being held for final adjustment, that that is with a view of distributing any balance among these men. The case mentioned by my hon. friend in which the homestead or other property was pledged, is quite a different case from one in which no property was pledged, or from the purchase of both land and equipment without any other property being pledged. In that case I am free to say I doubt if the settler would get any return; the government, owing to the inflated values at which this property was purchased, would, I think, lose on it. I am also informed that no action has been taken by the board where there is any possibility of the settler making good. I am hopeful that the recommendation of the committee will be such as to give those men a chance to make good if there is any possibility of their doing so.

Mr. CALDWELL: I feel that the soldiers should not bear the whole burden of the deflation of prices. The committee will admit that it is a pretty serious situation for the soldier who comes back from overseas, goes into a venture that looks good to him at the time—that possibly looked good to us all—pays ten per cent down on his property and later makes further payments, and then, because he fails to meet subsequent payments, is sold out and loses not only the money he has put into it—amounting in some cases to quite a considerable sum—but one, two or three years of his time, as the case may be. He is turned out on the road, possibly with a family of small children to support—absolutely destitute. The situation is a serious one, and I think the Government has responsibility in the matter. Just how far the Government realize that responsibility is what I would like to know. In reading the report of the chairman of the board, I find, although it is a very full statement—no reference to this aspect of the question. The report is a very rosy one; it shows that

the Government has realized more money out of these properties than it invested in them, but there is no mention of the soldier or how he is going to come out financially on the venture. That is the feature which, I think, we must consider.

There is one other thing I would like to mention to the minister. I have had a number of letters from assessors and tax collectors all over the province of New Brunswick inquiring what they are going to do about collecting the taxes on farms which were formerly occupied by soldier settlers. I believe that invariably the Government has refused to pay the taxes on these farms. It is well known that Dominion lands are not taxable, and it is open to question whether or not that principle is a correct one to follow. But in the case of these farms, there should be no question whatever. The soldier settler who has been operating the farm has been paying the taxes on it; he must furnish his tax receipt to the board every year. But when he leaves that farm—and I know one or two cases of this kind—and the farm is leased, producing a larger return annually than would have been obtained from the soldier settler by way of rent, the Government refuse to pay the taxes. In some cases the result is to cripple the school district. There is one such case of a small district adjoining mine, a district which is having a hard struggle to keep the school running. There is only one farm in that district, fortunately; had there been three, it would have meant the closing of the school. I imagine that other districts are affected in the same way. I think, therefore, that this is a situation that Parliament must deal with. Certainly the Government should pay the taxes on these farms. They are very different from wilderness lands which have never paid taxes.

Mr. FORKE: Mr. Chairman, I had intended to direct this matter to the attention of the minister. I do not think it is necessary to say very much to the minister on this subject, because he knows as much about it as we do. Last year I was secretary and treasurer of the Union of Manitoba Municipalities. I sent a resolution on this subject to the minister, to the leader of the Opposition, and to all the western members. I do not think I got the courtesy of a reply from many of them, though I did get one or two. The difficulty is more apparent in the Western provinces, I think, than it is in the East. We have several school districts where as many as four different quarter-sections, on which taxes have been paid for thirty years, have been thrown up. Debentures have been issued and money borrowed on that security; those debentures have to be met and the school taxes have to be paid. The government has refused to pay those taxes. In many cases these soldier settlers—and my sympathies go out to them—have not paid taxes during all the time they have been on the land. I believe the arrears of taxes have been paid by the government, but they refuse to be responsible for them after the soldier leaves the land. I think something ought to be done to remedy that condition.

Mr. BROWN: This whole subject will be discussed in the special committee that is dealing with the matter, and when their report is brought in we can deal with it fully. But I assume that part of this amount of $12,000,000 will go to the further extension of the scheme that has been followed. How many applications are in hand from those who wish to take advantage—for it was supposed to be an advantage—of the scheme?

Mr. STEWART (Argenteuil): Perhaps I can answer that question best by giving the hon. member the following statement:

Certificates of qualification, entitling the holder to participate in the benefits of the act, have been granted to 23,786 returned soldiers who have not thus far received any loan privileges. There is no way of estimating exactly how many of these men may be applicants for loans, but a considerable number will undoubtedly desire to be established on the land. Loan applications have been received from 576 men during the month of April, and inspection of the land is under way. Advices from district offices indicate another 700 as pending. In addition, there are 416 men in training, who must be provided for. Provision must also be made for additional loans for settlers only partially established in previous years. Loans authorized during the past year have in some cases been unexpended as yet, and provision must be made for meeting the requirements of the settlers concerned. The estimate of $10,260,000 for loans must cover all these requirements, and with the utmost care in administration and in the granting of loans, the appropriation will barely cover the applications already in hand and pending, and the settlers in training.

As to the question of taxation of these lands when they fall into the hands of the board, and therefore become Crown lands, I may say that this matter will be further discussed in the committee. I have a great deal of sympathy for the school boards and municipalities concerned; for I have some knowledge of the effect of

such conditions in our school districts in western Canada, having had to deal with the exemption of the railway lands in our own province. It would be hoped that the period during which these lands are in that position would be short. But as I say, the matter will come before the committee and I should like to attend its meetings when that discussion takes place. We may then be able to learn what is the general concensus with respect to this matter. Therefore, I am not to-day taking any definite stand in connection with this particular matter.

Mr. MEIGHEN: I have some interest in the Soldier Settlement Board and its work still, and I am anxious if it is within my power to make any suggestion that may be of value. I am glad for my part that if this important trust is to be committed to hon. gentlemen opposite, it is in the hands of the Minister of the Interior. He understands as well as any other member of this House general farming conditions in Canada, and particularly in those provinces where the great body of soldier settlement is. I am glad that he has found the general policy, the general features of the enterprise, and the general organization efficient, and that he is proceeding along the lines we pursued. I would not be disposed at all to suggest a reduction in the appropriation that he asks for, in the face of the statement he has just read to the committee. I am surprised rather that there should be so many applicants yet seeking to come in under the plan. I thought by this time the number would have been much more reduced. That information is to me encouraging, and I am sure is to the minister as well.

As to the matter of taxation, there is something to be said for the relief asked for. I know there is danger there, just as there is in meeting the request of the hon. member for Brandon, but because there is danger, it does not mean that a distinction cannot be drawn in such a way as to place the department safe. I do not purpose, however, to make now any specific suggestion in that direction. As to the complaint raised on behalf of the settler himself, there are of course some who have failed in the work. Their number is small in proportion and is mainly due, no doubt, to the reversal in prices of lands and products that has been general throughout the whole farming community of our country, and indeed has had its repercussion in every other calling in life. We ought rather to be surprised that the number of failures is as low as it is, and that the consequences of failures to the government at least have been so slight. The difficulty is to meet such a situation in a manner that will not involve further insurmountable obligations all down the whole line of the returned soldier list. I know that difficulty because I have faced it myself. If the soldier who fails is to be regarded as still in a sense a government cestui qui trust, a man to whom the government owes special obligation because of his failure, that doctrine has very far reaching implications and would carry the liabilities of our country to a prodigious extent.

This suggestion I offer as a commencement. In the case where the soldier, being a homesteader either prior to the war or after the war, enters into obligations and as a consequence loses his homestead, say, in the case where he buys another piece of land and mortgages his home, and then because of that obligation finds himself submerged, there might, it seems to me, be a rule that the board should hold that his homestead right was not exhausted and that he could come in under the class of cases that homesteaded before 1894 and have the right to homestead again. It seems to me that would only be an extension of the principle of aiding in the development of cultivation, by giving special assistance for the purpose of securing more cultivation, more farming in this country.

Mr. GARLAND (Bow River): If you give the right to the soldier to take up another homestead, how would you finance him until he got a start?

Mr. MEIGHEN: I had not made any suggestion in that direction. The government, of course, ordinarily does not finance a homesteader, and I did not suggest financing him if he is given the right to homestead again. I am afraid to do so would carry our obligations very far. But put him in the same position as though he never had entered at all. It would not, of course, be a restoration of the man to the position he hoped to be in; I know that; I do not pretend it is doing a great deal for him, because good homestead land now is very hard to secure. If the government found it in their power to do more, no one would be more pleased than I, but it seems to me it could safely do that much. If there are difficulties in the way they do not occur to my mind at present.

Of course, hon. gentlemen to my left must bear in mind that a new day has just

dawned for the farmers of our country. A new light, a "larger liberty", a "new freedom" has dawned to-day for Canadian agriculture. No doubt the returned soldiers, when they know that the duty on their implements is to be reduced by two and a half per cent, will take new heart and courage. They will hereafter see in their balance sheets at the end of the year, no doubt, a vastly improved return. Even those who have abandoned their farms, will at this encouraging news surely make haste to return and take up the pursuit of agriculture once more.

Mr. CALDWELL: I would suggest that this item stand over until the sub-committee that is considering land settlement have reported, because I know a number of hon. members who do not wish to discuss this item until that report has been made.

Mr. STEWART (Argenteuil): I might remind the hon. member that passing this item would make no difference to any recommendations the committee might make. The committee can make any recommendation at all, and when that report comes down this whole matter could be discussed.

Progress reported.

At six o'clock the committee took recess.

After Recess

The Committee resumed at eight o'clock.

Mr. WARD: Mr. Chairman, representing as I do a constituency which, I think, has the second largest number of returned soldiers settled under the Land Settlement scheme in the Dominion, and having observed to some extent the conditions surrounding these settlements, and the effect the present scheme is having not only upon the soldiers themselves but upon the country as a whole, I must say that I am absolutely opposed to another dollar being spent for the encouragement of new settlements under that scheme. I do not, however, wish to be misunderstood in making such a statement. I do not for a minute accuse the Soldiers Settlement Board, or the late government, of insincerity. I believe they both started out in all sincerity, believing they were going to do something really effective for the returned soldiers. Unfortunately the moral status of the human race has not developed to a stage where selfishness does not enter into these matters. Consequently the moment the board came into being, it became surrounded with a group of land speculators, grafters and job seekers, whose operations defeated the very purpose for which the board was created.

The conditions surrounding these soldiers are such that unless immediate steps are taken to relieve the prevailing economic conditions under which they are labouring, a very large percentage of those in my constituency will be forced to leave their farms. It is humanly impossible for them to continue operations if they are to pay the inflated prices at which these farms and equipment were bought. As we all know, in the years 1919, 1920, and 1921 the prices of materials of all kinds were at the peak. In some cases those prices were inflated to a figure many times beyond their real value; inflation was witnessed to an extent we had never before seen in western Canada. Unfortunately too, we have had, as yet, no definite statement from the minister, nor from the committee that they are considering this question, as to what is proposed to be done with these returned soldiers that are now settled on the land.

I have visited a great many of these homes and made a personal inspection of their conditions and I am convinced that if a practical man were sent in to re-value this land the valuation would be reduced by at least 200 per cent in many cases. It has been suggested that the interest paid by these men might be withdrawn for three or four years. Even if that were done it would only be deluding the settlers with false hopes, because where the land has been bought for 200 per cent above its fair value it is not humanly possible for the returned soldiers ever to make good. In many cases they bought binders at $330, waggons at $150, horses at $450 a team, and cows at $100 a piece. Burdened with such overhead charges as these even the most experienced farmer could not achieve success. In the area known as the lake Manitoba district, which is possibly the largest district settled by returned soldiers in Western Canada, the land is only of third class quality; and yet many of these quarter sections were bought for sums approximating $2,500,$3,000, and $3,500. There is not a man in this House would value those farms at a price exceeding eight or nine hundred dollars if he knew anything at all about farming. I think, therefore, we should have some

definite announcement from the minister as to what he intends to do with the settlements that have been made in the West under such conditions. If he will give an assurance that full recognition will be given to the claims of these soldiers before entering upon any fresh scheme of settlement I am perfectly willing to support the voting of any amount of money deemed to be necessary for the maintenance of our returned men, who are now settled on the land. But I certainly am opposed to another dollar being spent under the old scheme, because I think it is physically impossible for that scheme to be a success. If the minister can give us a suggestion along those lines, I would be perfectly willing to allow this item to pass; but if he cannot, I certainly am opposed to any further settlement being made under such a scheme that ties the soldier up financially, morally, and every other way.

I may say that I never was in favour of the soldier land settlement scheme, not because of any prejudice against the government or the board or anyone else, but simply because I believe that it was humanly impossible for such a scheme to be worked out satisfactorily, and I think my fears have been quite borne out. I have in mind at the present time several cases. For example, I know of a young man who had clerked in a store all his life. He and a farmer's son enlisted together from my district in the fall of 1914; they went over to France, and after serving about three and a half years in France, they were fortunate enough to come back. The government said to the boy who had been reared as a farmer and who was inclined to go on to the land: "We will lend you four or five thousand dollars to go on the farm." On the other hand, they said to the other boy who had clerked in a store and who was inclined to go back to his old job: "We will not give you anything."

I am inclined to ask why discrimination was shown, and I am convinced that the majority of the people of Canada will bear me out in this, that had the late government made some sort of a cash settlement, if it had been only $500 apiece to the returned soldiers, it would have cost the taxpayers much less and been more satisfactory than the settlement that was made. I have seen people throw up their hands in horror and say: "Where would you have got this money to make a settlement with the soldiers?" I ask: "What would have happened had the war gone on for another year?" Would the soldiers in France have thrown down their arms, or the people of Canada withdrawn their sympathy and their money? Of course, they would not. The war would have gone on just the same; it would have been won just the same, and it would have cost the people of Canada probably another billion dollars.

In all fairness to the returned soldiers, it is up to the government to take off the farms at the government expense those men who are facing impossible conditions of which there are many, and to repudiate their debts and at least set them free. A large percentage of them are facing an impossible proposition; and while in some cases probably the soldiers may make good, every case should be considered on its merits, and a revaluation made of the land and equipment, and the returned soldiers given a fair show to make good. I have had it said to me: "If we had made a cash settlement with the returned soldiers, they would all have gone broke in a short time." Well! If they had gone broke, that was their own business, and they would have been dealing with their own money. But I have too much faith in the men who went over to France, who endured what they did there and who saved this country and helped to save the British Empire, to believe that a large percentage of them would have squandered their money in any such manner. If they had been given a cash gratuity, a much larger percentage of them would have made good than is making good as under the present scheme, and would have done just as well as any other class. All we have to do to-day is to give the returned soldier a fair show, and that is something which he has not had in Canada up to the present time.

I do not wish to open up a new question; but I cite this merely to point out that, when many of these boys came back from France, they were single men on their own resources, and if they had squandered their money, they had nobody dependent upon them and nobody to blame but themselves. In what situation do we find them to-day? We find them away out on homesteads to-day absolutely stranded; their hope is gone; their morale is wrecked; and when these principles are lost you have lost about all there is in the human life. Many of them have now a wife and a family of small children. Nothing is left for them to do but to drift back to our towns and cities and fill up the bread line. Is that what the people of Canada want t ohand out to the

returned soldiers? I think not. That is exactly what is being done in my constituency, although it may be the only constituency in Canada in which that treatment is being meted out.

I therefore could not allow this estimate to pass without registering my protest against conditions that now surround the returned soldier settler. I should be glad if the minister would give us a statement of what he intends to do in the future and how rigidly he intends to examine every settlement that is made. It may be said that the soldiers have the privilege of going out and examining these farms before purchasing. That is very true; but in my district there are very few farmers' sons who, after they examined the soldier settlement scheme, would take land under it. It was only the men and boys who did not understand farming or conditions surrounding the primitive stages of agriculture, who took land under that scheme. That proved that had the scheme been a good one, the farm boys would have taken land under it; but they simply would not take the risk. If I to-day were given a choice between stepping into the shoes of some returned soldiers in my district and spendig the rest of my days one one of their farms, and undergoing a term in a penitentiary, I would prefer to take a term in the penitentiary. I would then know when it ends. I trust the minister will make some definite statement in regard to this matter.

Mr. STEWART (Argenteuil): Many members who are present to-night were not present when I made my explanation before the committee rose at six o'cloc.k I said then that I had to accept the Soldier Settlement Board as I found it. I say now that I cannot very well give any explanation of what is past. My hon. friend is dealing very largely with past history in regard to the Soldier Settlement Board, and I thoroughly agree with him in his statement that the purchases were upon inflated values; but they undoubtedly were the prices prevailing at the time the purchases were made for livestock, implements and land. I am not going to argue with my hon. friend as regards his statement that land purchased in his locality was purchased at too high a figure, even under inflated values, because I do not know anything about that. But, for the future, there will not be so much difficulty in that regard, because if we admit that livestock was inflated in value at the period when most of these men were re-established, that is not the case to-day, and one would not have that difficulty to encounter in re-establishing men on the land at the present time. Something might be said still about the price of implements, and to come to the main question, that of the purchase of land, I think a great deal of care should be exercised with respect to the settlement of the man upon the land and the price that is paid for the land. I do not wish to be dragged into a general discussion of this matter; but so far as I am able to influence the board and its officials, my efforts shall be to the end that every purchase of land that is made for the re-establishment of a soldier may be made at a rock-bottom price. There are two reasons. First, it will be necessary that the security of the Government in that land be maintained; and, secondly it is desirable to give to the man himself the most favourable opportunity possible to make good.

Now, as to the general question raised by my hon. friend as to what we are to do in the present circumstances, that is a matter which I trust will be thoroughly threshed out by the committee who are dealing with this whole subject, and who will recommend to the Government what, in their opinion, is the best method to be pursued in order to meet a very difficult situation. I do not think there can be any difference of opinion on the fact that the deflation in values has left not only these men, but every man who is engaged in agriculture, in a very difficult position; but more particularly has it affected these men who are just only entering into agriculture on their land.

I hope the committee will give this matter their very serious consideration. I am anxious to co-operate with them when the question is being discussed, because I fully appreciate its importance, and the difficulties it presents. I do not want to go minutely into the matter to-night. There are a great many phases of it that will have to be carefully considered by the committee before any conclusion can be arrived at as to what will be the best course to take. As to the future I can assure my hon. friends that the greatest care will be exercised. When I say that I fully realize that the difficulties that existed in the years just passed will not be so great henceforward. The situation will not be as difficult as it was at the time when so many of the men were being settled on the land.

Mr. WARD: Many of the returned soldiers who settled in the locality between lake Dauphin and lake Manitoba did so in the expectation that the Rorketon line of the Canadian Northern would be built. In fact it is only reasonable to suppose that the board made this promise. The grade is already completed from St. Rose to Rorketon. Many of the soldiers are between 15 and 25 miles distant from the railway and it is not reasonable to expect that they will remain on the land unless they are afforded transportation facilities. I am sorry that the Railway Department cannot see its way clear to relieve the soldiers of the handicaps to which they are subjected, at least to the extent of laying the steel on the line between these two points. To delay this work is simply breaking faith with these men, and the Government may rest assured that they will not remain in that district much longer unless this line is built in the very near future.

Mr. MILLAR: I do not feel like blaming the late government, as some do, for the course they took. It was a sincere effort to meet a difficult situation. I cannot see that the officers of the government could foresee the deflation in prices that would follow the establishment of the board and the attempt to place soldiers on the land. I know that there are few business men who could have foreseen it, at least to the extent to which it occurred. But I should like to say a word or two in regard to the men who were chosen to appraise the land. Now, I will not repeat the rumours I have heard, but I will give two instances to show the importance of the greatest care being exercised in the choice of the men who carry out the scheme, if it is the intention to purchase more land. There is quite an impression throughout the country that those who have been sent to appraise land have, in some cases, got a little rakeoff themselves. I am not prepared to prove the assertion in any case and therefore I will not repeat the rumours that have come to me. I will, however, mention two cases as matters of fact.

The land belonging to a certain man was to go to a returned soldier who had been working for him and in whom he was keenly interested. After the appraiser had looked it over he got the seller by himself and asked him: "How much is there in it?" The seller of the land is quite convinced that the question that was really implied, although the actual words were not uttered, was: "How much is there in it for me?" He replied that there were 320 acres. In another case a certain man told me he had driven one of the appraisers signed a receipt for $12 but got only $6. Of course, if there are only one or two isolated cases of that sort they are hardly worth mentioning; and I cannot say whether or not there are more. But it just goes to show the importance of being exceedingly careful in choosing men who will do the honest thing. I have no doubt that care was taken in the choice of these men. I do not suppose that the late government picked up anybody and everybody; but there is an impression in some cases that farms that were suitable were turned down by the appraisers in favour of poorer farms. That would be a great injustice to the soldiers who were to occupy the land. As I say, I cannot give any actual proof.

I had thought that when money was expended to place soldiers on the land and assist them, the scheme might have gone a little further and given assistance to men who wanted to engage in mercantile business or in any other occupation for which they were fitted by previous training. While it is a difficult matter to deal with, some re-adjustment of values ought to be made, and land, implements and horses bought at inflated prices should be re-valued in order to give the returned men some chance of escaping from the burdens they are carrying at present. According to what has been said, some of them cannot possibly, under the most favourable circumstances, throw off the burden. That, I believe, is quite true. Many of these men, if compelled to pay a hundred cents on the dollar would, I doubt not, go to the wall, and the most careful consideration should be given them. I realize that the minister has been in office only a short time,—in fact, too short a time for him to be able to map out any policy that can settle the matter immediately. I feel willing, therefore, to allow the item to pass in the hope that he may find a way out of the difficulty.

Mr. MEIGHEN: The member for Qu'Appelle (Mr. Millar) ought to give by letter, to the minister the facts upon which he bases the statement he has just made as regards the two officers of the board. I personally would ask, no matter who appointed them, that the member give the facts to the minister and that the minister investigate each case and deal

mercilessly with the individuals if they are found guilty.

In this connection I may say that in the three sessions that passed during which I came before the House with estimates for the Soldiers' Settlement Board, I heard only three hon. members criticise the honesty and fidelity of officers of the board, either in relation to valuations or to services of any other kind. In each of those three cases I had the chairman of the board communicate directly with the member, earnestly asking him to give the name of the officer, the description of the lands, and such other facts as would enable identification, and promising definite and immediate investigation. In each case the member declined. In each case we pursued the matter, pressing to the utmost to get the facts, but never were we able to secure any. One of the hon. members I refer to is to-day a member of the Government. Now I hope the minister will press that the facts be given in this case, and if they are—and I do not wish to intimate that the hon. member for Qu'Appelle will decline to furnish the required information—I ask that a searching investigation be made and the result reported to the House, and that if any party is guilty he shall be punished. As respects remedying these matters, I do not know anything to hinder the minister doing so. He has been in his office four months, this is not an arduous task, all the pioneering work has been done, the trail is blazed, and it is merely a matter of pursuing a definite policy, which I have confidence the minister is quite able to do. If there is anything waiting to be done I for one ask him to get busy and have it done.

Mr. MILLAR: I am not at all unwilling to give the names of my informants, provided I can secure their consent. I shall try to do so.

Mr. STEWART (Argenteuil): I might as well say here and now that so far as I am personally concerned, whether a member of Parliament or any one else raises any question with regard to the honesty of officials in any department over which I have charge, if he will give us any evidence upon which we can work, a thorough investigation will be held at once. I have heard very frequently statements made that too high a price has been paid for the land upon which these men have been settled. Members of Parliament can help the board very considerably by at once bringing to our attention any such cases and I shall welcome their co-operation.

Mr. LEWIS: I do not know what method was in force in other constituencies, but in my constituency it was generally the returned soldier that endeavoured to make the bargain in the first place. He looked over what he considered would be a suitable farm, then he inquired the price, and later on he made application to the Soldiers' Settlement Board, and the board as far as possible acquiesced in his wishes. I do not know of any case where the board authorized a higher price than the soldier wished to give. I think the same is true in regard to implements and other things. But at the same time it must be remembered that these farms and implements were bought at inflated prices, although they were generally recognized as being fair at that particular period. I do not know whether the minister has under favourable consideration a revaluation or not, but in view of the serious conditions, and of the charge made by my hon. friend on my left, I would ask the minister if he could tell us what percentage of money has been repaid to the department by the returned soldiers, as that would give us some conception of their success or failure on the land.

Mr. STEWART (Argenteuil): The money received in payment on contracts?

Mr. LEWIS: Yes, which is paid back.

Mr. STEWART (Argenteuil): These are the repayments on principal account:

On land—	
From commencement to March 31, 1921	$ 1,625,596 88
Year 1921-22	614,246 62
Total	$ 2,239,843 50
On stock and equipment—	
To March 31, 1921	$ 1,175,316 91
Year 1921-22	913,466 77
Total	$ 2,088,783 68
Repayment of interest on land—	
To March 31, 1921	$ 680,312 89
Year 1921-22	740,452 83
Total	$ 1,420,765 72
Repayment interest on stock and implements—	
To March 31, 1921	$ 10,690 73
Year 1921-22	40,612 78
Total	$ 51,303 51

Refunds—		
On fire losses	$ 370,512	81
On stock and equipment	599,690	74
On initial payments (Ten per cent deposit of soldiers)	$ 5,114,881	49
Total	$11,885,781	45

Mr. LEWIS: What percentage of success does this $11,800,000 represent?

Mr. STEWART (Argenteuil): I think that in fairness you should separate the initial payments and payments for fire losses from the other items mentioned, in order to get the actual return made by the settlers upon the land.

Mr. HUGHES: What was the total amount paid out by the department under this scheme?

Mr. CALDWELL: If the minister would give us the respective percentages of the soldier settlers who made their due payments in full, the percentage who have made part payment and the percentage who made no payment after the initial payment, we would get a better idea of how successful the scheme has been.

Mr. STEWART (Argenteuil): Of total payments due, thirty-five per cent was received up to April 30 of last year.

Mr. CALDWELL: That is, thirty-five per cent of the money due has been paid; but what percentage of the settlers have made their due payments?

Mr. SPEAKMAN: Perhaps it would be in order for me to say a few words on this matter, because I am, perhaps, as deeply interested in it and possibly as conversant with the facts of the case as most of the hon. members here. I had not proposed to speak on the subject to-night; as chairman of the special committee which has this matter under consideration with a view to bringing forward recommendations, I felt it would be out of place that I should speak now, preferring to reserve anything I had to say until our report was laid on the Table and opportunity for a full discussion could be afforded. But in view of the line of debate that has been followed and in view of some of the statements which have been made, it might be of interest to the committee if I should give them an idea of the activities of the special committee which is dealing with this matter. I shall not go into detail, nor shall I anticipate the report. I simply wish to say, in all justice to the minister, that he has placed the matter entirely in the hands of that special committee; and he is deferring any action until its recommendations are forthcoming. The matter was turned over to that committee in its entirety; there were no strings on it. We were told to go ahead; we were given free access to all books and the right to call any witnesses we wished to examine and to question the officials of the department; then to make up our own minds and submit our recommendations to the House. I am fully cognizant of the condition of the returned men on the land at the present time; I think I can say so, because I believe I was the first man in the House to advocate this measure of revaluation. We are fully cognizant, I say, of the condition of the returned man, and we are giving it full consideration. At present all I can say is this: When our report is brought down we shall have done what we could to alleviate his condition and, I believe, will be able to have considerably improved his prospects for the future. I am expressing only my own opinion, but it seems to me that further discussion on the policy to be pursued might more profitably be carried on when our report is brought down and hon. members know just what our recommendations are.

Mr. HUGHES: If the minister has the information for which I asked him, I should be glad to have it.

Mr. STEWART (Argenteuil): I have already given that; it is on Hansard.

Mr. KELLNER: If I understand this resolution correctly, it is the intention of the Government to spend about $1,500,000 in connection with the duties of the board and about $10,500,000 by way of loans. I would like to ask the minister if that is the intention. The statement was also made that the difficulties in the past had been greater than they would be in the future; and the minister has been the recipient of a bouquet or two from across the floor of the House. I would like to ask him if in his opinion he does not think that as soon as conditions improve, fifty per cent of these soldiers will vacate the farms they are now on? If he is to come on the floor of the House as a judge in this matter, he will be able, no doubt, to give us an intelligent idea of whether or not that is to be the case.

Mr. STEWART (Argenteuil): The hon. member (Mr. Kellner) has asked a very difficult question. I made it clear to the committee before six o'clock that I was

not here in the position of a critic of what had heretofore been done. When I came into the department I accepted things as I found them. From that date forward, of course, I shall have to be responsible for the department. The hon. member for Red Deer (Mr. Speakman) has just covered the whole ground, in my opinion. If the soldiers are to remain upon their land; if they are to make a success of agriculture, there is no doubt that some remedy, some relief, will have to be provided in respect of the conditions which exist. But the whole matter is to be discussed by the special committee who, we hope, will recommend a solution to the Government; and I think I am safe in saying that we will do our very best to carry out the recommendations of that committee. It has been pointed out that anyone who wishes to make representations to the committee will be given a full hearing, and I shall be glad if any hon. members who have recommendations to make in the matter will attend the meetings of the committee and make them there.

Mr. CALDWELL: This vote is for the cost of administering the Soldiers' Land Settlement Act. We have had a good deal of information as to the repayment of loans by the soldiers. I should like to know what the cost of administering this act has been from the beginning to the present. That is an item, I take it, that is not taken into account in the statement of the standing of the Soldier Settlement Board, as that statement deals wholly with loans to the soldiers and their repayment.

Mr. STEWART (Argenteuil): The total cost of administration up to the end of last year was $7,751,074.20.

Mr. CALDWELL: From which there has not been, and will not be, any return.

Mr. STEWART: (Argenteuil): I do not know how we could ever get a return from that.

Mr. CALDWELL: With regard to the statements made by the hon. member for Qu'Appelle, I am not at all surprised that in an organization of this kind there may be an occasional crook, or a man who will fake his expense account. However, I have had a very close connection with the work of this board in New Brunswick since the work first started, and I just want to say this: I wish I had the same faith in all departments of government that I have in the Soldiers' Land Settlement Board, both as to its honesty, its selection of suitable officials, and so forth. There is no doubt they will get a crook once in a while, but so far as New Brunswick is concerned, I think the men who valued the farms there were the best men that could have been got in the province. I think—no, I will say I know—that we bought these farms cheaper in New Brunswick than private individuals were able to buy the same farm for in many cases. Sometimes we refused to buy farms that we did not think were value for the money asked, and within two weeks the owner would sell to a private individual at the same price we refused to pay. I say "we" because I was on the loan committee that bought the farms the first summer, and was also chairman of the qualifications committee that judged of the men's qualifications for holding, so I was in a fair position to judge of the ability of the men who valued these farms, and I think that the work was well done. The men who went out and bought the stock, say, a team of horses, did not handle the money, but they made the deal and bought the team for the man, the bill was sent to the superintendent of the Soldier Settlement Board, and the cheque was sent direct from the board to the man from whom the stock was bought. The procedure was the same in buying farms. The committee, of which I was a member, which bought the farms did not handle any money, but they put the deal through, and the money was paid by the officials of the board direct to the owners of the farm. I think the scheme was well conceived and well carried out. I have no doubt there were some cases of faking of accounts, but from my experience of the board, in any case of this kind that was brought to their attention the culprits would get short shrift.

Mr. McBRIDE: I had not intended to say anything about this matter, as I think it is only a waste of time to discuss it until the committee's report has been brought down. However, I will say this. During the campaign I heard a great number of insinuations against the officers of the Soldier Settlement Board, and after the election campaign was over I spent the greater part of my spare time until I came down to Ottawa sifting these matters out. There was not one insinuation that I heard of before the election that I did not try to follow up after the election in order to get the facts. In some cases I asked for an

affidavit from those who made the charges, as I thought I was entitled to that before bringing the matter up on the floor of this House. I might say that in every case they refused to make an affidavit. I do not think insinuations should be made against officers, especially on the floor of this House, unless there is a good foundation for them backed up by an affidavit. I am not by any means satisfied with the officers as a whole, who are looking after the returned soldiers, and I intend to have a good deal to say about that when the report comes up for discussion. In the meantime I will reserve my remarks.

9 p.m.

Item agreed to.

IMMIGRATION

Immigration and Colonization—immigration outside service, salaries, $640,000.

Mr. STEWART (Argenteuil): When the civil government immigration estimates were up, I promised that when the general estimates were under consideration I would have something to say about the policy to be pursued in connection with immigration for this year at least. One cannot say very much about immigration without taking into consideration the condition in which Canada finds herself at the moment. During the past winter this committee has had evidence with regard to conditions in this country in the amounts they are being asked to vote, and will be asked to vote in the future, for unemployment relief, from one end of Canada to the other. Furthermore, in what we fondly call these reconstruction days, we find a great many people apparently dissatisfied with conditions as they find them, a great many who are loath to engage in enterprises that will provide employment, and on the part of labour we find no desire to accept a reduction in wages and thereby help us to get back to normal times. These conditions have been fairly general from the Atlantic to the Pacific. Then when we look abroad to the countries from which we hope to secure immigration, we find that by far the larger proportion of the people who would be willing to emigrate are men desirous of obtaining employment. They constitute by far the greater proportion of those who are willing to settle in Canada. Of course, there is a fairly large number of people who are anxious to change their home and would be willing to come to Canada, who are in a better position and have the necessary funds to establish themselves here. I hope I am not too pessimistic when I make the assertion that probably not for some time to come shall we be able to receive all those who would be willing to come to Canada and who would make desirable citizens, and by that I mean those who are mentally and physically fit and are desirous of finding employment here and becoming Canadian citizens.

I think at the moment it would not be wise to encourage, or to invite, any large numbers of people who have to maintain themselves particularly by manual labour, but I do hope that that period will pass very rapidly. That is the condition of affairs we must face. With respect to our policy for immigration, and the amendments made to the Order in Council dealing with the subject to which I will allude later, some criticism has been offered inasmuch as we apparently have been closing the doors to all but people with means to purchase or to become agriculturalists, agricultural labourers, and household workers. But taking into consideration the situation that I have outlined, these apparently are the only classes of individuals that we can absorb in Canada at the moment, and therefore any amendments to the Orders in Council in existence have been made with that object in view.

I do not think it is necessary to touch upon the question of oriental immigration at this moment. Let me say to my hon. friends from British Columbia that I am endeavouring to find a solution that will meet, in a large way, the desires expressed by those gentlemen the other evening. Let me also say, in passing, that I sympathize very much with them in their desire to have a larger percentage of the population in British Columbia of the white race.

It being a fact that we can only absorb the three classes I have mentioned at the moment, I have endeavoured to organize the forces we have, for the purpose of securing for Canada its fair share of those classes both in the Old Land, in the United States in Scandinavia and to some extent upon the continent of Europe. One matter that I would like to speak about, an allegation that frequently appears in the press of Great Britain, is that we in Canada are setting up too rigid an inspection of the immigration that would come to us. It has been frequently stated that has been, and still is, the attitude of the department. Well, Mr. Chairman, clearly there is no use in augmenting the ranks of the unemployed. As I said to you a moment ago, we could undoubtedly get a great number of people who would come to Canada and would go to swell the ranks of those who

are out of employment at the moment; but we are making the endeavour to get every agriculturalist from Great Britain that we can induce to come to Canada. That work is being carried on there by our agents, and through the medium of lectures and advertising, we are endeavouring to reach all of that class of people that it is possible for us to reach. The same may be said of agricultural labourers and household workers.

Before I leave the subject of immigration from Great Britain, I want to mention one other class of immigration that has been found very desirable in the past, and that I think we can very well encourage to the fullest extent—that is the child immigration coming to this country. I was astounded the other day, when discussing this matter with Mr. Smart, who is in charge of this work, to hear from him that last year 1,500 children were brought to Canada, and that there were applications for 15,000 more. In other words, the department could have placed 15,000 children in the homes of Canadian citizens. There seems to be a wide field there; and the policy of the Government will be to secure a larger proportion of the "teen-age" boys and girls who would come to Canada and fill this demand that appears to be prevalent for those children. Mr. Smart is about to leave for England on this mission, to see if we cannot, in a larger way, secure those boys and girls.

Australia has become a very strong competitor with Canada, and South Africa as well, for the immigration of adults as well as of children. Ever increasing inducements are being offered for British immigration to go to those two countries; and, in some measure, we will have to meet that competition. It is possible, therefore, that I will ask for increased grants for the purpose of encouraging the assistance of the people who are engaged in this class of work in the Old Land. Before leaving this question I would like to say, Mr. Chairman, that this is a class of immigration I think it is very desirable we should get to Canada. It is the class that appeals to me very much, because these children will go to our Canadian homes, grow up in our schools and become thorough Canadians if we can express the sentiment in that manner. Of course they are British stock but, I think, will turn out to be settlers much more desirable than persons more advanced in years. And I say that I am rather keen on the question of securing for Canada all of the child immigration that it is possible for us to obtain.

In the countries of Scandinavia and Iceland—indeed in Holland and in Belgium as well—although I am told that a year ago immigration and immigration propaganda were not looked upon with favour we to-day find that condition changing. I am hopeful we will get from Iceland this year a fair amount of the Icelandic people who, it is needless to say, make splendid settlers upon our western lands. We also entertain the same hope with respect to Scandinavia which has also furnished many fine settlers to western Canada. In these countries there is an ever increasing interest in immigration and I believe the authorities there will be willing to consider allowing their citizens to leave their homeland for Canada. In Holland we have a complete change with respect to immigration to Canada. Whereas a year, or a year and a half ago, the Dutch government were unwilling that their people should leave that country and come to Canada, to-day they are anxious to assist, and are assisting us in a very large way in bringing a splendid class of people to this country, and we are working that field for all it is worth.

Mr. JACOBS: Will the minister permit me a question? Can he say why it is that the Dutch government are so anxious to have their people leave Holland in order to settle in Canada? What is the reason of it?

Mr. STEWART (Argenteuil): One of the reasons, perhaps, is that they have more people than they can absorb at home; I am speaking now purely and simply of the agricultural class; I am not referring to any other class of citizens.

Mr. WARNER: They are all right; let them come.

Mr. JACOBS: But Holland has its own colonies to which it can send its people, and in that way they would not be lost to the home land. Why have the Dutch shown such a strong desire to settle in the West at the present time? Is it because they have heard, from the remarks of the farmer members in this Chamber, of the splendid conditions there?

Mr. CAMPBELL: I should like to draw the minister's attention to a letter which I have just received from one of my constituents and which bears upon this very matter. He encloses a clipping from a Re-

gina paper showing a despatch dated May 4, to this effect:

> The provincial Government, in co-operation with the federal Department of Immigration, has made arrangements to bring contingents of farm labourers from Holland, it was announced officially to-day.

My correspondent says in part:

> I might say that the people of your constituency are not in favour of voting money for agricultural purposes, nor are we in favour of spending money to bring in immigration, as it is almost impossible for the people who are here to make a living.
>
> In December last, there were 246 quarter sections of land sold for arrears of taxes in this municipality, a total in this and the two adjoining municipalities, of 846 quarters, 137,160 acres in all.

I very much question the wisdom of bringing in immigrants at the present time, when it is, as this correspondent says, and it is undoubtedly correct, impossible for the people in that district to make a living.

In that connection also, I might say that when we are inducing immigrants to come to Canada, we should at least endeavour to give them a square deal. I have a matter that I have been dealing with and corresponding with the department over for some time, the case of a Highland Scotch family, who sold their home and their few chattels in May, 1921, preparatory to coming to Canada. They purchased their tickets, and they were all ready to sail, when the doctor passed on a little girl of the family as feeble-minded. The family were left in a very awkward position. Their baggage had already come forward to Canada, and it had to be returned. They were left in that way for nearly a year, and they spent almost the last cent they had. In fact, when they came to Canada just recently, it was only through their relatives sending them money that they were enabled to continue the voyage. They were held up for a whole year on account of something that, I think, is radically wrong in the Department of Immigration. I will read just a statement from the report dealing with the explanation given recently why these people were held up for a whole year. The report reads:

> This decision was conveyed to the Superintendent of Emigration, in London, by letter of November 16, and on January 25, he replied, by cable, to the effect that the medical officer of the Health Department recommended the admission of the girl and, moreover, was of the opinion that the Assistant Deputy Minister of Health would understand that the girl was a characteristic Highland country girl and not feeble-minded.

I would ask hon. gentlemen and particularly the minister if he can see any connection between a normal Highlander and something that is feeble-minded. I appealed to the department to give justice to this family, at least to do something for them to help them to come to Canada, in view of the fact that it was carelessness on the part of the officials that was responsible for their being held up for a whole year and being compelled to spend their last dollar. But nothing was accomplished, and it was only through the charity of some of their friends that they were enabled to come to this country. If we induce people to come to Canada, we should at least give them a square deal.

Mr. STEWART (Argenteuil): When my hon. friend (Mr. Jacobs) interrupted me about immigration from Holland and the hon. member (Mr. Campbell) interrupted me in connection with the matter in which the medical examiner appeared to have been in doubt or to have made a mistake, I was endeavouring to cover the field in a statement of what we hoped to do in connection with immigration into Canada. Before I have finished my remarks, I will deal with some of the matters raised by my hon. friend.

I wish to make my statement as brief as possible, and yet I want in a fairly comprehensive way to cover the field. From Poland we hope to get and I think we undoubtedly will, a large number of people who will go upon the land. That fairly well covers the field in Great Britain and on the Continent. In the Scandinavian countries outside of Iceland we are not permitted, as I said before, to canvass or to advertise for settlers, and we have newspaper advertisements appearing in Iceland at this moment. As regards the Continent, We have taken three of our best trained men, one from Vancouver, one from the central office and one from Niagara Falls and sent them over to Mr. H. M. Mitton, who is the agent at Antwerp. Our idea in doing that is to endeavour to avoid some of the difficulties that have resulted from having to send back a considerable number of people who arrive at our shores. I can scarcely conceive of any people with Scotch blood in them not being mentally sound, but there might be an odd case. If there is, however, it is important; and if my hon. friend knows anything about conditions in the Western provinces where a large percentage of immigration that has come to Canada has settled, he must know that too large a percentage of people who are mentally unfitted to come to this country

have been allowed to enter Canada. I mentioned that the other day, and I know whereof I am speaking, because our mental hospital in Alberta has had too large a percentage of people allowed to come into Canada who were mentally unfit.

Mr. SPENCER: Were the majority of those people who were mentally unfit drawn from country or from city life?

Mr. STEWART (Argenteuil): Far too large a percentage of them came from our homesteads in the earlier days.

Mr. LEWIS: Was that due to their mental deficiency in the first place, or to the terrible conditions that exist on the farms in the West at the present time?

Mr. STEWART (Argenteuil): My hon. friends who have settled in Western Canada and gone through homesteading experience know very well that if one was not sound in body and mind—and this was the case particularly with women who went through the trials of early settlement—very frequently when there was a weakness, one broke down under the strain.

Mr. SALES: And when there was not a weakness. My wife spent six months one winter without seeing a woman whom she could speak to. If that is not enough to drive a woman crazy, I should like to know what is.

Some hon. MEMBERS: Oh, oh.

Mr. SALES: I do not exactly see the reason for the laughter. Perhaps, I am a little Scotch, but that does not mean that I am feeble-minded. From a woman's standpoint, lack of social life is important. What would some hon. members do if for six months they did not see a man to speak to? Some hon. members might be all right.

Mr. CAMPBELL: My contention was that the feeble-mindedness was on the part of officials of the department and not on the part of immigrants.

Mr. STEWART (Argenteuil): I know a great deal of criticism is levelled at the officials. I am not making any defence of them; I am speaking simply of conditions as we are facing them to-day, and, indeed, in my short tenure of office, I have had the most strenuous representations made to me, after medical inspection, that individuals should be allowed to enter Canada, it being represented that otherwise families would be separated and also that these individuals would be able to maintain the members of their families who were living under very severe conditions; and I frankly admit these things do appeal to one. But after all, one must do his duty. One must keep in mind the fact that every time one of these individuals gets into the country he too frequently becomes a public charge on the community. Undoubtedly mistakes will be made, and I anticipate that perhaps at the next session of Parliament, if I am here occupying the same position, there will be innumerable cases in which hon. members will be able to criticise me severely. But while I am prepared to deal with these cases from the most sympathetic standpoint, we must remember that we are trying to build up a strong and virile race in Canada, and it is necessary that we should keep that ideal constantly before us.

I do not expect that we shall get a large number of people of the character and class I have mentioned to come to Canada; I mean agriculturists from Great Britain. I think, however, that it is our duty to get as many of these people as we can possibly secure from the Motherland. I am not unmindful of the fact that some of the people whom we call alien enemies to-day, who have come from countries that were our enemies in the Great War and are now settled in western Canada and elsewhere, have made splendid settlers and have been successful on the land. There is no doubt about that; I do not think that any one who has lived among them will deny the fact. It is said that they are not accustomed to the comforts which we find indispensable, and that they will put up with more hardships than we do. That is true. Some of the people whom we are endeavouring to get from the Highlands of Scotland are coming in at present. Some are settled in Ontario and they will undoubtedly make splendid settlers. They are hard workers and will do well on the land. Probably they will be satisfied with very much less in the way of returns than the people coming from the United States or those people of the Old Country who were in much better circumstances before moving here. I am not suggesting that we should get that class of people, because I realize that it is difficult to make a livelihood on the land. Before concluding I shall deal with the question which has been raised with regard to the difficulty of living on the land. I think I know something about the question.

I want to deal for a moment or two, however, with the possibility of getting im-

migration from the United States. We are trying to get as many as we can of the Canadians who left Eastern Canada, particularly Quebec and the Maritime provinces, who are now settled in the New England states, and are showing a desire to return to this country, to come back and once more take up farming in the Dominion. In the central states, also, our agents are busily at work. Many of them are on the way at the moment owing to the conditions that have arisen there. During the war land and the products of the land became so inflated, and such high prices were paid for real estate, that the people in the United States, in common with the farmers of Canada, now find themselves in a difficult situation. Many of them are forced to surrender their lands and are looking for some place in which to make a fresh start. Our propaganda has evoked a counteracting campaign on the part of the central states which are making a great effort to hold people. Montana and the more northerly states are making a great effort to hold their population. I feel confident, however, from the reports I have just received from the superintendent, that a very large number of desirable farmers who know the conditions in western Canada will cross the line and take up land there this year.

Let me deal with the question as it affects us in western Canada. I quite agree that farming was never more unprofitable than it was in the past year, and probably we never suffered to such a serious extent as we did during last year and the year before. One farmer will blame one set of conditions, while another will attribute the trouble to other causes. We have had adverse weather conditions on top of a falling market, and all our difficulties seem to come at one time. We had taken on very large obligations in the hope that the inflated prices of live stock and farm produce would continue as they were; and as every one knows, those prices dropped over night and left us in a precarious financial situation. But to say that because of the inability of the people to pay their taxes, and because of the difficulty that our farmers find themselves in to-day, it is unwise to place more agriculturists on the land in Western Canada and in other parts of the Dominion is, I think, a mistake.

While admitting all these difficulties, Parliament is asked to vote large sums of money to carry on the National Railways, part of which money is for deficit in operation, to say nothing about interest charges that are accruing from year to year and that undoubtedly must be taken into account and paid from revenue, seeing that it is doubtful whether they will ever be paid by the operations of the railways. Within twenty miles of practically all these lines of railway that are now in operation to-day, with school houses built, with towns established, and with all the facilities for carrying on business, it will be admitted that there is indeed a very sparse population. We do hope that conditions will change and that agriculture will be made at least reasonably profitable, because, if that hope is not fulfilled, there will be very little done in any other line of business in Canada. If we cannot place the people on the land and assist in production so as to create business generally in the Dominion, if we cannot fill up these vacant spaces, all within twenty miles of railways, then we have a very dreary outlook indeed in Canada. I am not suggesting for a moment that these spaces are immediately to be filled up; we cannot fill them up in a hurry. But I should like to see policies adopted that would make possible a genuine success on the land throughout the country. While perhaps we have not been as prosperous on the land as we should like to have been, and while we may not have made all that we had hoped to make by reason of the inflated values of farm land, it must be remembered that other businesses in Canada, although they may have had prosperous days, are probably themselves in a rather difficult situation to-day.

In bringing immigrants in I think it is a mistake to tell them that the moment they get upon the land they are going to be prosperous. Speaking of my own experience in western Canada, I know it was a few years before I began to get prosperous at the homesteading game; but I am not going to say that I did not make a considerable amount of money out of farming in Alberta. I am not afraid of the future of western Canada so far as agriculture is concerned. I know that the difficult situation depicted by many of my hon. friends opposite is absolutely true, but I may refer the committee to a period in our history, 1892 and 1893, when I was farming in the old province of Ontario. In those days prices for produce dropped very much lower than they have dropped at the present time. You will retort by saying: But living conditions were very different then. I reply that they were not so very different from the conditions under which we are living to-day, bearing in

mind the prices we were receiving then compared with those we are receiving now. We survived that trying period, and the farmers of Ontario are perhaps richer to-day than they were in those days, having made more money perhaps because they were established more firmly than we were. But I do say, through the mouths of our immigration agents both in the United States and Great Britain, where we are seeking to get settlers upon our vacant lands, that while this is not a country in which immigrants can pick up gold on the streets, yet it is a country where they can do as well as, indeed better than, in any other country that may invite them. I hope I shall not be misunderstood as holding out glowing hopes for settlers coming here under present conditions, but I do say that if we are to be successful we must get more people on our vacant land. I am not going to deal with the question of how greater success can be attained; that will be dealt with at another time.

Mr. MEIGHEN: What other time has the minister in mind?

Mr. STEWART (Argenteuil): There will be a discusion on the Budget, mentioned by my right hon. friend to-night, and perhaps we will then have an opportunity to discuss that matter. Let me deal for a moment or two with the question of regulations. There was a regulation in force providing that each immigrant must be in possession of at least $250. We have not altered that provision in so far as it affects oriental immigrants, but we have removed what is claimed to be to a certain extent a disability in another connection. We are anxious to let all people—except of course orientals—into Canada who can maintain themselves. There is a class that I have mentioned, the labour class, and similar people without means who are desirous of obtaining employment, but we cannot permit them to enter at the present time. We do hope by the establishment of agents on the Continent and a more rigid inspection of intending immigrants before they leave home, to avoid some of the unfortunate incidents that have happened. Such incidents will perhaps happen again, but by viséing of passports by our own agents we hope that when people sell up their homes on the other side and embark for Canada there will be the least possible difficulty in their passing the test at our port of entry. In the changing of these regulations that is the principal feature I had in mind, so that many of the hardships complained of may be eliminated.

[Mr. Charles Stewart.]

I think I have covered the ground sufficiently, Mr. Chairman. Possibly hon. members will be desirous of asking a number of questions.

Mr. GARLAND (Bow River): Where do the homes exist for the 15,000 child immigrants?

Mr. STEWART (Argenteuil): In Ontario and the eastern provinces.

Mr. GARLAND (Bow River): In what sort of homes?

Mr. STEWART (Argenteuil): Largely farm homes.

Mr. GARLAND (Bow River): Will the children be adopted or merely engaged as helpers?

Mr. STEWART (Argenteuil): In some cases they will be adopted, in other cases they will be taken for a certain term.

Mr. FORKE: I was rather pleased, Mr. Chairman, with the remark the hon. Minister of the Interior made that, "they were all right when you caught them young." Unfortunately I was not caught very young, but I have done the very best I could since I came here to make good.

Now, I do not know if I am going to talk in a strain that will be very pleasant to some of my friends on this side of the House; I am going to speak very much along the same lines as the minister in regard to the necessity for further immigration. I think we all recognize to-day that the greatest difficulties we have to meet in business, on our farms, or in any other calling are our large overhead expenses, the rate of taxation, and our railway deficits. I believe I mentioned once before that if we could double our population we would halve our difficulties in that respect. I know agricultural conditions are unsatisfactory at the present time, but I believe that point of view has been stressed quite enough. I will, however, read a very short extract from a communication received from a private association which has been looking toward Canada as a field for immigration. This is the extract:

> It is our considered judgment that while the serious condition of the agricultural industry may have been exaggerated in some quarters, its position is nevertheless sufficiently grave to justify reasonable measures to improve the lot of the settler now on the land. The prosperity and happiness of the people already in the country is basic to the success of any great immigration movement.

As I have already said, I think perhaps we have stressed that point enough. I do

not know what its effect may be outside, but I am sometimes just a little afraid of the psychological effect it is having upon ourselves. We are looking upon the black side so much that probably we are beginning to lose heart at the very time when we ought to take courage and move forward resolved to do better in the future.

Of course, it may be asked: Why invite more people to come to this country when conditions are not satisfactory for those who are already here? I should like to point out some of the remedies that I think might help to mitigate the evils under which we suffer. It has been mentioned frequently that we have gone through a series of bad seasons. But we believe things are mending. Already the weather is making a decided improvement in that respect, and we hear nothing but glowing reports from the western prairies these days about the conditions under which the seed is being put in the land, and that dried out districts are getting a good wetting. Consequently I am looking towards the future with renewed hope. However, I believe that we can have better marketing conditions in the future than we have had in the past.

There is another matter I would like to speak of, and that is the question of the distribution of our labour and our goods. I believe that we can obtain greater benefit from satisfactory distribution than can be obtained in almost any other line of business. The question of distribution has not been sufficiently considered in our economic life. We have specialized and specialized until we find that in every line of business there is over-specialization. I want to mention a circumstance in this connection; it is of a personal character, but I think the committee will pardon my referring to it. During the campaign this fall I had the pleasure of staying at a very humble home—and I think it was a happy home. The head of the household had a few sheep, and I found that the good wife was carding the wool, spinning the yarn, knitting the stockings to supply all the members of the household, and selling her surplus stock at $1 a pair. At the same time, I, who had a large flock of sheep, had them shorn and shipped the wool, did not get enough money to pay for the cost of the sheep-shearing and the transportation of the wool to its final destination. Now, there is a case of difference of method. I am not advocating that we go back to the old system where the blacksmith and the millwright did all the work in the village, but I do believe we have over-specialized in a great many ways; it takes too many men to do a single job. I was told the other day that when the headlight on an engine goes out of repair—and I want my labour friends to pay attention to this—it takes six men to repair it, whereas a few years ago one handy man could have done the job. That is the result of specialization. We have distributed our labour into too many quarters, and it is costing too much to run the machine. I believe that farm life and the distribution of our goods can be improved very largely in this respect.

Then, we are going to have cheaper transportation; we see signs of it coming. In regard to our markets, I think we are waking up to the fact that we must seek for markets in all directions. Of course, we realize the difficulties that we have to meet so far as our neighbours to the south are concerned, but there are markets and plenty for the produce of our farms over in Europe, when they are in condition to buy them. I think I mentioned this once before—and I am speaking only of the Prairie provinces, because it is with the conditions there that I am most familiar and of which I am, perhaps, best able to speak. But I believe that the day of large farms has passed and that we have come back to smaller holdings and more intensive cultivation. I think that the practice of holding large tracts of land is one of the great mistakes we have made during the last few years. When we first went to those prairies we went not so much to establish a home as to grow thousands and thousands of bushels of wheat, to make a fortune and to retire, wealthy men, in a very short time. That idea has passed away; what we are looking for to-day more than anything else is to establish comfortable and happy homes out on these prairie lands.

We hear a great deal to-day about the trekking to the cites. I think I know something about city conditions. I had the honour and the privilege of serving on the Public Welfare Commission for three years in the city of Winnipeg. Evidence was placed before that commission from all classes in the city, including philanthropic and benevolent societies, and I can assure you, Mr. Chairman, that I came to know something about the seamy side of city life. I know that all is not gold that glitters and that the city has its troubles as well as the country. Now, I am not

one of those who believe that every boy and every girl should be kept on the farm. If boys or girls show an aptitude for certain lines or display ability in matters pertaining to business vocations and other lines of life, by all means let them go. But I would like to see the conditions made such that all our bright boys and bright girls should not leave the farms for the cities.

One of our troubles to-day is not so much over-production as it is under-consumption. We find our warehouses full of goods; we find people without clothes. There is something wrong, something has to be made right. I wonder who is going to solve the riddle? What is the trouble? What is the matter?

Now, I believe we can better our conditions by having more people on the land. I realize the importance of industrial Canada. Some of our friends seem to think that we farmers do not realize the importance of industrial life. I think we do; I for one am proud of any implement, well made, when I find it has been manufactured in Canada. And I want to make the statement here, Mr. Chairman, that I have farmed for forty years and I do not know that I ever bought an implement that was not made in Canada—and I am a bit of a free trader, all the same. Now, coming to immigration: Where are we going to seek for immigration, and how are we going to get it? The minister has dwelt on this matter to some considerable extent. We can look towards the United States, and I believe that in that country can be found the very best class of people we are likely to get, because they understand the conditions and can adapt themselves readily to our social and political conditions. Not only that, but I believe we should do everything possible to bind ourselves to those people on the other side of the line; the more we encourage a friendly feeling towards them, the better it will be for Canada as well as for the United States. Then, we may look to the British islands for immigration. Unfortunately, Britain is an industrial country. Her agricultural population is not very numerous, and most of them can find employment at home if they wish it. At the same time, I know exactly what it means: to the agricultural labourer or to the small farmer who is paying a large rent for land over in the Old Country, the idea of owning a farm of his own makes a very strong appeal. I think quite a large per-

centage of immigration can be got from the British islands if we go the right way about it.

The minister spoke to-night about the efforts Australia was making to get British immigration. I do not know whether sentiment is a thing that goes very far in this House, but it is a fact that you cannot lose sight of sentiment; it has a great deal to do with human life, with human affairs, with everything with which humanity is concerned. And when you come to deal with British immigration you are dealing with something upon which sentiment has an important bearing. When a man decides to leave England, do you not think it means something to him that the old flag flies over the public buildings of the Dominion of Canada? I think that gives Canada an advantage to begin with. It may be said that Australia makes the same appeal to his patriotic feelings. But I would like to point out the difference so far as distance is concerned. Those who leave the British islands to go to another country always have the feeling that they will go back either for a visit or, perhaps, to remain there altogether. We know that as a matter of fact they do not go back. If they do return for a visit, they realize, much as they love their native land, that it is not their country; that Canada, after all, is their home and their country. Nevertheless, as I say, when they leave home first they imagine that some day they will go back. Canada is only seven days from Great Britain, but to go to Australia means a long sea voyage—and that militates to a large extent against Australia and in favour of Canada. Canada appeals to British people in many ways. The part we played in the war, the close contact which took place on that occasion between Canadians and the British people—for a great many reasons, there is nothing but the most friendly feeling towards Canada over in those British Islands. I believe if we go about it in the right way we can get a good many people from the British Islands, especially from Scotland and the north of England. From those places and from the north of Ireland you will get the very best class of settlers for Canada. Not that I have anything to say against the south of England or the other parts of the British Islands, but the climatic conditions of those sections to which I have just referred are more like those which prevail in Canada, and the people who come from that part of the Old Country can, perhaps, adapt

themselves more readily to the circumstances than those who come from other districts. Very many splendid people have come here from all parts of the British islands and have been successful.

The minister spoke of the countries of Europe, of France and the Scandinavian countries, of Iceland, and Holland. There are no better people than these, and we should try to get them. I think we can get them if we try. They would be only too glad to come here and make a success. Some other parts of Europe have been mentioned and the inhabitants of those parts severely criticised, sometimes rightly and sometimes not. I do not know if they deserve all the criticism that has been levelled against them. I met a Canadian Pacific Railway land inspector the other day, who had been inspecting land away up northeast of Edmonton and he said he had found in that rough country, settled on quarter sections of land, Ruthenian people who were hewing down the wood and cleaning up the land and making a success of farming. They were happy and contented, and raising families who are going to be farmers for the next three and four generations. That is worth remembering. Perhaps their idea of comfort is not the same as ours, but they are bringing into cultivation land that our people would not touch under any circumstances, and I would think twice before I condemn these people. They are creatures of circumstances, to a very large extent. I wish to quote a short extract from the literature of an association for the encouragement of immigration. In speaking of the Ukrainian people in the cities, it says:

> There are, for instance, in the city of Winnipeg many hundreds of hardy Ukrainians, who came to Canada direct from the soil of eastern Europe, and who have saved a few hundred dollars, and who with a little direction and assistance would "make good" on the land. The fact is, that the majority of continental Europeans, now resident in Canadian cities, migrated to the Dominion with a view to tilling the soil. By force of circumstances they have drifted to the urban centers, and many of them would gladly return to the occupation from whence they sprung if they only knew how.

I believe it was the force of circumstances that brought these people into our cities and that has been responsible for a great many of the troubles they have caused, owing to the conditions under which they lived. I would not advise bringing in too many of these people. We should be very careful as to the numbers admitted, because their circumstances and way of living are so different from ours. All the same, I do not like to hear them condemned offhand. Let me point out that 18 per cent of the students in the University of Manitoba today are of foreign extraction, and they are taking the highest places in the university. They are going to make good Canadians.

Coming down to Ottawa for the first time, for the opening of the session, as we passed at dusk through that rough country north of lake Superior it was snowing heavily, and the country looked very wild. I went on the rear platform and 10 p.m. saw the men who were patrolling the track; they were the men with the skeepskin coat that Sir Clifford Sifton speaks about. Mr. Chairman, we can go into the pullman and tuck ourselves into our berth and feel quite safe and contented, and yet the very men who are patrolling the right of way and ensuring our safety are those despised people whom we are told it is not safe for us to trust. While we do not want too many of these people in our country, at the same time we should not despair of those we have here, if they are treated properly.

I am going to say a few words now on the immigrant and his welcome to this country. A great deal depends on first impressions. Perhaps there are a few in this House who can understand the feeling of an emigrant as he stands on the deck of the westbound steamer and takes a last look at the receding shores of his native land. I do not blame him if emotion surges over his soul and he feels a little bit downhearted. But "Hope springs eternal in the human breast, man never is but always to be blest." He turns his face westward, looking with hope towards this new land. I had an opportunity along with other members from the West to visit the city of Quebec some little time ago, and we all enjoyed the beautiful scenery and the splendid harbour, and looked with interest on the historic places that are so numerous in and around that city. We enjoyed the hospitality of that fine people. I had the opportunity on the same occasion of visiting the immigration buildings at Quebec. I have no word of criticism to offer, no fault to find, but at the same time I could not help thinking of the immigrant's feelings as he disembarked from the ship and came up that gangway and into those buildings. I am not criticising at all, but I want the minister to realize just what an effect it has upon the people who are coming into this country. I think we should adopt a sympathetic attitude towards these newcomers, the glad hand should be extended

and a welcome given. It will go a long way towards helping these newcomers to get a right start. I am not criticising the immigration buildings at Quebec; I think they are splendid, but they are in an unavoidable condition. I have no doubt the attendants there are courteous and kind, and we know that the officers of the railway company as a rule are very good in looking after the immigrants and seeing them to their destination. Nevertheless, it needs courage, and courage of the best kind, to face a new life in a new country, and the Government has not done its full duty, it has not gone to the end of the story or fulfilled its duty to these immigrants until it has followed them up.

I am ready here to-night to pay a tribute to the Canadian people. They are a kindly people. Perhaps this comes with better grace from me than from many other members of this House because as you know, Mr. Speaker, I had attained the age of manhood before I came among the Canadian people. My heart warms to them to-day. I am one of them. Never for one moment has my birth on the other side of the water militated in the least degree against my advancement in any walk of life in this Dominion. I point to that with pride, because I think it is one of the advantages we have to offer to the immigrants who come to our shores, but unfortunately, in this very imperfect state of human affairs, there are exceptions everywhere, and all Canadians are not of the type of the great majority in this country. I think it is the duty of the government to see that incoming immigrants shall not be taken advantage of through their ignorance of conditions here. They should rather be assisted and looked after. The new settler should be helped and guided towards the vacant land adjacent to the railways that can be had for a moderate price. I for one believe that land that can be got at a moderate price within a few miles of the railroad is a very much cheaper proposition than a free homestead away out in the wilderness. I do not think I would be at all inclined to advise any one, except perhaps these settlers who come with the sheepskin coat, to settle any distance from the railroad, if they are going to make a success of farming under present conditions. I have been told that the Canadian Pacific have some five million acres of land, the Hudson Bay railroad something like three million acres, and the Canadian National railways eight hundred thousand acres. I do not know if these figures are correct, but I believe they are approximately so. I have no doubt the railway companies themselves, including the National Railways, will do something towards colonizing these lands, but we have still twenty million acres of land held by speculators along the line of our railroads in western Canada.

Now I want to say a few words about the speculator. There was a time, Mr. Chairman, when the word "speculator" had very much the same effect on a western farmer as the holding up of a red flag to a bull. But conditions have somewhat changed. I am going to speak more particularly for the province of Manitoba, because I know the conditions that exist there to-day. All land in Manitoba to-day is assessed by unprejudiced valuators at its actual valuation, and there is also a wild land tax such as they have in the other Western provinces. Now no speculator is going to hold land very long and pay the taxes that he has to pay at the present time; he will be willing to sell if he can at a fair valuation. But there is a point worth considering—and I want the minister to pay attention to this: I believe that a lot of land held by speculators and offered for sale ought to be fixed at a special price for a certain number of years so that if we had an influx of settlers it would not immediately raise the price of that land, as we know often occurs when the demand increases.

Now I do not know that I have very much more to say. I am not going to elaborate any plan of settling those lands. There is an association at the present time that is willing to undertake some of the work. I cannot say much as to the capabilities of the promoters; perhaps the minister will look into that matter and see whether or not the scheme is worth putting through; but I do know there is such a corporation or association making an attempt to settle vacant lands at the present time. I hope the government will devise some well considered scheme whereby the settler who is seeking land will obtain land that is suitable for him, and get every chance to make good under proper conditions. I believe in the future of this great land. I know that the people on our side of the House have stressed, and naturally perhaps, the hardships and the vicissitudes, to a very large extent, of farm life. I know the conditions which have existed and I can appreciate the suffering,

and perhaps hardship, which has prevailed during the last few years; but I can look back and recall that we have had good times in the three Prairie provinces. As I have already said, I am speaking for the Prairie provinces because that is the only part of Canada I am well acquainted with. Let me say that I believe there is a great future for this country of ours. We have a virile and energetic population, we have great natural resources; and the climatic conditions, with all its faults, are just as good as are to be found in the great majority of other lands. Then why should we lose hope? I for one intend more and more to look with hope to the future, believing that there are better days in store, and that some of us who are now living will yet see good and prosperous times in this Dominion of Canada.

Miss MACPHAIL: I really think that immigration to Canada has now reached the point where it is no longer a question of getting people on the land but a question of keeping them there. I, for one, do not favour the sort of immigrant who wears a sheepskin coat unless he has a better one some place else. Of course, we have to have sheepskin coats and we all wear them at home sometimes; but by that reference I mean the class of people who go upon the land, but whose standard of living is lower than that of others who are already located there, and that is low enough. Such a policy would be a good thing for Canada rather than one of an opposite nature that would work to her final detriment. Because my own opinion is that the difficulty with the Canadian farmers has been that their standard of life has not been high enough. They have been willing to work long hours and to receive from their investment far less return than any other class of people; and if those immigrants who come to Canada are willing to work longer hours and receive less pay than the existing farmers are, then the condition of affairs instead of being improved will rapidly be rendered worse.

The minister has spoken in favour of bringing a large number of children to Canada; he has pronounced himself in favour of further developing child immigration. If those children were very carefully selected and came from the rural parts of the Old Land there might be something to be said in favour of such a policy, but in the past a great many children that have been brought from Britain have come not from the country but from the city, and they were not always carefully selected either. They were brought out here and placed in homes where sometimes they did not have a very nice time but where, on the other hand, they did not return very much value for their keep. The result in most cases has been that between the ages of seventeen and twenty they have drifted into the cities and, not being experts or skilled in any certain line, and not having a very excellent education—possibly not as much as, or at all events not any more than, any other class—they have helped to form bread lines when such were needed; and then the country that helped to bring them out here has had to keep them. It would seem that we have come to a time in the history of our country when we must be very careful about further immigration. Agriculture is no longer an occupation that poor people can afford to engage in. Many people would like to farm but cannot afford it; it is too much of a luxury.

Do you know that old Ontario, with which I am quite familiar—it is the only part of Canada with which I am familiar—is losing its rural population at a truly alarming rate. The condition is one that we should all try to understand if we love Canada. Many a time in the past I have wondered, when we were spending thousands and hundreds of thousands—yes, millions—of dollars to bring immigrants from the Old Land and settle them in the West, why that same encouragement was not held out to the young men and women of old Ontario, to say nothing of the young men and women of Quebec and the maritime provinces. Why were they not given the same opportunity as that accorded to those who came from other countries? Do you know that in my own riding of Southeast Grey and the ridings that touch upon it—South Bruce, Wellington, Dufferin and North Simcoe—we have lost from the farms over 18,000 people since 1911, and so it would seem to me—

Mr. JACOBS: Will the hon. member permit me to ask a question?

Miss MACPHAIL: Yes.

Mr. JACOBS: Is it not possible those people went to the Northwest, because, as I understand it many of the people have come from the various districts to which the hon. member has alluded?

Miss MACPHAIL: It is quite likely that before 1911 a number of them did; but

western conditions have not been so splendid for farming that there has been a very great trend from the East to the West. Rather is it a fact that those who were lucky enough to leave the West have come back to the East. And so I think my hon. friend's explanation is scarcely applicable this time; I think they have not to any consirable extent gone upon the land elsewhere. This I know to be true. I went to some little trouble to find out how many women and children used to live on a tract of 2,000 acres of which my father's farm of 150 acres forms a part, and fifteen years ago there were sixty-five women and girls on that much land. To-day there are about twenty-three and of the number mentioned only about four or five live on land elsewhere. Taking that as a guide I would say that not a very great number are living on the land in other places. Rather than spend any lavish sum of money to bring other people to Canada it would be well for this Parliament to bend every energy it has towards making farming conditions liveable for its own citizens.

Mr. HARRIS: I am afraid the minister who has charge of the immigration policy of this country has laid down for us only half a policy. He has outlined the course the Government is going to pursue with regard to the encouragement of further immigration to Canada; but I failed to gather from his remarks that he had any very definite plans with regard to the discouragement of undesirable immigrants. I have, perhaps, more particularly in mind a movement on foot by our transportation companies to bring large immigration into this country. Mr. Beatty, president of the Canadian Pacific, on May 3 urged that greater immigration should start forthwith. As he is a transportation man, to my mind, his only motive for urging this would be, of course, to get transportation, and, perhaps, it would not worry the Canadian Pacific very much what class of immigration came to this country, provided that the Canadian Pacific got the fares.

As hon. members are well aware, we have in our large centres many people who come from central European countries, and at the present time a large number of people in central European countries want to come to our shores. I disagree with the hon. member for Brandon (Mr. Forke) in his view that these people want to come to Canada to settle on the land. My experience has been that they drift very quickly into the large centres, and the result is that they take hold of the rougher class of work in those centres and deprive our English, Irish and Scotch Canadians of the opportunity of doing that work. They are able to do this largely because their mode of living is so much cheaper than is the mode of living of the average Canadian, and to my mind, it is going to be a question with the average Canadian labourer whether or not he is going to get down to their standard of living if he is going to compete with them on the labour market of Canada.

What do you find in the city of Toronto —"Toronto the good", as it is very often called? You find that 50 per cent of the cases that are in the municipal wards of our hospitals are those of people of foreign extraction who have no intention of staying in this country. We also find in our jails and penitentiaries not quite that percentage of people of foreign extraction. I would like very much to have heard from the minister some concrete suggestion or policy on the part of the Government towards the discouragement of this class of immigration.

A month or so ago when we were discussing the Speech from the Throne, I made some suggestions in this House in this connection, and with your permission, Sir, I will repeat them now. We recognise that the average English, Irish or Scotch Canadian labourer is, as a rule, a man who wants to have a stake in the country, who intends to stay here and to raise a family. In my riding, which, perhaps, contains the largest number of the class of people I have in mind, these people out in the suburbs of our great city are working nights, holidays, Saturday afternoons and sometimes Sundays in order to build a little two or three-roomed shack to cover themselves, paying for the lot; and when they go back to their day's work, what do they find? They find that they have to compete with these aliens, and at the end of the year they have to face a tax in this country for the little bit of land and the house that they have. They find also, if they are moderately prosperous, that they are subject to a provincial and, perhaps, even a federal tax. The same condition does not obtain with the foreigners right in the centre of our large cities, for this reason. They, as hon. members know, herd together in houses. I have known houses to contain upwards of twenty of these people, and their conditions of living are such that they are not under the

same expense as are our Canadian labourers.

During the discussion on the Speech from the Throne, I suggested that it might be well, if it were at all possible, for this Government to bring down legislation which would tend to tax transient aliens who want to come to our shores and stay here for a little while until they make a little money on which they can return to the country which gave them birth and, perhaps, spend the rest of their days there. If they intend to stay here, I would gladly welcome them; but if they intend to stay here, they must become Canadians. On the night that it was reported that Lord Kitchener was drowned, I remember seeing twenty or thirty of these people—and this will give the committee an idea of the British spirit imbibed by these Serbians, Bulgarians, Albanians and Greeks —who immediately they heard the news, rushed out and procured three kegs of beer, and they had a celebration because Lord Kitchener was drowned.

Mr. JACOBS: All of these people were supposed to be in Kapuskasing camp and other places. Were they not interned? How could they possibly be in Toronto at that time when the law declared that they had to be interned?

Mr. LAPOINTE: They were interned in Toronto.

Mr. HARRIS: The hon. gentleman, (Mr. Jacobs), I think knows a little more about conditions in Canada at that time than to suggest that. Large numbers of them were not interned. Our alien enemies, I will admit, were interned; but does my hon. friend contend for a moment that Serbians were alien enemies at that time?

Mr. JACOBS: The hon. gentleman, I think, referred to Bulgarians.

Mr. HARRIS: Yes, I referred to Bulgarians but many Bulgarians were not interned. It was only the dangerous ones who were interned at that time.

Mr. JACOBS: They were interned in Toronto.

Mr. HARRIS: Perhaps, if they had been in Montreal, they would have run a little more rife than they did in Toronto. The point that I had in mind was that some sort of drastic tax should be imposed on these people if they do not intend to become Canadian citizens. If they intend to become Canadian citizens, to secure a stake in this country, to stay here, to work on our farms or in our large centres, if they intend to raise families here and will assimilate, let them come; the more of those that come, the better I shall be pleased. But if they are going to be only transients, I would say: "Tax them to the hilt." I am glad the Minister of Finance (Mr. Fielding) is in his seat at the present time. He was in a bad way this afternoon wondering whether or not this Budget which he brought down would provide sufficient money wherewith to run this country. Let him tax these people. From my experience with them—and I have had considerable experience with them—they would be submissive to this tax; they would still come to our country and work in our factories and pay this tax and, perhaps, be glad to do so. That might be a suggestion, although only a small one, for the Minister of Finance in regard to taxation. To-day I received a resolution passed by the Union of Canadian Municipalities at their 1921 convention, and with your permission, Sir, I should like to read it because it is thoroughly in accord with my ideas in this matter. The resolution reads:

> Whereas representations have been made to the Union of Canadian Municipalities that an apparently organized campaign of propaganda is now under way with the obvious purpose of resisting public objection to foreign immigration and alleging that the restrictions upon immigration by the United States of America provide a golden opportunity for Canada to increase its population;
>
> And whereas the reasons which impelled the United States to impose almost prohibitive restrictions upon intending immigrants to that country apply with equal if not added force to conditions in Canada;
>
> And whereas it is not seemly that Canada should receive as future citizens persons of foreign birth, who are considered undesirable by a neighboring country, especially in view of the unfavourable experience of our larger cities with the disproportionate foreign population which they already have;
>
> Be it resolved that the Union of Canadian Municipalities regards with serious apprehension the efforts of transportation interests to encourage the immigration into Canada of persons of alien birth more particularly in view of the unemployment problems now confronting this country, and directs that a petition be addressed to the Federal Government asking that the Immigration Act be amended to prohibit further immigration of aliens for urban occupations and to ensure that such aliens as may be admitted to Canada shall be bona fide settlers on the land and capable of successfully establishing themselves in that capacity, and that the official, medical and other examination of intending immigrants be made at the port of embarkation, instead of the Canadian port of entry as at present.

I might add that I have had a resolution from the Ontario Convention of the Great War Veterans' Association along the same line, more particularly with regard to the

taxation of transient aliens. In conclusion, Mr. Chairman, I would ask the minister who has charge of the Immigration Department (Mr. Stewart) whether he cannot give us a little clearer idea as to the policy of the Government with reference to the suggested discouragement of transient alien immigration.

Mr. CRERAR: The subject of immigration is a very large one, and not only is it exceedingly interesting, but it is natural that there should be, in this House as well as out of it, a variety of views as to the best methods and, indeed, as to the desirability, of promoting it, as well as concerning the sources from which immigrants to Canada should be drawn. I have frequently stated that in my judgment immigration to Canada is needed, and badly needed, and I cordially support the minister (Mr. Stewart) and the Government in the efforts they may make to bring to our shores immigrants of a desirable type who will go on the land and in time become adapted to our Canadian institutions, get our Canadian spirit, and be assimilated into this Dominion as good citizens of it. I do not think that we can have too many immigrants of that type. In the discussion this evening a good deal has been said regarding the need of adding to our agricultural population, and, in order to do that successfully, of improving the conditions surrounding agriculture. To my mind that is a very essential thing in connection with the whole subject of immigration. Without doubt at all, the best immigration officer, the best immigration agent you can have in the Dominion is the contented settler whom you bring to these shores. Experience, I believe, has shown that. If we bring to Canada the Scotsman, the Englishman, the Irishman, the Scandinavian, or the man from the United States, when he comes here and gets located and finds conditions onerous, when he finds he is not accorded the welcome which perhaps he thought he should have, what is the effect upon him? He writes home to his friends and gives them the impressions he has formed of the country to which he has come. He recounts to them the experience he has had in Canada, and they are influenced accordingly. Consequently I say that the best immigration agent you can have in Canada is the contented, happy and prosperous settler. For that reason, the conditions that make agriculture prosperous and that enable those who are engaged in it to succeed are of the very highest importance. The minister and the Government will be taking altogether too narrow a view of the question of their energies and efforts are confined alone to the expenditure of so many hundreds of thousands of dollars in this or that country for the purpose of inducing people to come to Canada. That is altogether too narrow a view to take up this important question. I believe that efforts directed within the Dominion along the lines I have indicated, as well as along the lines suggested by a good many of my friends from this side of the House, are just as important and essential to a successful and practical policy of immigration, as is the securing of good agents and sending them abroad. There has been a good deal said in the House by some of my hon. friends around me as to the dreadful condition that agriculture is in to-day in this country. It may be that some hon. members think the picture is overdrawn, and perhaps at times we are inclined to stress that aspect too much. But the facts that were pointed out by the member for Southeast Grey (Miss Macphail) to-night should not be lost on the Government or on the House. It is a fact that in the finest agricultural counties of the province of Ontario there has been an actual and very serious decline in the rural population in the last ten years. Indeed, not only in the last ten years, but in previous decades, has that occurred. My hon. friend from George Etienne Cartier (Mr. Jacobs) suggested that possibly those farmers descended of sturdy Scottish stock, in the old counties of Ontario, the Bruces, the Middlesexes, the Hurons and the Greys, had gone to Western Canada. Some of them have gone; but that does not account by any means at all for the decline in the population there. And I will make this prediction to my hon. friends from the province of Quebec, that as time goes on they will find the same condition obtaining in that province. We have had a tremendous growth in our city population in the last decade. There are certain causes that conduce to that. I am not at present going to discuss the fiscal question, but I do hold most firmly that the fiscal policy of Canada, the policy of protection that we have practised in this country, has been the greatest single agency in retarding the development of agriculture in Canada. If you are going to make agriculture prosperous you cannot ignore these facts. We have proceeded in Canada on the assumption that we should be largely an industrial

people, and our policy for the last forty years has been directed to that end. What are the fruits of that policy? What are the fruits of it in Ontario, where it has been in full bloom and effect? Its fruits have been a tremendous increase in your city population and a decline in rural population; and that will follow inevitably in a country such as Canada is, at this stage of its development. I know that the conditions in the West are in many cases onerous and difficult. We may as well frankly recognize the fact that there are difficulties and handicaps to the success of agriculture in Western Canada, although it has progressed with tremendous development in the last thirty years. But let me point out to hon. members that the greatest single factor in promoting the development of agriculture in Western Canada in the last thirty or forty years, and in attracting people to that part of the country, were the cheap fertile lands available there. The people were looking for cheap lands. Our immigration agents could go to Europe, to the United States, and advertise the fact, as they did: You can get 160 acres of the finest land you wish to fix your eyes upon in Western Canada for $10. That was the lodestone that drew people to Western Canada. What are the conditions to-day? Our homestead lands are practically a thing of the past, and the immigrant to-day to that portion of the Dominion must pay from $10 to $25 an acre for land. Consequently that has narrowed the area from which our immigrants can be drawn.

The questions of freight rates and tariff as far as the West is concerned, Mr. Chairman, are pressed upon the House and the country by my hon. friends around me not because of purely selfish local reasons, but because the proper solution of those questions is essential to the development of our agricultural industry; and I would point out to my hon. friends from Ontario, and particularly to the hon. gentleman who preceded me in this debate, that if your factories there are to be kept running you must have a market for their output. When did our manufacturing industry develop at its greatest speed, when did it find its greatest prosperity? When people were flowing into western Canada by the hundreds of thousands and that country was opening up at a rate never known before. If our manufacturing industry is to continue to develop, you must lay the foundation and create the conditions that will keep the country prosperous.

What is the position of western Canada so far as its products are concerned? We are fortunate at the present time in that Russia, that great competitor of ours in supplying wheat to Europe, is out of the market. Bad for Russia, but good for us. In 1914 Russia exported 175,000,000 bushels of wheat to the western countries of Europe. And Russia will again be a factor in that market. Therefore I say to the House and to the Minister of Immigration that to have a permanently successful policy of immigration one of the vital factors is to reduce our cost of production in agriculture so that we may successfully compete with other countries in the markets of the world. Consequently in this whole question these issues to my mind are involved, and they are vital issues.

A good deal has been said to-night about our immigrants from central Europe. I wish to say a word for the people whom we brought from that part of the world fifteen, twenty or twenty-five years ago. My hon. friend from Brandon (Mr. Forke) informed the House that 18 per cent of the undergraduates in the University of Manitoba were of foreign birth. Without doubt in twenty-five years' time the decendants of those people who came from Europe in their sheepskin coats twenty-five years ago will be among the leaders in our professional life. Is that an undesirable type of settler to bring to this country? I submit not. The Slav is one of the most adaptable of our immigrants. He can be assimilated as quickly at any rate as the immigrant of any other nationality, for his temperament is such that he quickly responds to his environment. While I agree with the observations made by some hon. members that it is unwise to open our gates full width to these people, I do submit that we can take a considerable number of wisely selected settlers of that type and they will prove a useful asset to the Dominion. I hope my hon. friend. the minister, will not overlook that in his plans for promoting immigration. Without doubt we can also secure settlers of a very desirable type from the Scandinavian countries, from the Old Land and from the United States.

But when we bring those people to this country, let us do a little bit more for them than we have done in the past in holding out the hand of welcome to them. That is a suggestion I would offer to the minister. I do not know what plans he may have to carry out that idea, but I do

know it has often happened in the past that we have brought immigrants from the United States and from Europe who naturally were entirely unacquainted with conditions here, and far too frequently they have been the prey of the exploiter who has traded upon their ignorance in order that he might enrich himself.

I repeat, Mr. Chairman, that what we need is more population. It is the only way by which our taxation and our railroad problems will be ultimately solved. The Minister of Immigration has a position of the greatest responsibility in that respect. I am glad to say, Mr. Chairman, that knowing the minister as I have for a great many years, I have full confidence in his ability, his desire and his intention to make a success of this very important work.

There is one other suggestion I have to make to the minister. Our immigration statistics give a very full record of the number of people who come to Canada but we have no record, so far as I am aware, of the people who leave Canada and where they go to. I am informed that for the expenditure of a few thousand dollars a year this information could be secured, and in view of the importance of the question I would impress upon the minister the desirability of his department taking the necessary steps to secure such records. If we study the census statistics for the last decade we find that something like a million and a quarter people have gone somewhere who should be in this Dominion. Where have they gone, and why have they gone? Are not these questions of the greatest importance if we are going to handle this problem in an intelligent manner?

Like my hon. friend from Brandon, I have great faith in the future of Canada. We have a great country, but in order to assure its complete development there must be the fullest co-operation among all sections of our people, and if we work with determination for that goal there is little doubt that success will be ours.

This vote is probably as important as any in the whole department that the minister presides over. I trust that when he comes back to the House another session he will have a year of progress to report, and that in the meantime his department and the Government will make every honest legitimate effort possible to bring to our shores the class of people that we stand so badly in need of to-day.

Mr. SPENCER: We have heard a great many facts during the debate this evening, but there are a few that have not been touched upon. This question goes back a great many years. We have been trying to build this Canada of ours for some twenty years, but during that period we have increased our population only by a little over 3,000,000. During the last ten years, as the hon. member for Marquette (Mr. Crerar) has just told us, we have lost 1,500,000 people. Now, from what part of the country have those people gone? They have gone from the land. The whole policy for years past has been to people the land; the whole cry has been "Back to the land." And what do we find at the present day? In Ontario, the province of mixed farming, the province nearest the home market, there are no less than 5,000 vacant farms. I would be the last to try to stop immigration into this country when we are ready for it; when we can welcome it; when we can find a place for it. But what is our position? Never before in the history of our country has our financial position been so difficult; never before has there been so much unemployment. I want to point out that there is a very close relationship between unemployment and the condition of the farms. If the conditions on the farms were economically sound there would not be enough men in the ranks of the unemployed to go round. The whole trend of our immigration policy has been to bring people into the country to go on the land, but what is the good of bringing them in and having them go on the farms if they do not stay there? One would think, from some things that are said, that the people on the farms and those in the city belong to a different class. If the conditions are better in one place than they are in the other, the people will naturally drift from one to the other. I would like to make mention, for a moment of those people from Central Europe who were mentioned by an hon. member here a moment ago. It has often occurred to me that when these people are brought into Canada to go on the land they are good Canadian citizens, but when they drift into the cities they are usually termed enemy aliens. Yet they are one and the same people; and I assure you that no one knows the value of the dollar more than they do; when wages are good they will ask for the higher wage just as quickly as anyone else.

Just before this debate started we were given some figures in regard to the cost of soldiers' settlement. Now it has always appeared to me that instead of being known as a soldier settlement

scheme it should have been called a land settlement scheme, because there was no attempt to settle the soldier who did not go on the land. It has cost this country, I understand, a little over $7,500,000 to administer the land settlement—money that will never come back. We also find that some 2,352 of these soldiers who went on the land, with government assistance, have failed, and abandoned their farms. We have to-day over 200,000 unemployed in Canada. I say again that there is a close connection between our unemployed and the state of agriculture. We also have marching on Ottawa at the present time some 3,000 unemployed soldiers. If conditions on the land are such that we need to have all our newcomers make their homes there, why should we to-day have 3,000 unemployed returned soldiers marching on Ottawa? We are told that the immigration from the old land is some 60 per cent less than it was last year; the reason is because the people who have come from the old land are so discontented with the present conditions that they are writing to the people they know and warning them about coming here. The only sane way of bringing people to this country is, in my opinion, to make the actual conditions in this country such that they will be the source of attraction, not the advertising medium on the other side.

We find that no less than 28,000,000 acres of arable land within 15 miles of railway in western Canada are held by speculators. We also find that there are just about as many farmers living in districts from 15 to 100 miles from the railway as there are farmers who live on lands close to the railway. Demands are continually being made for extensions of railway lines—extensions that have been promised for the last ten, twelve, or fourteen years. The people have asked for these railways; their construction has been promised, but has not been carried out. This year the Government, in their wisdom, say they are not going to spend any money on construction. Can we, in the face of that—knowing full well that the people in the West are dependent upon railway facilities; knowing that hundreds of men are ready to pick up their belonging and leave, because of their being cut off from transportation—can we honestly ask others to come to share their fate?

I was just looking up some figures in regard to the amount of grain produced in this country per head of population, and I find that in the year 1871 we produced some eight bushels per head; to-day with our improved machinery, we are producing no less than 42 bushels per head; yet we find the conditions of agriculture so bad that we have a continual drift from the country to the city. If that is the state of agriculture, one at once asks: who is getting the extra profit arising from that increased production?

The census that was taken last year was in many respects very complete. I noticed that the questions asked went into detail as to what was in the country in the way of stock, land, fruit, grain, poultry, and everything else, and the result was to show that the country has enormous wealth. But although they showed the enormous assets of the country, they did not show a single liability. I would like to have seen these questions asked: How much is owing to the banks? How much is owing to the mortgage company? How much is owing to back payments to the Canadian Pacific Railway? How much is owing in back payments on the school lands? If we had these figures, the people of this eastern country would be surprised to learn how little of the great wealth of western Canada is owned by the people on the land. I do not want the Minister of the Interior to think that I am criticising his position. I have a great deal of sympathy with him; I think he has one of the hardest positions to fill of any minister. But if conditions are not altered on the land so that people when they come to this country will be induced to stay on the land, then whatever plan the minister brings forward, however many people he brings to this country, his scheme is doomed to failure. There is no one who does not see the great possibilities and the enormous potential wealth of this country, but we must pay more attention to the building up of homes in this country so that the people will stay, and until we do that, it is not much good trying to bring more people here.

Mr. LUCAS: I see in the Edmonton Journal of Friday, May 19, this headline: "Four Hundred Thousand Settlers for the Prairies, Shandro's Plan." Mr. Shandro, who I know has been in close touch with the minister for some time, states that the minister has given this plan very serious consideration. I should like to know if it is the minister's intention to bring in these 400,000 settlers from Galicia and Bukowina, and if Mr. Shandro is to be employed for this purpose.

Mr. STEWART (Argenteuil): Mr. Shandro has been in my office half a dozen times. He has also been to see the Canadian Pacific Railway Company with reference to bringing in a great number of settlers from his home land. The great difficulty is, of course, as was pointed out by my hon. friend from Marquette, that these people have little or no money. When they came in before there was any amount of free land. Anyone who was in Alberta in those days will remember that although they are a splendid class of settlers and have done well on the land, not very many of them have money when they come to this country, and consequently they would not be in a position to buy land. Mr. Shandro is not in the employ of the Government, and the Government have no intention of employing him. Any statement he made was without consulting me at all.

Answering my hon. friend from East york Mr. Harris) the alien enemy is taken care of by legislation and regulations. With reference to the other point raised by an hon. member as to records of the people leaving Canada, the idea rather appeals to me, because we ought to know why people are leaving the land. It is my intention, if I can interest the provincial governments in the matter to the extent of appointing officials who will assist to some extent in a follow up policy with regard to the people who settle upon the land, to assist in inaugurating community clubs for the purpose of endeavouring to settle people in congenial surroundings. By that I do not mean colonies of any particular nationality, but that the people shall get into congenial surroundings where possible, and that a real interest will be taken in trying to make things as comfortable as possible for them in a social way.

Mr. MEIGHEN: Would the minister say whether or not he has made any arrangement or come to any understanding as to the admission of Hutterites into this country?

Mr. STEWART (Argenteuil): No.

Mr. MEIGHEN: Does the minister say that the law and the regulations in that regard stand just as they did when this Government came into office?

Mr. STEWART (Argenteuil): Yes, they do at the moment, although I cannot very well see why the law should be continued against the Hutterites and the Mennonites.

[Mr. Lucas.]

However, the law has not been changed up to the moment.

Mr. MEIGHEN: Is that law being enforced?

Mr. STEWART (Argenteuil): You mean, for the absolute exclusion of these people?

Mr. MEIGHEN: Is the law being enforced—the law that is now in effect?

Mr. STEWART (Argenteuil): The law as it stands shuts them out absolutely, Mennonites, Hutterites and Doukhobors. That was done by Order in Council; I do not know just what the date was. I would not say that a few Mennonites have not entered Western Canada.

Mr. MEIGHEN: Recently?

Mr. STEWART (Argenteuil): Yes, by the permission of the minister.

Mr. MEIGHEN: The law is not being enforced at all as respects Mennonites?

Mr. STEWART (Argenteuil): Not to their absolute exclusion.

Mr. MEIGHEN: Is it as respects Hutterites?

Mr. STEWART (Argenteuil): I have no recollection of anyone making application under the name of a Hutterite.

Mr. EVANS: What is the objection to the Hutterites?

Mr. STEWART (Argenteuil): I do not know of any particularly, but I suppose there were reasons at the time the Order in Council was passed.

Mr. EVANS: Just during war times?

Mr. STEWART (Argenteuil): No, because the Order in Council is dated later than the war.

Mr. MEIGHEN: There was an Order in Council passed, I do not know the exact year, but shortly prior to 1900, which gave special privileges to Hutterites entering Canada in the way of immunity from war service. That Order in Council was repealed by the late government, but before its presence was discovered a number had entered this country, and the fact that they were allowed to enter was one of the chief campaign cries utilized against me in my former constituency,—the admission of those Hutterites, though it was under an Order in Council of a previous government.

11 p.m.

Mr. JACOBS: It's an ill wind that blows nobody any good.

Mr. MEIGHEN: It was just of a piece with most of the cries that were used in the campaign.

Mr. STEWART (Argenteuil): So far as Hutterites and Mennonites are concerned, I see no reason why they should not enter Canada, but I can see good reasons why they should be subjected to all the obligations of citizenship. They should not be allowed to come in under any promises of immunity from service or anything else that a Canadian citizen may be called upon to do.

Mr. MEIGHEN: The minister knows they are conscientious objectors, and no matter what he may do they would refuse to serve.

Mr. STEWART (Argenteuil): I have made my statement, and it is my intention to submit the matter for the approval of the Government. I have not done so as yet.

Mr. COOTE: I want first to show the minister that he has my sympathy, and next to assure the House that I do not intend to inflict on them any speech. Any thunder which I had has been stolen already. I rise simply because of the old saying that silence gives consent, and because one thing has been said here to-night to which I take objection. It is said that we are going to spend money to bring children from Great Britain to this country. I think it is a shame to bring out these young people, because I do not think they realize what they are going to be up against when they get here. I have seen some very sad cases of children who have been brought here from other countries and put out with people who had no children of their own, or if they had, had driven them away from home, and did not know how to use them. I want to register my protest against any such policy.

There has been a good deal said here to-night about the class of people we should encourage to come to this country. I must confess that this immigration problem and the advice offered upon it is certainly inexplicable to me. A couple of weeks ago we discussed in this House for a whole day the question of excluding two races of people from this country. I gathered from the debate that the chief objection to these people was that they were too good workers, and that Canadians could not compete with them. That advice came chiefly from our friends from British Columbia. Now, I think there is no class of Canadians who have advocated the exclusion of that class of immigration to a greater extent than the people in Vancouver. I have here a clipping from the Vancouver Sun, and I am totally unable to understand why that newspaper should have given utterance to such expressions as it has. It says:

> What Canada needs is a tremendous influx of broad-backed, short-legged people who can get close to the work of digging a living out of the ground; and who will be satisfied with just whatever kind of a living they can dig, until, as the result of their own industry and economy they climb up to better things.

Mr. JOHNSTON (Last Mountain): Beavers.

Mr. COOTE: If there are any hon. members in this House who know exactly what class of people is referred to in this excerpt I will be glad to be enlightened. We have on the prairies an animal that is very short-legged, and is a good digger, but he is not popular with the people there; we call him a badger. I wonder if the editor of this paper expects the class of people he is going to bring in to dig holes for themselves to live in like badgers; it almost sounds that way. The last part of the editorial is the worst part; it is the cruelest cut of all, as we say. It reads thus:

> Our present stock of Bachelors of Arts and Students of Botany can keep the Chautauqua tents well filled all summer without any assisted additions.

Now, Mr. Chairman, the Minister of the Interior told us to-night, and he spoke from his own experience, that a great many people on the prairies had been driven to the state where they had to be put into homes for the feeble-minded because of the lonesome conditions on the prairies. When the prairie people try to mitigate that condition and hold Chautauquas for the entertainment of the people that is the kind of drivel we have from the Vancouver Sun. Now for the enlightenment of the committee let me state that the Premier of Alberta had a statement prepared last year showing the amount collected in amusement taxes in the cities, towns, villages and rural districts of the province, and this will show just how much amusement the people in the rural districts get. In the cities the per capita tax collected was 92 cents; in the rural districts it was 6 cents. Is not that a sufficient answer to the Vancouver Sun?

Has agriculture—which several hon. members have already described this session as the basic industry of Canada—come to the condition where we must employ people such as are described in this editorial to come here and engage in that occupation?

Now, there has been enough said here to-night as to the conditon of agriculture, and I am not going to say anything more about it—I think, perhaps, the committee realize what the condition is—but I do want to mention this: If the department is going to spend money to bring in more people, speaking from some experience derived in a business way and on a farm, I think that money should largely be expended in the United States. The very best class of immigrants that Western Canada has had, and the class we need most to-day, come from the adjoining republic. If those immigrants are going to remain with us they must be of the class that have enough money to start in the farming business; and so far as I know nearly all the immigrants that come to Western Canada with any money to speak of and make a success of farming are people from the United States. I would say further that there is no use in bringing these people here unless we treat them properly when they do come. How do we treat the people who come from the United States? Why, if they get to bothering us a little in political affairs we say, "Oh, they come from Missouri." Now, I submit it is time that we Canadians woke up and treated in a decent manner the people that do come here, if we are going to spend money on immigration. I would like to say a lot more on this question, but I realize the hour is late and I appreciate the hearing that hon. gentlemen have given me. I will therefore reserve anything I have not said for some future occasion and possibly when that occasion comes I will not be in that House and therefore will not inflict that speech on them.

Mr. MANION: I wish to point out to the minister the fact that some two or three weeks ago I took the liberty on two occasions, I believe, of requesting him when he was going to bring forward his immigration estimates to let me know. I told him at that time that there were two or three members who were expecting me to tell them because they wished to say something upon this question. My hon. friend promised to do so, but he either forgot that promise or did not have the courtesy to adhere to it.

[Mr. Coote.]

Mr. STEWART (Argenteuil): I have to plead forgetfulness.

Mr. MANION: I accept the minister's statement that he forgot to implement his promise. At the same time I would like to point out that I have sat in this House now for some six sessions and have never during that period seen the estimates go through as quickly and with as little obstruction and opposition, as they have this session. I do not believe that at any previous session we have had such a large proportion of the estimates passed at so early a period as we have had this session; and I wish to remind the minister that if he and his confreres expect to get estimates through in the future they will need to not forget a promise of that kind. Because, let me tell the minister, it puts me in the position of not informing my friends and induces some of us to feel like doing a little obstructing on our own account.

Mr. LAPOINTE: Everybody should be here when the business of the House is going on.

Mr. MANION: My hon. friend from Quebec made some remark which I did not catch, but I can very well remember him, and many of his friends, obstructing the estimates on different occasions without any reason at all.

Mr. LAPOINTE: Oh, no.

Mr. MANION: In fact last year, I may say for the information of hon. members to my left, the closure had to be enforced in order to get estimates through at all. This session there has been no sign of obstruction, and I merely wish to express the hope to the minister that he will in future recognize the courtesy we are showing him. Because of his failure to do that I am going to ask him not to insist that this vote shall go through to-night.

Mr. MACKENZIE KING: Oh, yes.

Mr. MANION: As far as I am concerned I am not ready to have the vote go through. There are some remarks I desire to offer and I do not wish to talk at this late hour. I think that the House—bearing in mind that we have heard the budget speech and allowed the Soldier's Settlement estimates to pass—has done a good day's work and the minister ought not to insist upon these estimates passing to-night.

Mr. STEWART (Argenteuil): I regret very much that my hon. friend did not

raise this matter before six o'clock. I must frankly confess that I had forgotten the promise to notify him.

Mr. MANION: How could I have raised this question before six o'clock when I did not know the minister was going on with his estimates?

Mr. STEWART (Argenteuil): I think my hon. friend was in the House before six o'clock.

Mr. MANION: Yes, but we were not dealing with the immigration estimates before six o'clock but with the estimates of the Soldier Settlement Board.

Mr. STEWART (Argenteuil): I beg my hon. friend's pardon; he is right.

Mr. MILLAR: I have been up and down so often that I am a little bit like the young Scotchman who came from the Old Country. His first experience was not very good, and he worked about fifteen hours a day. On one occasion, he said he was going upstairs, and he was so sleepy that he fell against the stairs and relapsed into slumber. On awaking he did not know whether he was going to bed or getting up. At this late hour I am not going to make any extended remarks on this important question, save as to foreigners and the kind of settlers they make. I would like to speak briefly on that subject. Those who have had experience of the settlers coming from European countries, as well as those coming from the United States, must have been struck with the fact that they are splendid settlers. Allusion has been made to some foreigners who, it was said, appeared to be disloyal at the time Lord Kitchener was drowned. I can refer to a case where a number of young children of foreign birth, having a new teacher come to their district, after a few days went to him and said they had been accustomed to sing "God Save the King" when the school was opened. That was the kind of new settlers they were. Just one more reference to that. Some two or three years ago, I believe it was, a very important educational conference was held in the city of Winnipeg, and there were brought from the United States two of the greatest educational experts in the land. One of these was an Italian who had come to the United States some twenty years before with his father and mother as an Italian immigrant. That shows the progress that some of these people will make.

In the budget speech this afternoon, the Minister of Finance (Mr. Fielding) made a remark that struck me. During this session I have been watching to see whether this House fully realises the seriousness of the condition of agriculture, and I was struck by his remark to the effect that he was afraid that the country did not fully realise the seriousness of our financial situation. In answering a question, the Minister of the Interior (Mr. Stewart) stated that those whom he thought of bringing out would be settled in eastern Canada. I just wondered, and I feel like asking now what kind of settlers the minister proposes settling in western Canada. I differ with some of my colleagues in their attitude towards bringing immigration to western Canada. Conditions in the West are as bad as has been stated, and while I am not going to harry the House by reiterating them, I will say this. While some have prophesied that some farms are going to go back to grass; that they will cease to be cultivated, in the main that is not so. Those farms must be cultivated. Many of those who are on the farms at the present time must give up farming. Some gave up last year; some will give up this year; nothing that this Government can do will save them; but those farms are to the speculator, to the incoming settler, to those who have money, a very desirable purchase. Think what it means to see a farm that could have been sold for $60 an acre two years ago, offered for $30 an acre to-day. That is the case however, and a man who has the money will buy such a farm, and it will be worked. Even though it may not be profitable this year, it will be cultivated and kept up. That is one reason why I would urge upon the minister the necessity of bringing in, as far as he possibly can, settlers who have money. That is one class of settlers that the West needs. Another class is the class to which he has referred. Many farmers in the West are short of help, and yet they cannot afford to pay the wages of the men who are available and of the girls who are available for housework. Help in the house is undoubtedly very hard to get and very high in price when obtained. If girls, as well as boys, of, say fifteen years of age, were brought to Canada they would be well and gladly received, and they would be a great help in developing the West. Reference has been made to the bad treatment that some of these have received in the past. I have no doubt that occasionally such may have occurred; in fact, I know of some cases where it did occur; but in the main, they would be well treated; the boys would be given an opportunity of learning farming, and in a

few years when conditions became better, they would become farmers themselves and would be very desirable farmers.

In these times of economic stress, I think I might strike a hopeful note in this. The financial and industrial greatness of Great Britain was laid in a time of low prices, a time which we are now approaching, just after what were called the Napoleonic wars. The United States had the same experience, their greatness was laid after the Civil War. We are coming to that time; the price of farm products has gone down very materially and other prices must come down. Therefore, while conditions are very bad, we cannot afford to lie down on the job. Agriculture must proceed.

While I had a few other points on which I wished to speak, as the hour is getting very late, I will not speak further to-night.

Mr. MACKENZIE KING: Do I understand my hon. friend (Mr. Manion) is quite in earnest about not wishing to proceed any further?

Mr. MANION: Absolutely.

Mr. MACKENZIE KING: There are two items in connection with Immigration, which have been held,—this one for $640,000, and an item for contingencies amounting to $1,170,000. Perhaps, the hon. member would not object to our passing the first.

Mr. MANION: Provided that we can speak on any branch of the subject on the item for contingencies.

Mr. MACKENZIE KING: Certainly.

Mr. MANION: I do not wish my hon. friend (Mr. Stewart) to misunderstand me. I endeavour to show courtesy to the other side on all occasions, and I appreciate what the minister has said; but I do not think it was quite right for him to forget the conditions. I do not consider I am so important or anything of that sort; but as we usually show courtesy to each other, we expect courtesy in return, and I think on all occasions our side has endeavoured to show courtesy. I do not wish to appear unreasonable; but a number of members wish to speak on this matter, and as I happen to be one on this side of the House who was more or less in charge of this subject, I, therefore, wish this to be held up in order to give those hon. members an opportunity to speak. It will not be held up for any length of time.

Mr. MACKENZIE KING: If the committee will allow this item to pass, there will be the item of immigration contingencies on which it will be possible to discuss any phase of the question. The Government does not wish to press unduly the matter of hastening through the estimates; but I think all hon. members are anxious that the session should be brought to a close as quickly as we can bring it, and there are certain evenings when we can make a little more progress on the estimates than others. If we could spend another half hour on the estimates of the Department of Marine and Fisheries, leaving out all the contentious items, we might make more progress to-day; but if hon. members feel that they have sat late enough, I do not ask them to stay. Perhaps every member present will feel that, if we can get through some more of the non-contentious items and hold in each case an item for discussion at a later date, we might make a little more progress.

Mr. MANION: On this side of the House we are quite willing to go on for another half hour with some other items, and we are willing to let this particular item go through. The hon. member for St. John city (Mr. Baxter) would like to ask a few questions on this item.

Mr. STEWART (Argenteuil): I should like my hon. friend (Mr. Manion) to understand that I personally absolutely forgot the promise made to him that these estimates would be held.

Mr. MANION: I do not dispute that.

Mr. STEWART (Argenteuil): Four or five members came to me and asked me to notify them when these estimates would be brought up, and I certainly was quite convinced that I had covered the whole list. I am sure my hon. friend understands that I would not have in any way endeavoured to deceive him.

Mr. MANION: I do not doubt the minister.

Mr. BAXTER: There is one phase of this subject in reference to which I should like to say a few words. I cannot profess to give this committee any real information upon the subject of either agriculture or immigration, and I do not intend to do that; but there is one matter in reference to immigration to which I should like to direct the attention of the minister and also of the members of the committee. I do not start with the least bit of fault-finding in regard to the devotion of the energies of this country towards filling up

the great West. The policy has been a good one, a necessary one, and I am in entire accord with the remarks made recently in the House by the hon. member for Marquette (Mr. Crerar), when he spoke of immigration placed along the lines of our western railways, affording, at least a partial solution of the very grave question which confronts the country at the present day.

At the same time, I think the House will be broad enough in its view to realize that some consideration ought to be devoted to the provinces down by the sea. I do not feel that members of the House will consider that we are obtruding our views on the country, but will rather receive any remarks made on the subject in the light of a presentation of the hopes of those provinces that they may yet be admitted to share in the prosperity which we hope will ultimately come to this country, as a result of wisely selected immigration. Will hon. members consider for a moment that immigration to the maritime provinces is almost nil. In my own province there is immigration of a valuable character. In the northern part of the province, where the forest has been invaded and replaced by settlers, we are adding to our population. That applies to several counties. That immigration has given settlers of a fine type who are splendid agriculturists. But they are simply coming over the line from the province of Quebec. We are glad to have them, of course; they are adding to our population. But as hon. members will see, that represents no addition to the population of the Dominion. It is only, so to speak, a shifting of ballast. Whether they are in the province of New Brunswick or in the province of Quebec, they are doing equally valuable work; but they do not add to the productive power of the country. There is only a change in location.

We have running through the province of New Brunswick, almost diagonally, the Transcontinental Railway. That railway, from Edmundston down to Moncton, runs through what is practically nonproductive territory. I will not say that none of the land in that territory is occupied, but a very large part of it is not. Rails have been laid there at great cost and are not affording any local development. There are certainly in the province districts much more fertile, I believe, than that territory to be. But you must realize that every question of immigration in New Brunswick is practically met by conditions that differ from those in the West, and are more difficult perhaps to deal with. In the West, as I understand it, there is no clearing of the land to be done. The land has to be broken, but not cleared. In the maritime provinces, on the other hand, you have to clear the land; and when you ask a settler to go there, though he travels a shorter distance to reach that part of the country, he is faced with a greater immediate task in turning the portion of land he settles upon to profitable use. It is not all settlers that can come with money enough to buy farm land that has already been worked. Many of them, a quite desirable class, will face difficulties and hardships; but having broken up the land, in time they can make use of its latent fertility.

I want to suggest two things to the minister. One of them is that it might be found worth while to give to the proper class of settlers some sort of bonus for settling in Eastern Canada. Some compensation might be given them for bringing land into such a condition as will make it equivalent to the state of the land in Western Canada. I do not think that this is unfair, because, unless we are to have our population greatly increased in the maritime provinces, I fear we shall gradually dry up. I do not think that we shall altogether blow away, but at all events there will be no growth there. It is desirable to promote and stimulate growth in the maritime provinces, because they are useful, in the things they possess, in the rounding out of the whole Dominion. In the second place, that policy might be considered from the standpoint of the railways, in which the Government has so largely invested in that part of the country. It is worth while to settle people along these lines of railway and thereby add to their earning power in that quarter.

What I have to say is not affected in any degree by considerations of political partisanship. I can, I think, quite fairly include every preceding government in about the same condemnation. Every government in its immigration policy has seen only the western part of Canada and no other portion. As I say, I do not altogether complain, nor do I wish to rob the West of anything. The East does not wish to do that; but we do say that the immigration policy ought to be for the whole of the Dominion, and that Eastern Canada should not be neglected or overlooked. I would ask the minister to pay some special attention, through his agen-

cies overseas, to the end of securing for the Eastern provinces, not the whole of the immigration that is coming, of course, but a reasonable percentage of it. Let us help all the Dominion and in doing so realize that population is just as valuable in the East as it is in the West. And considering the history of Canada, considering the growth of the Western provinces, and the fact that, judged by the scale of representation in this House, the West is going ahead magnificently while the East is not able to hold its own, I think the question is well worth the careful attention of the Government if bringing to Eastern Canada some relief from the unfortunate condition into which it is falling for lack of population. The class of people required for the East would, of course, be different from the class that can be assimilated and probably be made happy in some portions of the West. For the East we must have people who are either accustomed to farming or else are of such an age that they can be broken into farming. And we must have them either of the English or of the French type. It is no use asking the East, with its slender population, to assimilate a large population from Central Europe. I would suggest immigrants from France, Great Britain, or the Scandinavian countries.

Mr. JACOBS: Do you object to German immigration into New Brunswick?

Mr. BAXTER: My hon. friend can have the German immigration and the German measles together. We want none of them in New Brunswick.

Mr. JACOBS: Surely the grand old United Empire Loyalists stock would stand up against German immigration.

Mr. BAXTER: I am glad my hon. friend has such confidence in that stock, but perhaps he would be surprised to discover how few of the original settlers of New Brunswick are now represented in the public and the commercial life of that province. The stock has gone to the United States and to the West of Canada and has done very good work. But it is not a question of old or young Loyalist stock. We do not want Germans. We shall do very well without them. It has cost the life-blood of 60,000 Canadians to prevent them from dominating the world, and we shall extend no invitation to them to settle in New Brunswick, Nova Scotia or Prince Edward Island.

Item agreed to.

[Mr. Baxter.]

FISHERIES

Fisheries—salaries and disbursements of fishery officers and guardians and fisheries patrol service, $683,000.

Mr. MANION: Would the minister assure us that even if this item does carry a general discussion may be permitted, at a later date? I am not particularly interested, but my hon. friend from Northumberland (Mr. Maybee) and hon. members from the Pacific coast who are interested are not in the House.

Hon. ERNEST LAPOINTE (Minister of Marine and Fisheries): Yes, there will be some supplementary estimates which will afford an opportunity for general discussion.

Mr. BAXTER: Has the hon. minister given any consideration to the advisability of putting the fisheries under a deputy who will have sole charge? It is a subject of very great importance with us in the maritime provinces and with our friends on the Pacific coast, and it seems to me that the country cannot give too much intensive consideration to the development of our fisheries and to the marketing of our fish. A predecessor of my hon. friend, now the Chief Justice of New Brunswick; did much during the war period to have people, as far west as Toronto at least, taught to consume more of the products of our fisheries. Fish is a good, palatable, wholesome food, and it seems to me much may be done by providing the means of transportation to bring the fish to our people inland while it is still fresh, and so teach them to rely on it as a substitute for other forms of food which are more expensive and cannot really replace fish as a diet for mental and bodily efficiency. To do that it seems to me you need to appoint an official who can devote his whole time to the fisheries alone as a separate department.

Mr. LAPOINTE: Since I took charge of the department I have received many resolutions from associations and individuals making the same suggestion. Of course, I have not had sufficient time to make up my mind as to the desirability of the suggested change, and, furthermore, as strict economy has to be practised, the formation of another department might involve expenditure which would not be altogether welcome. But the matter is engaging my attention.

Mr. TOLMIE: I am very glad indeed to hear that the hon. minister is interested in this subject. The fisheries on both our coasts are of great importance. As has

already been pointed out, the fishermen on the Pacific coast have long felt that the fisheries there would be much more rapidly developed if a separate department were created and placed under a deputy minister. I am sure the minister will find on further investigation that the little extra expenditure required will be well spent and give excellent returns.

Mr. LAPOINTE: I must admit that this suggestion seems to have the support of all those who are interested in our fisheries.

Item agreed to.

Building fishways and clearing rivers, $40,000.

Mr. MILNE: I come from an inland district where probably we do not have a chance to buy the excellent fish that is obtainable along the coast. However, we have fish commonly called suckers that come up our streams in the spring. While the water is cold they are somewhat of a delicacy to people who have never had an opportunity of tasting other fish. I live on a little stream called White Mud river, and on it there are two dams, one in the neighborhood of Gladstone and the other in the neighbourhood of Westbourne, built by the Canadian Pacific Railway Company in order to hold back the water for their railway tanks. For the last eight or ten years at least we have been trying to get fishways in those dams so the suckers may get upstream to the shallow water and spawn as nature intended. While the war was on I myself sent two or three telegrams to the food controller and the fisheries department, but by the time any move was made it was too late. The fish come up to those dams and in a short time most of them die, the survivors returning to the lake. We were assured that before the next fishing season the necessary slides would be put in. That has been the promise year after year, and I am informed that this season the fish have died in large quantities and the stench along the river is almost unbearable. There is no reason why those fish should not be allowed to get up into shallow water, and there is no reason why the settlers along the streams should not get the benefit of this fish diet. While the water is cold the settlers eat large numbers of these suckers. I would impress upon the minister that we want those fish to come up our streams. We do not see any reason why the Canadian Pacific Railway Company should have the privilege of erecting dams to the detriment of the fish and of the settlers who are thus deprived of what is a very valuable article of diet.

Mr. LAPOINTE: I may inform my hon. friend that under the law it is possible to compel the owners of such dams to provide fishways, and if they fail to do so we can perform the necessary work at their expense. I can asure my hon. friend that the matter will be considered by the department, and if possible something will be done.

Mr. CALDWELL: In this connection there is a matter I have already called to the attention of the minister, and I cannot help but think that his information in regard to it is not correct. It is with respect to a dam on the Salmon river, so-called, in my riding in Victoria county, New Brunswick. This river derived its name from the fact that so many salmon used to go up it. I am advised there is a dam on that river at the present time with no fishway. The former dams that went out with the spring freshet were provided with proper fishways. I received a reply from the minister that this river dries up in the summer. If it had not been such a serious thing I would have been amused, for I know the river well. It is navigable for lumber drives for at least fifty miles, and I could not imagine there was ever a time when the water would be so shallow that the largest salmon could not come up stream. There might be times in a very dry summer when the water would get low, but at such times the water is very low in all our rivers. However, I cannot believe that the information is serious; I cannot believe that the water gets so low in the Salmon River that the salmon cannot go up. Of course, the mill owner, the man who builds the dam to hold the water, does not like to put in a fish-way. In order to do that, he must waste a certain amount of water. I think, however, the regulations might be such that when the water is very low this fish-way might be closed. It is when the water is high in the spring that the fish go up. I would strongly urge on the minister the necessity of putting a fish-way in this dam on the Salmon river. As I say, the mill owner will put up all kinds of objections; but the statement that the river goes practically dry is too absurd to be entertained.

Mr. LAPOINTE: I am informed that there have been fish-ways in that dam for many years, but that no salmon have been going up.

Mr. CALDWELL: I can hardly credit that, either. I have no doubt the minister has that information, but I cannot help thinking it has been given to him by some interested person. This river was called the Salmon river because of the fact that at one time it was well stocked with salmon. It is a tributary of the St. John river. There is a hatchery near the mouth of this river which we are maintaining at large expense for the hatching of salmon fry to supply these streams with fish. I believe that a quantity of these fry have been put into the Salmon river. I would urge upon the minister the necessity of making a thorough investigation and getting information upon this subject from a reliable source.

Mr. LAPOINTE: I shall be glad to do anything in that respect.

Mr. FORKE: I would call attention to the fact that these fish chutes do not fill the bill, if I may use a colloquial expression. I have received complaints from the reeve of a municipality out west; it is evident that the conditions are such as have been described by the hon. member for Neepawa (Mr. Milne). Thousands of fish are unable to get up and die at the bottom of the chute. I remember writing to the game guardian about the matter, and the reply I got was that the Canadian Pacific had fulfilled all the conditions of the law. I think something more might be done if the minister could point the way toward making these fish chutes more easily ascended by the fish. These prairie fish do not jump like the salmon, as you can readily realize; and that is one of the difficulties they have to contend with. They are good food; they are relished by the people of the prairies, and it is a pity that so many of them die every spring, being unable to get up over these chutes.

Mr. WARD: We have the same complaint to make against the Canadian National at Dauphin. There is a dam across the river there which the fish are unable to get over. Several requests in regard to the matter have been made at the Department at Ottawa, but nothing has ever come of it. When the minister is looking into this matter, I hope he will not forget Dauphin.

[Mr. Caldwell.]

Mr. LAPOINTE: We will at least make the Canadian National railways observe the law.

Mr. CALDWELL: There is one other matter to which I wish to refer. I know that the provisions of the Canadian law with regard to the pollution of streams by mill owners with sawdust and other refuse material are very well enforced. That is the case in Carleton county, and the minister assures us that steps are being taken to have the law observed by the mill owners in Victoria county. What jurisdiction have we over the mills situated on the American side of the St. John river where the St. John is the boundary between the United States and Canada?

Mr. LAPOINTE: We have no authority there.

Mr. CALDWELL: What are the regulations in the United States.

Mr. LAPOINTE: The authorities in the United States take action only upon petition signed by a certain number of citizens in the locality asking for it. I understand that the regulations there are very inadequate.

Mr. CALDWELL: The petition must be signed by residents of the United States?

Mr. LAPOINTE: Yes.

Mr. CALDWELL: Then we have no recourse?

Mr. LAPOINTE: No.

Mr. CALDWELL: Is there not an international fisheries commission which could take up a matter of this kind?

Mr. LAPOINTE: There is no such body at the present time.

Mr. CALDWELL: There is an international joint commission.

Mr. LAPOINTE: Yes, but that does not apply to fisheries.

Mr. CALDWELL: I would like to see something done in this connection. While our fishery guardians are enforcing the law on the Canadian side, the mill owners on the United States side are dumping sawdust in the river, and there is little to induce our own mill owners to observe the law. In fact, the sawdust floats down and destroys the salmon fishing in that river. If there is any possible way of taking the matter up with the United States with a view to concerted action, I would urge that that be done.

Mr. LAPOINTE: The department is in communication at the present time with the American authorities on the subject.

Item agreed to.

Fisheries—to assist in the conservation and development of deep-sea fisheries, and of the demand for fish, $25,000.

Mr. TOLMIE: May we have a brief explanation of that item?

Mr. LAPOINTE: A publicity and marketing division of the department has been established. A press bulletin is prepared monthly and distributed to the newspapers throughout Canada. Specially illustrated articles have also been supplied to household periodicals. As a result, the press has never been so much alive to the great asset Canada has in her fisheries. There are competitions in writing articles on the fisheries, engaged in by the school children of the country. Photographers are engaged to picture the Atlantic fishing industry. The vote is to cover work along these lines.

Item agreed to.

Fish culture, $370,000.

Mr. SPENCER: Would the minister give some explanation of this vote?

Mr. LAPOINTE: The increase is due to the necessity for extending the ponds for rearing young salmon in British Columbia and the Maritime provinces, and for the establishment of a retaining pond for parent salmon on the St. John river.

Mr. GARLAND (Bow River): What value is there in this work? If I remember aright, some criticism was made by some hon. members during this session to the effect that this work was of no value whatever.

Mr. LAPOINTE: I understand that this is the only way to improve our fisheries. The result of the work of the department does not indicate that my hon. friend is right in the view which he expresses. It has been a great source of developing the fisheries. As a matter of fact, those who are interested in the industry are asking for new hatcheries in almost all the provinces.

Mr. MILLAR: I live within twenty miles of one of these fish hatcheries and I never heard any complaint of its being useless. I know the lakes nearby are pretty well provided with fish, and that the hatchery is appreciated by the people.

Mr. CALDWELL: There is a fish hatchery in the county I represent, and we believe that if it were not for that, the salmon would be depleted very rapidly. I am glad to find the increase in the vote is for the development of fish hatcheries. I do not know whether the minister has any information on the subject, but I understood there was a still being run in connection with one of the hatcheries in the province. I did not know but that the $5,000 was to provide for the still.

Mr. LAPOINTE: I am surprised there would be such a thing in my hon. friend's riding.

Mr. CALDWELL: I did not say it was in my riding, but in the province. I did not say it was not, either.

Mr. WARD: The hon. member for Lunenburg made the statement some time ago that he would be in favour of abolishing the hatcheries entirely. I agree with that myself. Now we have another hon. member coming forward and upholding the hatcheries. Personally, I think we could very well expend more money in connection with the development of our fisheries, but I do not see very much sense in doing so if we do not get greater returns than we have in the past. I would like to see the Fisheries Department protect our fisheries a little more than they have in the past. I think the sum of $370,000 is a lot of money to spend on the development of hatcheries.

Item agreed to.

Steamboat inspection, $114,810.

Mr. LAPOINTE: The expenditure last year was $104,178.13. The increase is accounted for by the annual statutory increases and the appointment of two stenographers, one at Collingwood, Ont., and the other at Victoria, B.C., at $960 and $1,020 respectively.

Mr. SPENCER: Are any fees collected for this service? Is the service self-supporting?

Mr. LAPOINTE: There is a scale of fees for this inspection.

Item agreed to.

To provide for the maintenance of the Sorel shipyard, comprising offices, shops and labourers, $90,000.

Mr. SPENCER: What is this for?

Mr. LAPOINTE: This is to provide for the maintenance of the shipyard at Sorel,

where the government boats, the dredges for the deepening of the channel, and so forth, are repaired.

Item agreed to.

Progress reported.

PRIVATE BILLS

SECOND READING

Bill No. 39 (from the Senate), for the relief of Georgina Gibbings.—Mr. MacKelvie.

On the motion of Mr. Mackenzie King the House adjourned at 11.55 p.m.

Friday, May 26, 1922

The House met at three o'clock.

PRIVATE BILLS

FIRST READINGS

Bill No. 111 (from the Senate), for the relief of Deliah Jane Mills.—Mr. Spence.

Bill No. 114 (from the Senate), for the relief of Mary Agnes Flynn Donoghue.—Mr. Macdonald (Pictou).

BUSINESS OF THE HOUSE

WEDNESDAY EVENING SITTING

Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That on Wednesday, the 31st of May instant, and on all subsequent Wednesdays to the end of the present session the sitttings of the House shall in every respect be under the same rules provided for other days.

Motion agreed to.

DOMINION IRON AND STEEL COMPANY

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Mr. Speaker, I observed in the press recently a report that the Government had made a settlement of the damage action of the Dominion Iron and Steel Company against the Government for the sum, as the report stated, of $4,500,000. The gist of the report was that the Government had settled without proceeding with the action. May I ask if the report is correct?

Hon. ERNEST LAPOINTE (Minister of Marine and Fisheries): Yes, the report is correct. The action was settled for the balance of $1,500,000, that is $100,000 less than the arrangement agreed to in January or December.

[Mr. Lapointe.]

Mr. MEIGHEN: There was no arrangement agreed to in either January or December by the late government. There may have been one in January by this Government; there was none in December.

Mr. LAPOINTE: There was certainly a settlement; $3,000,000 had been paid, and there was another amount of $1,600,000 to be paid one month later. Of course, if that other installment was not paid, the agreement was null and void. So it was; but the present Government had the matter studied by various counsel, and the opinion was that it was better to effect a settlement. The Minister of Justice (Sir Lomer Gouin) succeeded in obtaining a reduction of $100.000; the costs were paid by the company, and we are not paying interest on the amount.

Mr. MEIGHEN: I only wish to correct one statement of the minister. The late government made no agreement whatever. The term the minister uses is incorrectly applied. The company made in December a proposal of settlement of $4,600,000, which proposal we declined to accept; but on the understanding that the matter would be held over for the new government either to accept or reject as they saw fit, a sum of $3,000,000 was paid. No agreement or, no recommendation whatever, was made as to the balance; the whole matter was left over for the new administration to deal with. I accept their statement as to what they did.

Mr. FIELDING: Except the payment of the $3,000,000.

Mr. MEIGHEN: The $3,000,000 was paid, because that was acknowledged, but there was no agreement as to the balance —none whatever.

Mr. FIELDING: When the right hon. member said that the whole matter was left over for the new Government, I said, "except for the payment of the $3,000,000."

Mr. MEIGHEN: The whole matter was left over. That is precisely what I said.

Mr. LAPOINTE: May I correct a slight mistake I made in my answer to the right hon. gentleman? It was on November 25 that this arrangement between the late government and the company took place; $3,000,000 was paid on that date, and a period of two months was given—I said one month—to pay the balance. This was one of the first things that this Government had to consider when it took office.

ITALIAN IMMIGRATION

On the Orders of the Day:

Mr. G. G. COOTE (Macleod): Mr. Speaker, I should like to call the attention of the Government to a despatch in the Montreal Herald of May 23, stating that more than six hundred Italian immigrants were being landed from a steamer on that date. In the House the other night, I understood that only agricultural labourers were being brought to this country at the present time. Can the Government tell us whether these are agricultural labourers, or whether this new regulation is in force at the present time?

Hon. CHARLES STEWART (Argenteuil): I have no actual knowledge of the number of persons who came in as quoted from the despatch by the hon. member, but I can assure him that whoever came in, came in under the regulations that are now in force.

THE BUDGET

DEBATE CONTINUED ON THE ANNUAL STATEMENT PRESENTED BY THE MINISTER OF FINANCE

The House resumed from Tuesday, May 23, the debate on the motion of Hon. W. S. Fielding (Minister of Finance), that Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means.

Sir HENRY DRAYTON (West York) (Resuming): Mr. Speaker, one of the first things I should like to do is to make one or two references to my hon. friend the Minister of Finance (Mr. Fielding), and to assure him that while politically we are forced to differ with him very largely, at the same time, with his other friends, we greatly rejoice to see him so well, and congratulate him on his unique record. And it is, of course, a unique record. My hon. friend has been associated with public business since, I believe, the year 1882, becoming Prime Minister of his native province in 1884, when he was only thirty-six years of age; and coming down here in 1896, he remained with us until the elections of 1911, when he stayed at home. Fortunately he was returned to the House through the war elections and has been in this Parliament since. It is, I say, a unique record that he has established in delivering, as he did the other day, when he is seventy-three years young, his sixteenth budget for Canada. I only regret that I cannot proceed very much farther along the same line of thought.

Well, Mr. Speaker, we have been living now for some six months under the "fuller life", the "larger liberty", the "new freedom"; and the trouble about the matter is that the longer we live under this new regime the worse it seems to get. It is having very bad results to-day upon my hon. friend. Why, just think of what was said in the Speech from the Throne at the beginning of this session: Canada was then in a better position than any other country; we had come through the war splendidly; our credit was high; and everything was just what we would have it. And yet, the tune is different when my hon. friend brings down his Budget. I do not know what it was that clouded his optimism, whether it was the "fuller life", the "larger liberty", or the "new freedom",—or a bad pair of spectacles. At any rate, the point of view has entirely changed: we are in a bad plight and the revenue has dropped. Of course it dropped; and, after all, the drop in revenue, instead of being something to lament about is under the circumstances, a matter for congratulation. Sir, we came through the worst period of deflation last year; we came through a year which the minister himself described as a very hard and difficult one, a year of bad business, and we came through it with a drop of only $53,000,000, or 12.2 per cent, in our national income. I wonder how many business concerns can make anything like the same boast. While we dropped 12.2 per cent, our income nevertheless was no less than $32,000,000 greater than in the year 1920 and was $69,000,000 greater than in the year 1919. I repeat, therefore, that instead of being downcast at the present time, recognizing, as we ought to recognize, the difficulties not only of the situation here, where they are less formidable than elsewhere, but the difficulties of the entire world, the Canadian has every right to be pleased and thankful with the condition things are in, and should again thank God that he is a Canadian and living in Canada.

But my hon. friend's pessimism does not stop at disregarding these facts. Why, in that "bad" year we had a customs revenue of $105,500,000. It is true it represented a large decline from the previous year's, it was undoubtedly a considerable drop; but in making his estimate of the business of this year my hon. friend cuts that

total, unsatisfactory as it was, to $103,000,000. Mr. Speaker, what a tremendous difference the mere question of being here or there, on this side of the House or that, makes! The fact is no doubt familiar to you, Sir, that when finances were formerly discussed and the difficulties of the country were being considered, the great remedy, the great elixir which my hon. friend and his associates proposed, as a means of solving the problem, was simply to restore to power the finance minister of golden years. That done, we were told, everything would be right. Well, that has been done, but instead of everything being righted, the gloom seems to thicken; and a year that was "bad" is better than the year that is foreshadowed—this year. Now, I submit that we need, in this country and throughout the world to-day, two things: one is optimism and the other is work. And instead of looking forward to a decreasing revenue and a falling business—unless my hon. friend thinks that his tariff changes are of such a character that he is seriously disturbing his tariff revenue, which I hasten to assure him is not the case—we ought to look forward with confidence to better times and larger revenues from customs. The period of deflation is pretty well over. Many things are not only low but are being produced at less than proper cost. Shelves and inventories generally are low, and we ought to get an increase in the revenue, as I have no doubt we shall.

But there is another forecast made by my hon. friend which I am free to admit fills me with absolute amazement. I remember all the things that were said,—which, I desire to assure my hon. friend, I know were never said by him,—both in this House and out of it, as to the manner in which the income taxes were being collected, or rather were not being collected. I recall the charges made against the former administration of not collecting the business profits tax, or of neglecting the collection of the income tax and the non-collection of a huge pile of arrears. And to-day, with all the arrears resultant from what was alleged to have been a lack of efficiency on the part of the previous administration, or worse, we find that the minister's best estimate for direct taxation from the income tax this year is only $60,000,000. Oh, again, Mr. Speaker, what a difference there is! We are here; they are there.

Let us see what those direct taxes are. Imagine what would have been thought of anyone who a few years ago would have said that Canada would have raised last year—not a good year for collections, but a year of many business troubles and difficulties—the enormous sum of $101,500,000 by direct taxation. I hope my friend will do a little better than $60,000,000. I am quite sure he is going to do the very best he can, and I have every confidence that again he is a little too low.

Naturally we are very pleased to see that our friends are following up the question of closer relations with our sister dominions. We have already got a good start made. The hon. minister refers to the West Indian agreement — there are other agreements—and to the Australian negotiations. I hope he will be successful in concluding an arrangement with Australia. I think the position in which the case is now left is such that he may look forward with a very reasonable degree of hope of affecting a preferential arrangement with our sister dominion that will afford a very much needed outlet for many of our products, particularly those from the Western provinces.

In connection with the French treaty, we are entirely with him again. We did have an arrangement made with France, with which the House is familiar, an arrangement negotiated by the right hon. Sir George Foster, and further work in connection with it was done by Senator Beaubien, acting in conjunction with Sir George. We were always willing and anxious, and there was not a time when the late government would not have been very much pleased, to make that temporary arrangement permanent, to properly enlarge it so as to give proper access for our products to the French markets, having particular regard to our agricultural products.

My hon. friend quarrels with what we were trying to do last year in connection with customs valuations. Customs valuations and foreign currency are both related to the underlying difficulties which render it advisable to continue the policy we laid down. In approaching a consideration of the question we ought to bear in mind that last year the government were correct in foreseeing the deflation which took place. They foresaw the efforts which would be made by one country and another to dump and to undersell; they knew the absolute disarrangement of foreign markets, and they knew that to a large extent the best market at the time which was at all to be relied on by the Canadian producer was his own home market.

The government were also familiar with what was being done in connection with that market. It is said that customs valuations, drawback provisions, debased currency and the like are difficult questions, difficult to administer. They are difficult; but everything that is new is more or less difficult. That would hardly seem to be a reason why we should not attempt to do a certain thing if it is right. My hon. friend introduced the first dumping clause in our legislation. It was a very good clause. It sometimes was applied, it sometimes was not. It very often was not applied because it was not known about in time; but in hundreds and hundreds of cases where it was known about it was never applied because it was so easy to evade.

Mr. hon. friend has referred to difficulties in connections with customs valuations, but those difficulties are no greater than the difficulties encountered in determining what are bona fide sales in the local market. In this connection I should like to give the House an illustration of how the matter works out. Before that customs valuations provision was adopted we had a peculiar case submitted to us. We were endeavouring to follow the movement and to see to it that to the fullest extent possible we had the minimum of unemployment. At the time I noticed some importation in a particular line of cloth that I could not understand. I had an investigation made, and this is what was revealed to us: The buyer of the firm showed us three bolts of cloth, all of which looked to be exactly the same quality, prices $2.56, $2.50 and $1.50 respectively. In reply to his question if I could see any difference in the cloths I said, "no." There was none. The $1.50 cloth happened to be distress goods imported from the States, and the manufacturer made that extra profit in his business. He could buy no more goods of that particular kind at that price because, being distress goods, the order could not be repeated. But at a time when our woollen mills were not running, when we had people out of work and walking the streets, that order—and it was a large one—was put through without the buying public getting a single cent advantage. Being distress goods the price could not be repeated, and the merchant here could not very well change all his price lists in connection with that single order. At any rate the public, as I say, got no benefit out of the transaction, and, further, the unemployment situation was aggravated.

But that whole transaction was justified by evidence under the old dumping clause. It is so easy for the outsider to have three or four wash sales and send in evidence of them to the customs appraiser—very, very easy. That was the kind of thing we wanted to stop, and to a large extent we did stop it. Therefore I regret the change that my hon. friend is making. I believe he desires to enforce his dumping provisions in the interests of Canadian labour, but I am afraid he will find that the results of the proposed change will not be what he desires or expects.

My hon. friend in dealing with the currency question picks out the German mark and makes his argument upon it. He is perfectly right in so doing, because it was the German mark which we had in mind in the course we took. We knew that the debased living conditions applying in Germany enabled production to take place at a very cheap rate; we also knew that there were two standards of value for the German mark, one international and the other domestic, the domestic value being much greater than the international. So, it was entirely impossible for the Canadian producer to compete against his German rival under such conditions. Frankly, that was the reason that we adopted that provision. My hon. friend points out that in any event it is not working well. Well, it worked pretty well for some time. In the case of all laws, some method of evasion is discovered. We had the thought that with this provision fortified by the Marking Act, we would be able to police these importations, and we were doing it pretty well. My friend points out that it became a practice to ship through Holland instead of direct from Germany, or through some other country where the currency provision would not apply. Well, that was an evasion of the law, and it could have been provided against; the practice of indirect importation could have been made illegal, with the penalty of seizure of the goods if it were persisted in. That would be the course to follow, if my hon. friend had the idea that we ought to protect our markets and our workingmen from the effects of German competition.

I do not think there is any question about the fact that there are two standards of money values in Germany. But in case such question should be raised here I wish to quote an interview given by Mr. Fry, who returned from Germany after spending some time there, as published in the Montreal Gazette of May 9 last:

As examples Mr. Fry mentioned that in making some recent purchases in Berlin, a fine leather hand-made pigskin bag was obtained for 3,400 marks, or approximately $17, while the same bag when priced in New York was $92.50, marked down from $125. A pair of Goerz binoculars cost $8.40 and a spring overcoat of the best Scotch woollen tweed was bought in Berlin for $10.50. While in Berlin Mr. Fry rented a large 18-roomed house in the best part of the city for 4,500 marks, or about $15 per month while the household staff, consisting of two housemaids, a cook, scullery maid and chauffeur, were quite content with a wage of $3 per month each.

And that is the kind of competition that I do not think—and I know this is the view of the country generally—the workers of Canada ought to be subjected to. Mr. Fry stated further:

Conditions in Germany are improving rapidly and the country's transportation and other public services are now functioning normally.

In view of prices like that, in view of a wage scale such as that, a tariff against Germany becomes a farce. This budget might well be called a 2½ per cent British preference and German free trade.

In the case of the Marking Act the same considerations apply. Of course, there are difficulties in connection with the Marking Act, but other countries have experienced similar difficulties and have met them. It is true that exceptions have to be made; but I do not think that even this Government take the position that the Canadian people have not the right, in connection with such goods as can properly and conveniently be marked, to know from whom they are buying; on the contrary, the minister points out that he is adopting the principle where he can put it into effect. But what an extraordinary way he is going about it. He does not make it a matter of general law and then provide for exceptions in connection with such goods as commercially ought not to be marked—not at all. Here we are going to have a very important trade matter dealt with, not by the House, not by statute, but by Order in Council—and by the very gentlemen to whom even the word was a horror and a shame. I am quite sure that so far as my hon. friend himself is concerned, he would handle the matter of Order in Council fairly and properly and without undue regard to the representations of political friends; but I do not know whether I would be quite as confident in making a prediction as to how and with what recommendations the matter will get to him. The difference in the policy is simply this. We admit the difficulties in administering a new law; we started to work it out; we commenced a list of exceptions, and it was merely a matter of time for the adjustment to take place. The other policy is to extend special favour by Order in Council to this favoured industry or to that favoured industry. Our idea was that it should not be a question of there being a favoured industry here and there; we thought the Canadian people had the right to know from whom they were buying—whether they were getting goods from Germany or from the United States, or, perhaps, from the country from whom they would be much more anxious to purchase them from—England. My hon. friend misses what ought to be the underlying principle of the whole thing—the right of the Canadian producer to know from what country he is making his purchases.

I did not notice in the budget any reference to the Income Tax Act except, perhaps, a passing reference to the banks. I offer no criticism of my hon. friend's action in that connection, but there are some omissions which I am sorry have not been covered. Perhaps they have merely been overlooked. Many representations were made to me with regard to provisions of the Income Tax Act. I have no doubt that they have been made to my hon. friends opposite. But there were two classes of cases which seemed to me to be peculiarly deserving of some sympathetic action. We have the case of widows and widowers; the special exemption which the married person gets disappears when the helpmate in life is, unfortunately, lost. At a time when they are handicapped in every way, their feelings torn and lacerated, and their expenses increased, the exemption is taken away from them. My view was—and I intended to give effect to it had I had the opportunity—that the law should be amended for the purpose of covering those cases. There is another class of cases which I think also deserves favourable consideration, and that is the commercial travellers, who, as the law stands to-day, cannot get and do not get a proper allowance for their expenses. It is undoubtedly true that it costs the commercial traveller ever so much more to live in hotels when travelling than it does at home. I sincerely trust my hon. friend will take both these cases under his consideration and deal with them favourably.

Speaking generally of the tariff changes, I do not know that I have the right to delay the House very long in that connection, as they hardly seem to be of sufficient importance. Whatever qualms Sir

Charles Gordon may have had before he left for Genoa were entirely unwarranted. The agricultural implement business may be hurt; I do not know. The duties ought to be reduced undoubtedly to the point where the industry can carry on, but they ought not to be reduced to the point where the industry stops. In that condition I think I should again point out that the policy of this party is to reduce as and where reductions can properly be made, and a reduction properly made, in our view, is a reduction made every time that it can be made and production be carried on and employment given.

Let me point out also that under the old Liberal tariff as left by my hon. friend when he gave his fifteenth budget speech, the average duty on agricultural implements was 20.2 per cent;—or as he would have provided under the reciprocity pact, 17.3 per cent. As we reduced it, it was 14.6 per cent; or a change from 20.2 to 14.6. I am not going to say that the much smaller reduction now made, practically 2½ per cent, is right or wrong; I do not know. It is right if it can be stood; it is wrong if an important industry properly indigenous to this country is injuriously affected to the extent of cutting down output. It is an important industry, important in itself and important in connection with a good many different activities. Take the Massey-Harris Company, for instance. They distributed in the years 1920 and 1921 in Canada, for labour, $8,583,000, and for Canadian purchases, $7,319,000, or a total of $15,902,000. I do not know, I say, that they are hurt at all. I do not know that I mind very much if their profits disappear, but I would mind very, very much if because of a cut so small as to give practically no help whatever to the farming community, many, many deserving Canadians were thrown out of work.

There is another feature in connection with the present tariff that requires perhaps a little consideration. The other day some hon. member to my left was referring to rebates of duty, and the like, and how they worked out. I think it is a good thing for us to take a concrete case sometimes, just to see the effect in the case of some particular article that we know about. The particular drawback that was being discussed at that time was the drawback in connection with steel duties, and I am just going to give the House a few illustrations how that drawback works out. Drawbacks, I may say, are things which so far as the people in the steel industries of the country are concerned, are very unpopular. They hurt steel production. Steel production now is pretty poor in Canada. We have not very many blast furnaces running. We have smokeless chimneys down in Nova Scotia, and at other points we find very many plants that are not running properly. These drawbacks hurt far more than to the extent of the drawback itself, because a good deal of policing is required to trace the materials. Take the case of a sixteen marker Western drill, with single disc attachment. I will give the weights, and the duty on the material entering into that drill, having regard to the steel industry. There are 450 pounds of bar iron, which carries a duty of 35 cents, per hundred pounds, making a duty charge of $1.58; sheet steel 65 pounds, which carries a duty of 12½ cents, making a charge of 22 cents; pig iron 656 pounds, with a duty of $2.50 per net ton, making a charge on the pig iron entering into that drill of 82 cents. Now those duties are already subject to a drawback of 30 per cent for the domestic market. My hon. friend, as I read his tariff, increases that drawback to 40 cents; I am not sure that that is the exact figure, but it is approximately so. There is also an export drawback of 99 per cent, and it works out in this way. In connection with that sixteen marker Western drill, the net duty on a machine for domestic consumption, amounts to $1.81, and for the export article 3¾ cents. I take that Western drill and put it in the western market, say at Moosejaw, which is a point of central distribution. That drill with its single disc attachment weighs complete 1,260 pounds. The freight to Moosejaw from Hamilton is $1.33½ per hundred, or $16.82 for cost of freight delivery, as compared with the net duty of $1.81 on the material in the machine. I do not know what the present value of the drill is, but I think the last time I was looking into the matter in the West it was $155; if I am wrong, hon. gentlemen will be able to correct me, but I think that is approximately correct.

I have here also the figures with regard to a 10-foot horse rake and a 6-foot binder with bundle carrier and transport attachments. I ask leave of the House to incorporate this whole statement in Hansard without reading further.

(The statement referred to is as follows)

AGRICULTURAL IMPLEMENTS

16 Marker Western Drill, with single disc attachment, value about $155.

—	Weight	Duty	Amount of Duty	Deduct Drawback		Net Duty	
				Domestic 30%	Export 99%	Domestic	Export
Bar iron	450 lb.	35c. 100 lb.	$1.58	·47	1·56	1·11	·02
Sheet steel	65 lb.	12½%	.22	·09	·21¾	·13	·00¼
Pig iron	656 lb.	2·50 NT	.82	·25	·81	·57	·01
			$2.62			1·81	·03¼

16 Marker Western Drill, with the single disc attachment, weighs 1,260 lbs. and the freight to Moosejaw from Hamilton is $1.33½ per 100 lbs., or $16.82, cost of freight delivery, as compared with net duty of $1.81 on material in machine.

10-ft. Horse Rake, value about $55.

—	Weight	Duty	Amount of Duty	Deduct Drawback		Net Duty	
				Domestic 30%	Export 99%	Domestic	Export
Bar iron	350 lb.	35c. 100 lb.	$1.23	·37	1·22	·86	·01
Sheet steel	10 lb.	12½%	.03½	·01	·03½	·02½	·00
Pig iron	79 lb.	2·50 NT	.10	·03	·09¾	·07	·00¼
			$1.36½			·95½	·01¼

10-ft. Horse Rake weighs 460 lb. and the freight to Moosejaw from Hamilton is $1.33½ per 100 lb., or $6.14, cost of freight delivery, as compared with the net duty of 95½c. on material in machine.

6-ft. Binder with Bundle Carrier and Transport Attachments, value about $240.

—	Weight	Duty	Amount of Duty	Deduct Drawback		Net Duty	
				Domestic 99%	Export 99%	Domestic	Export
Bar iron	800 lb.	35c. 100 lb.	$2.80	2·77	2·77	·03	·03
Sheet steel	110 lb.	12½%	.38	·37½	·37½	·00½	·00½
Pig iron	483 lb.	2·50 NT	.60	·59¾	·59¾	·00¼	·00¼
			$3.78			·03¾	·03¾

6-ft. Binder weighs 1,560 lb. and the freight to Moosejaw from Hamilton is $1.33½ per 100 lb., or $20.83, cost of freight delivery, as compared with net duty of 3¾c. on material in machine. If drawback was 30%, the net duty would be $2.65, as compared with freight $20.83.

Sheet Steel is figured at $2.75 per 100 lb.

For the moment I say nothing more about the tariff items, for the very reason I have given. I note my hon. friend's action in connection with alcohol. I congratulate him on the fact that he has been able to arrive at a solution with the help of the trade. When this matter was first before the House last year, we were faced with a difficulty which had to be met. The nine-dollar rate had to apply, unless there was some method arrived at under which the druggist could get his liquor at the low rate which applied at places where at the cost of the user, the alcohol was followed until it took the form of medicine, and followed by the Government. The then gov-

ernment said that they would be very pleased to adopt any regulations which hon. members could show them would protect the revenue, and none were suggested. Since that time I had deputations waiting on me, which did point out the methods which my hon. friend has since adopted. As a matter of fairness to the chemists, we should do what we could for them, so they would at least be at no disadvantage in connection with their business. But I am sorry to say my hon. friend has overlooked two very important considerations in connection with alcohol which we were considering during the last session of the House. What about the country doctor? The country doctor looks after a great deal of the medicaments used in the country. In many places there are no drug stores at all, and I would have thought the country doctor would not have been selected by my hon. friend as one who ought to have less trust imposed in him than is imposed in the druggist. We also had the question of alcohol to be used for medicinal bathing brought very prominently to our attention. These questions were exactly the same in principle as the druggist's case, and there is no difference at all. I suppose they were merely overlooked by my hon. friend, and when we get down to the resolution we will find that probably he has covered that case. I note with interest his action in connection with sugar beets. I was down in the sugar beet section while the tariff investigation was being held, and a large number of farmers came to us and stated that the farming industry was very very much interested in the production of sugar beets, that there was every opportunity for a very large increasing acreage, and that all they required was a sufficient tariff on sugar beets to enable them to go ahead and make a profit. The only change that I know of that has taken place in the meantime is that these gentlemen down there have exchanged their former representative, Mr. McCoig, for the hon. Minister of Labour (Mr. Murdock). I do not know whether the views of the hon. Minister of Labour are that not only is there no duty required to protect the farmers down there, but that their industry should contribute a 49 cent tax per 100 pounds. It seems to me that the Hon. Mr. Manning Doherty was also very much of the view that for the proper protection of the farms the duty was necessary. Be that as it may, I wonder what has become of that old friend of ours we used to hear so much about, the old complaint and the old cry, that we exempted the rich and oppressed the poor with a full burden of taxation. What has become of the allegation that all our budgets were rich men's budgets, that the rich man paid nothing and the poor man everything? I wonder what has become of those cries. It all disappears in the simple translation from here to there. The whole thing depends altogether on the angle or the point of view in some minds.

Referring to the sales tax, you remember, Mr. Speaker, what a dreadful thing that was in the minds of hon. members opposite when it was introduced. You remember how it was characterized as an iniquitous scheme evolved by a dreadful government to add to the burden of the poor and enhance the gains and the relative position of the rich. I remember when it was stated that a tax on lumber of 33 1/3 per cent less than the tax now suggested was going to stop building and production. But I need not stop at lumber, it is practically the same down the whole line. However, this dreadful thing becomes all right, so long as the burden is made big enough, and there it is.

Regarding luxury taxes, you know, Mr. Speaker, that they have a familiar and yet at the same time a dreadful sound have they not—nuisances that they were. Well, they are back again. I remember what was said about automobiles in connection with luxury taxes. I remember the hon. minister objecting strongly to taxes on automobiles. I remember his saying that an automobile of a value of a thousand dollars or under was not a luxury, but a necessity, and that it ought not to be taxed. Do any of us forget the heart-breaking appeal made by the present Solicitor General (Mr. McKenzie) for the kid's candy, for the candy that the young man was going to present his sweetheart with, and his description how the dirty hand of the then Minister of Finance bent round her shoulder and extracted just so many candies? But this is all right now; again the whole thing depends on the angle from which one views it.

I wonder if we remember what happened in the House in regard to cheques, notes and overdrafts. There was not so much fuss in connection with cheques. We left the tax on cheques at 2 cents, because we felt that people would suffer great inconvenience if they had to set to work to figure out just what they had to pay in connection with every cheque they wrote or else be liable for a $50 fine. Cheques are things that have to be, and are written out quickly

and regularly. But now if you make a mistake in connection with the tax which is .04 per cent on your cheques, you are liable to a $50 fine. We did not impose on cheques a tax in proportion to the amount; we dealt in that way with promissory notes and overdrafts, things which admit of much more time, and upon which, therefore, the amount of the tax can be much more easily calculated. We imposed a tax of two cents per $100 on promissory notes and overdrafts, and there was great grief in Israel when we imposed that tax. My hon. friends thought that was a dreadful thing. I remember the Minister of Customs and Inland Revenue (Mr. Bureau) making a plea for the man who had to make out a note or had an overdraft; but again to-day, as a result of the change in the angle, that two-cent rate, which was then an imposition and an outrage, is a reasonable and proper tax to impose when doubled.

I wonder what was particularly iniquitous about the telegrams that they should be especially picked out. We must have money; my hon. friend requires all the money that he can get. In fact, in view of the estimates and of the way in which some of them have gone through, I am afraid that he requires more money than he can get. But what is the matter with telegrams in particular that the tax on telegrams should be increased 500 per cent? What is the trouble? Of course we do not pick out telegrams for especial attack, because we ourselves own one of the largest telegraph systems; but if there is anything particularly wrong in doing business at a distance as against other kinds of business activities, why is the long distance telephone overlooked? Why are we not getting some revenue from it? Why should there not be, perhaps, a spreading of the revenue on that ground between telegrams and telephones?

But after all, the chief difficulty about the budget is that I am afraid it takes us nowhere, leads us nowhere, settles nothing, but, on the other hand, adds to doubt and uncertainty. My hon. friend pointed to the fact that business is very bad; he thinks it is so bad, for example, that out of business—and business pays very largely income taxes—he can get only a much reduced revenue. Yet the budget is full of little nuisances and pin-pricks, all adding to the cost of doing business, all making business just a little more difficult.

What, after all, is our real trouble, economically? Does not every hon. gentleman know that, apart from the absolute necessity of obtaining proper markets for our farm produce, our chief difficulty is the one-sided trade which we have with the United States and which they are determined to make still more one-sided? The year before last, for every dollar's worth of goods that we sold to the United States, we purchased $1.58 worth of United States goods or produce. Last year, although the totals themselves are cut down, for every dollar's worth of goods that we sold to the United States we bought $1.75 worth of their produce. At present $294,000,000 worth of the goods that we sold that country in the year ended March 21, last, are subject to heavy duties, largely prohibitive, and what do we do? We go on and still import breadstuffs, butter, cheese, eggs, lard, meats, vegetables and fruits to an amount of over $60,000,000, the larger proportion of which comes from the United States. Then this budget has to turn around and help the American out just a little, in cases where we buy from the American, by cutting down the duties that we now charge upon his materials coming into this country. The budget seconds the efforts of Mr. Fordney and his associates. We are decreasing in part, although, it is true, not to a large extent, our duties on United States' shipments. Are we, according to this Budget, in such a way that we are to consider ourselves an adjunct of and assistant to the United States Congress?

And what does this budget do for one of the chief evils from which this country has been suffering, namely, unemployment? What is done in the Budget to make it more likely that one extra wheel will turn, or that there will be one job for one other man? Hon. gentlemen will search for that in vain, and after all, so often a small re-adjustment can produce great results. There is no doubt as to the necessity of action. I am wrong—there is a reference made by the minister to this very question, although he does not deal directly with unemployment. The minister said:

> We cannot return to pre-war conditions. The workingmen's position has advanced. His standard of living has improved. He is unwilling to go back to pre-war conditions, and nobody should expect him to be content to do so.

Would it not appear to any one that the foregoing is an extraordinary statement to find in the same paper and in the same Budget that exposes these men to the conditions that we know exist among Germany's workmen? Those conditions, we are

aware, are deplorable. Germany's workmen are often not properly clad, they practically never see meat; and, as we saw from the Gazette to-day, you can get a chauffeur willing to work for $3 a month. Yet that is the kind of competition to which the workers of this country, so referred to in the speech of my hon. friend, are made subject, as a result of the manner in which the hon. gentleman has dealt with these questions of currency, valuation, etc.

There is another matter to which I want to refer, and that is the question of ordinary political honesty. I have already pointed out that nothing has been said about the income tax; nothing has been said about implementing the pledges which were given in connection therewith; nothing has been done in connection with business profits or anything else; there has not been a word in regard to these things. Now, my hon. friend has my greatest sympathy in the burden which he carries in raising money, but in his efforts to meet that necessity we find merely a hampering of business, a spreading of consumption taxes, while there is not a word on these other questions. I desire to read the platform of the Liberal party in this connection. I am not now referring to what has been mentioned so often, namely, the tariff resolutions. With regard to the question of raising the extra revenues so much required, however, that platform reads:

Be it and it is Hereby Resolved:

1. That the serious nature of the country's financial situation calls for the profoundest consideration of all patriotic citizens, and the exercise of the severest economy by the Government;

2. That increase of revenue must be sought from an equitable and effective imposition and collection of graduated taxes, on business profits and income, applicable to all incomes above reasonable exemptions;

3. Taxes on luxuries.

That is the platform; that is the promise. And in the working out of this "fuller life," "larger liberty" and "new freedom," how much regard do we find given to that pledge? Taxes on luxuries! Where are they? There are no such taxes, unless the Government think that they are discharging their pledge in this respect by imposing taxes on candy and on automobiles. We are told that "increase of revenue must be sought from an equitable and effective imposition and collection of graduated taxes, on business profits and income, applicable to all incomes above reasonable exemptions. What do we hear about that now? We have, instead of that, a tremendously increased sales tax and 500 per cent increase in telegrams and a lot of other small things that will not amount to a great deal apart from the annoyance they create.

Political honesty is perhaps one of the most important questions, if, indeed, it is not the most important, in the public life of a country, and it should be scrupulously observed. Realizing how essential this is, Mr. Speaker, I beg to move, seconded by my right hon. friend the leader of the Opposition (Mr. Meighen), the following resolution in amendment to the motion before the House:

That all the words after the word "that" be struck out and the following be substituted therefor: The Liberal Party assembled in Convention in August 1919 adopted a resolution which, after reciting its professed purposes, contained the following specific and unqualified pledges:

"That to these ends, wheat, wheat flour and all products of wheat; the principal articles of food; farm implements and machinery; farm tractors; mining, flour and saw mill machinery and repair parts thereof; rough and partly dressed lumber; gasoline, illuminating, lubricating and fuel oils; nets, net twines, and fishermen's equipments; cements, and fertilizers, should be free from customs duties, as well as the raw material entering into same.

"That the British preference be increased to 50 per cent of the general tariff.

"And the Liberal Party hereby pledges itself to implement by legislation the provisions of this resolution when returned to power.'

That such pledges were restated as the policy of the Liberal Party in an official handbook issued just before the general election, namely, in October 1921, under the authority of its leader, Honourable W. L. Mackenzie King.

That candidates contesting on behalf of the Liberal Party in the said election, used widely the promises therein set out as a means of securing support.

That the Liberal Party having been returned to power the budget proposals of the Finance Minister now brought down, constitute, on the part of the Government, an utter failure to implement such pledges by legislation.

That the making of such solemn pledges, the utilization of them to secure support, and their flagrant violation after the attainment of office reveal a disregard of political honour and tend to lower the standard of public life.

Hon. J. A. ROBB (Minister of Trade and Commerce): When presenting his sixteenth annual budget, my colleague the Minister of Finance (Mr. Fielding) made a most fervent appeal for economy. Following that appeal I propose this afternoon to economize in the time of the House, so that you, Mr. Speaker, and other hon. members will not be compelled to add to the expenditure which every additional day this House remains in session incurs upon the people. The Government invite criticism. Indeed, we welcome fair and honest criticism of all measures submitted to Parliament; and so

soon as the motion before the House is disposed of we shall, in order to legalize the reforms suggested by the Minister of Finance, go into committee, when we hope to have the free and frank advice of every hon. member. Listening to the speech of the Minister of Finance a few days ago, looking into the faces of my hon. friends opposite, and observing that great barometer of public opinion, the press, I asked myself this morning: Is it too much to hope that at last the Canadian people have decided to stand shoulder to shoulder, to work together and advise together with the purpose of restoring to all classes confidence in the future of our country? That hope was somewhat weakened this afternoon by the amendment moved by my hon. friend the former Minister of Finance (Sir Henry Drayton).

The reforms we are attempting to introduce to-day are reforms long overdue. We have the statement of an hon. gentleman, once a supporter of the Union Government and the Conservative party, made in this House three years ago, that even then these reforms were long overdue. Therefore I had hoped that our hon. friend who had promised reforms so often and delayed them so often would upon this occasion help us in such legislation as would restore confidence and stability throughout every province.

My hon. friend, the ex-Minister of Finance, devoted the greater part of his speech to a criticism of the Government's measures for the reductions we had already promised, and he concluded by moving an amendment condemning us because we have not made greater reductions. In view of this attitude I asked myself: Is it to be the same old game which was started eleven years ago when the party of reform were divided and when Canada allowed to go by —I will not say to lose forever, but at least to delay for a period—those reforms which we had all sought to introduce since the days of Sir Charles Tupper?

My hon. friend in introducing his amendment attacks us for reductions in the tariff, and then complains that those reductions are not sufficient! In doing so he criticises the Prime Minister (Mr. Mackenzie King), representing that during the last campaign my leader led the people to believe that the policy enunciated in the Liberal platform of 1919 would be introduced literally. Let us examine the facts. I have before me a copy of the proceedings of the National Liberal Convention held in Ottawa on August 5, 6 and 7, 1919, containing a verbatim report of the speech made by the Prime Minister of to-day when he accepted the leadership of the Liberal party. Let me quote from that speech so that my hon. friends opposite may judge for themselves whether or not the Prime Minister has broken any pledges to the people, or whether on the contrary he has not literally and truly carried out those pledges. I quote from page 199, as follows:

> I should be unworthy of any measure of the confidence you have so abundantly bestowed were I not fully conscious of my own lack of parliamentary experience, my own lack of training in public life, my own limitations in a thousand and one directions adequately to meet the obligations of this great duty, this great honour, which you have conferred. I should despair altogether of being able even to attempt to discharge its obligations were it not that I know that one who is called upon to accept the office of leadership must first and foremost be the willing servant of all, and that in seeking in the spirit of service to meet the wishes of those who have chosen him as their leader, he may look for guidance and counsel to the great forces assembled about him. . . . .
>
> I shall rely upon the counsel of those who are outstanding in the ranks of the party, the Liberal members of the Senate, the Liberals in the House of Commons, the leaders of the party in the several provinces, the representative men who are gathered together here; and that in this way I shall find a compass which will point the direction that ought to be taken, and will point it aright.

Sir, was not that statement repeated by the Prime Minister during the recent campaign when he visited all the provinces? He then stated that the resolutions adopted in the plaform of 1919 would be the chart directing him in the policy of the party, and that he would be supported and guided by the representatives that were sent to Parliament. That, Sir, is what we are doing to-day. We are going to-day just as fast as the people will allow us to go. And I ask you, Mr. Speaker, to remember that that has always been the policy of the Liberal party, and that when in 1911 we attempted to introduce the reforms asked for by the Western provinces we found we were going faster than the people were willing to follow us, and we went down to defeat because there was division where there should have been union. Are we to-day to have a union of the forces of reform in this Parliament, or are we again to be divided and again have the reforms which we are now seeking to introduce delayed for another decade?

Is this the time for division among our people? Is it not rather the time for union?

Four years of war with all its attendant extravagance has not only lost to Canada sixty thousand of her bravest men and crippled many other of her soldiers, but it has imposed upon the people an obligation to their fighting men and their dependents which we must not and have no desire to repudiate. But not only has it imposed upon the country that obligation and left us with an immense debt, it has brought extravagant habits. Not only is extravagance rampant in federal affairs, but also in provincial, municipal and private affairs, so that throughout the country there has been a period of extravagance that has contributed very much to the condition that we as a nation find ourselves in to-day.

During the war period fortunes were made and fortunes were lost. Capital was inflated, labour made its own price and selected its own job. But it was a period of intoxication. This, however, is the day after, the day when we must sit down together, we the representatives of the people, and consider what is the best method to restore to our country that confidence which we all desire to see restored.

We have recently had a general election. In that general election there may have been differences of policy, but there was one plank in the policy of all parties, —the National Liberal and Conservative party, the Progressive party, and the Liberal party—one plank upon which all were unanimous: we all appealed for economy, urging it as necessary if we were to save ourselves from national bankruptcy. And I think we all preached that we should have wider and larger and better markets for the products of the farm and the factory. We were divided, perhaps, to some extent on the question how these markets could best be obtained. There were those who thought that our market should be in Canada only and that we should pay attention to no others. There were those who had not very much regard for the Canadian market; they were looking only to a market in which they could sell their products. And there were others—those who are represented here to-day on this side of the House—who believed that in the interests of Canada we should not only help to build up a home market, but should go out and seek other markets for the products of our country. That, Sir, is the policy that we to-day are attempting to introduce to this Parliament. When my hon. friend says that we have failed to carry out all our promises, he conveniently forgets that not very long after we assumed office, the Minister of Finance (Mr. Fielding) went down to Washington and consulted the people there in a friendly way. He said: "Neighbour, we are prepared to trade with you upon a fair basis"; and the reply he received from the representatives of the United States was: "We cannot just now trade with you as you desire, because there is in our Congress a farmers' group who will have no business relations with the farmers of Canada". Under these conditions, Mr. Speaker, was it not well that we should by legislation say to our good friends of the United States: "If you take that attitude, we cannot help it; you are mistress in your own house; but we are mistress in ours, and we propose to introduce such legislation as will encourage trade with those who are willing to trade with us." That is the measure that we bring before you to-day. We do not claim that it is perfect, but we do claim that it is an honest attempt to lighten the burden upon those who can least afford to bear it, and to collect the necessary revenues from those who are best able to pay.

Now, what remedy does my hon. friend the ex-Finance Minister propose? His only remedy is by way of criticism of the Government because we did not further reduce the tariff and practically destroy—

Mr. MEIGHEN: Will my hon. friend permit me a question? Where does he find that in the resolution?

Mr. ROBB: The Leader of the Opposition will have an opportunity to speak in this debate, and I am sure he will analyze that resolution as he has analyzed other resolutions, to the satisfaction at least of his own party. May I remind him, however, that there is nothing original or new in the resolution presented to-day? Practically the same resolution was presented to this Parliament on the 28th of March last—a resolution embodying the same principles. Now, why is it that we look with longing eyes—and we may frankly admit it—to the great market to the south? Is it not because we know that in that great market there are millions of industrial workers who are dependent upon the products of the farm for the sustenance of life? Among those millions employed in the New England factories are hundreds of thousands of Canadians; if those Canadians were employed in Canadian factories there would

be no hostile tariff keeping the products of Canadian farms away from them. So, I say, Mr. Speaker, having in mind the attitude of our friends in Washington, the one thing left for us and the one thing we should keep in view is to build up our own market and at least to keep something that we can call trade with other countries. But the United States is not the only market. Canada has other markets. Canada has a market in Great Britain. Great Britain buys freely from us, and we offer to her a preference in our tariff, in the hope, we may frankly put it, that Great Britain will offer still greater concessions to the products of Canada. Now, it is sometimes preached that the trade of Canada has been falling.

Mr. CRERAR: If my hon. friend would permit me a question there: Would he elucidate in what way Great Britain could offer greater concessions to Canada?

Mr. ROBB: Well, I have in mind just now that there is an embargo against Canadian cattle. We do not believe in the "big stick." We do not deny that Great Britain has the same right to manage her own affairs that Canada has. But we have reason to hope, and the press dispatches would indicate, that Great Britain may look favourably upon Canadian trade and that some day there may be a better market for Canadian cattle in the United Kingdom.

I was proceeding, Mr. Speaker, to point out to the House that to measure our exports and imports by dollars and cents is not a fair barometer to indicate the actual conditions. In these days of falling values it is not exactly fair to measure the increase or the decrease of exports in dollars and cents. I do not like to detain the House in quoting figures, but with your permission, and for the benefit of my hon. friends opposite and of the country, I should like to place on Hansard a few statistics prepared by the Bureau of Statistics regarding Canada's foreign trade. In 1921 we imported 17,000,000 odd pounds of coffee and chicory for which we paid over $4,000,000, and in 1922 we imported 21,000,000 pounds, which cost us only a little over $3,000,000. In 1921 we imported 98,000,000 pounds of raw cotton, which cost us $28,500,000, and in 1922 we imported 95,000,000 pounds at a cost of $16,000,000. In 1921 we imported 695,000,000 pounds of raw sugar costing us $76,000,000; in 1922 we imported 864,000,000 pounds, costing us $39,000,000; in other words, we imported 170,000,000 pounds more in 1922 than in 1921, at about half the cost.

Let us turn to the exports. In 1921 we exported 133,000,000 pounds of cheese, for which we were paid $37,000,000. In 1922 we exported practically the same quantity of cheese, but we received only $25,000,000 for it, or $12,000,000 less. The same argument applies to dried codfish and salmon. Coming now to wheat, we find that in 1921 we exported 129,000,000 bushels, for which we received $310,000,000; in 1922 we exported more wheat, 136,000,000 bushels, but we only received $179,000,000. The figures for flour are in the same proportion

What is the conclusion from all this? I am sure we all desire the progress and development of Canada, but if we are to progress and develop, it cannot be a lopsided development. If the factories in eastern Canada are idle and the workmen are unemployed, they are trouble-makers in the towns and cities; they have no money to buy the products of the farms, and the farmer suffers in consequence. If, on the other hand, the farmer on the prairies has a poor crop, or gets very little for himself and his family for that crop, if he is compelled to pay one-half the value of the crop to the railway for carrying it to market, and the other half to the hired man, he has no money to buy the products of the factory workers in eastern Canada. So I say we are all linked up together, and if we are to have progress and development in this country, it must be a progress and development that will not only help the worker who buys the products of the farm, but the farmer who buys the products of the factory. England was made great by her coal at a time when coal was fairly cheap. Coal in England to-day is not as cheap as it once was, but do you know, Mr. Speaker, that coal in England to-day is cheaper than it is in Canada, and that it is being offered in England to coal vessels on the coast of Nova Scotia? What cheap coal was to England cheap water-power is to Canada. We have great natural resources in this country, developed and undeveloped, and we have opportunities for development, if we only have confidence in our own country. Why should we not as Canadians decide that hereafter we will build tariffs and frame policies to suit Canada, that we will go out and trade with whoever is willing to trade with us on fair terms?—and in passing let me say that I was never afraid to trade with anybody who would trade

with me. I am not willing, however, to reduce the Canadian tariff to a minimum, while the other fellow keeps his tariff up against our products. It seems to me that in considering the different resolutions in committee, when we shall have the benefit of the advice of all classes and of all groups represented in this Parliament, we might well keep in mind what is best for Canada, and let that be our chart.

My hon. friend the ex-Minister of Finance a few moments ago in discussing those features of the tariff just presented, and referring more particularly to the value of the German mark, attempted to represent that we were giving greater privileges to Germany than to the Mother Country. He apparently forgot that the Government still retains the right to the Marking Act, and that we still have the dumping clause. He also forgot that Germany cannot sell to Canada unless she is willing to buy from Canada. Germany cannot sell to any nation unless Germany buys, and if there is one country in the world the development of whose export trade depends on buying from other countries, it is Germany. I am not going to discuss the finer details now as they may be discussed later on when we are in committee, but for the information of the House I desire to indicate briefly the business of Canada with Germany. We will not go far back. Let us keep in mind that in 1913 Canada imported from Germany, in round figures, $14,000,000 worth of goods, and in the year of the war, 1914, $14,500,000 worth. We sold to Germany in 1913 only $3,000,000 worth, and in 1914 $4,000,000 worth. Coming to more recent years, we find that in 1921 we exported to Germany $8,000,000 worth of goods, as against $1,500,000 of imports, and in 1922, the last fiscal year, we imported from Germany $2,000,000 worth of goods, and sold to her $4,500,000 worth. Does my hon. friend wish to stop this export trade we have with Germany? Let me just give a few of the articles that we export to Germany. The principal items are asbestos of which we exported in 1922, $537,000 worth; lard, $102,000; nickel, $399,000; oats, $210,000; rye, $531,000; wheat, $1,580,000; wheat flour, $319,000.

Mr. MEIGHEN: I would like the hon. gentleman to explain why it is that Germany particularly requires to buy in order to sell. I would think it would be the other way about.

Mr. ROBB: Germany cannot sell unless she buys, because she has not the raw materials that Canada has, and she must go into the markets of the world to buy her raw materials. It is contended that through the expertness of her workers Germany in the past has led many of the countries of the world in turning raw materials into finished products.

Mr. MEIGHEN: Hear, hear.

Mr. ROBB: I am not going to enter upon an argument on that with my hon. friend. I have quoted sufficiently I think to show that it is not a one-sided trade arrangement. The figures show that in the last two years Canada sold more to Germany than Germany sold to us, and my thought would be, if Germany wants more of the products of the prairies, why should we not sell them to her? She cannot buy these products unless she buys them with Canadian dollars, at the Canadian value.

Mr. MEIGHEN: Who objects to that?

Mr. ROBB: If I am to keep my promise to economize time, I have already spoken too long. I appeal again to all members of this House to keep in mind that the Government have made a fair attempt to bring down a budget that will lighten the burden upon those least able to carry it and that will collect the revenues from those best able to pay; that the Government have made, and are making, a fair attempt to look out for wider and larger markets for the products of our country, always keeping in mind that the experience of the world shows that if Canada is to grow and prosper we must get down to such conditions in this country as will enable us to export to all the countries of the world who have money with which to buy our goods, thus bringing back money from those countries to employ additional Canadian labour. Thus, and thus only, can we enlarge and extend the trade of Canada.

Mr. R. J. WOODS (Dufferin): In continuing the debate, which is now fairly well on its way, I desire to make clear in opening my address that whatever commendation I feel I can give the Government in regard to the tariff question—because I purpose confining my remarks solely to that question—I am willing to give it, but I am just as free to offer whatever criticism I can honestly offer; and I desire to have it thoroughly understood that I am speaking entirely for myself, from my own observations of the fiscal policy of this country in years gone by.

The tariff has had some history. Every hon. member in this House is familiar, at least to a great extent, with the history of the tariff. We look back to 1865, when there was a general tariff of 15 per cent. The Mackenzie government came into office about 1873, and, as I understand it, increased that tariff to about 17½ per cent. I think I am correct in my figures; if not, I am open to correction. In the year 1878 the late Sir John A. Macdonald launched his national policy, and the tariff went up along general lines to about 30 per cent. From that time till the present, in every general election held in this country, the tariff question has been fully discussed; both sides have been argued out, and the people have viewed it from both sides to some extent, but in past years a great many of the common people, and especially, I think, the farmers of this country, in the back concessions, did not thoroughly investigate the fiscal policy of the country and the tariff question, but each settled down and was satisfied to support the policy of either of the great political parties, whichever their political leanings would lead them to.

We have three classes of tariff, the general tariff, the British preferential tariff and the intermediate tariff. These have different bearings on different articles to some extent, and the Finance Minister, in the policy that he has launched before the people of this country and before this House has made some slight alterations. We have been looking for a downward revision of the general tariff, for something that would make it a little easier for the poor man to live. It is true we have that downward revision to some extent. The Finance Minister in his Budget has given us a little reduction of the tariff, not very much so far as the general tariff is concerned—something pertaining to agricultural implements and so forth, which, if we have to purchase from a foreign country, undoubtedly will be purchased from the United States. So that we have a little handed out to us; we might call it possibly something of a handout. Of course, a thankful heart is thankful for small mercies, and half a loaf is better than no bread. But the reductions which have been brought before us are more particularly reductions in the preferential tariff. That tariff will apply to those goods coming from Great Britain, and we are glad that there is a slight reduction, even along those lines. But does that cover to any great extent the general commodities of life? Does it cover to any great extent what the masses of people use in their homes, what we might term the general commodities that are used by the common people? I have in my hand the report of the Department of Trade and Commerce for the year ending 31st March, 1921, and I find that the dutiable imports from the United Kingdom amount to $170,135,906, and from the United States $544,010,980. So that the dutiable goods coming in from Great Britain, in comparison with the amounts brought in from the United States, are very little over one-quarter. If nearly 75 per cent of the general commodities of life which are dutiable, and which have added to the customs revenues of Canada come from United States, the people who use those commodities are not going to be benefited to such a wonderful extent with the reduction of the preferential tariff.

5 p.m.

While we have those reductions in the tariff, we are told that the sales tax is to be increased by fifty per cent. If I, as a green parliamentarian, am right in my judgment, and understand the business of this country to any extent, I understand that a sales tax is an added burden to the consumer. As regards the inland revenue or sales tax or other taxes of that character, when the manufacturer or producer puts his commodity on the market, he will simply add the sales tax to the price, and the cost to the consumer will be thereby increased. That seems to me to be rather unfair to the consuming masses of this country. While this tax will undoubtedly bring in a revenue, yet it seems to be collecting that revenue largely from those who are least able to pay. I think my hon. friend (Mr. Robb) made reference to the idea of taxing those who are best able to pay, but in my judgment, by increasing the sales tax by fifty per cent, we are adding that much more to the burden of the consuming masses of this country, and I do not look upon them as being the best able to pay. Taxes of that character should be collected largely from those who are best able to pay, and not from the ordinary individual who is least able to pay. Therefore, on the one hand, while we may, by the reduction in the tariff, relieve, to some extent, the burden, on the other, an extra burden is imposed by the increased sales tax. This looks as though we were simply taking the burden off one shoulder and placing it on the other.

Another matter to which I wish to refer is the anti-dumping clause. This seems to be

of some assistance to Canadian manufacturers by increasing the value of their goods. The anti-dumping clause, as I understand it, applies to goods, possibly cheap goods, that are put on the market from a foreign country, and by this clause they are not permitted to be sold at less than cost of manufacture and so forth in the country from which they are exported. I see, from the report of the Manufacturers' Association of their meeting in this city in February last, that they are in favour of a strong anti-dumping regulation that will guard against unseasonable goods being dumped into this country. In some countries in which the seasons are ahead of ours, goods may be carried in stock by manufacturers and wholesalers when the season has practically expired, and this will apply possibly more to ladies' wear than other things. By this anti-dumping clause, manufacturers and wholesalers are prevented from putting such goods on the market unless they are sold at the regular price of production and so forth in the country of origin at the time when the goods were sent over. It appears to me to be unfair to deprive the masses, the common people, of an opportunity of purchasing in the open market. If Canadian merchants can buy to advantage, bring the goods into this country and sell them at a reduced price to the consuming masses, those who wear clothes—and we are all subject to that—it seems to be unfair to protect manufacturers and wholesalers along those lines, instead of giving the common people the benefit of reductions that might take place.

I want to itemize a few articles in connection with the tariff, and if I am wrong, I am willing to be corrected in regard to anything which I may mention. Aluminum, the raw material, ingots, blocks, bars, rods, strips, and so forth, are permitted to come into this country free. Every household uses aluminum ware, which is considered a very good article for household use, and the ladies buy it very extensively; indeed, everyone in this country uses that kind of ware. The manufactured article, however, is protected by a general tariff of 30 per cent and by a preferential tariff to the Old Country of 20 per cent. That seems to be too great a spread. We want to give everyone justice; we want to live and let live; but it seems to be hardly fair when manufacturers are permitted to bring in their raw material free and to manufacture it in this country, and then the manufactured goods are protected by a tariff of from 20 to 30 per cent.

As regards bamboo cane for furniture, the raw material comes in free, but furniture is taxed from 20 to 30 per cent. Raw broom corn for making brooms comes in free, but brooms and whisks are taxed from 15 to 20 per cent. These are articles which are used in every home: the labourers, the poorer classes, and, indeed, all of us, use these articles, and, therefore, are subject to the burden of taxation upon these commodities. Consequently, I consider it hardly fair to the consumer for the manufacturer to have the privilege of bringing in his raw material free to manufacture these goods to be placed in the homes of the people, and then for him to be protected by a high tariff. Steel and steel wire are brought in free, and nails are taxed from 50 to 60 cents per 100 pounds. We hear a great deal about the necessity of building and making accommodation in our great cities for the common people, for the labouring people. Nails are something that go into building construction, yet while the raw material is permitted to come in free, the nails that go into our houses are taxed as I have stated.

We are told about the protection that the farmer gets, and I want now to refer to oats. The farmers are protected by a tariff of 10 cents a bushel on oats. We are not asking for that protection. Corn is shipped into this country free of duty, and I do not know that Canadian farmers have ever raised any protest against the importation of free corn from the United States. That corn is put on the market in this country to compete with the coarse grain that we grow. We have, however, no complaint about its coming in free; we find no fault. We are willing to buy from other countries and we are willing to sell; we are willing to stand by open competition and by the world's markets. A tariff, however, of ten cents a bushel is put on oats to protect the farmers of this country. Now, almost every individual, rich or poor, high or low, is a consumer of oatmeal, and the man who manufactures the oats into oatmeal is protected to an extent of 60 cents per 100 pounds. Therefore, while the farmer is given a protection of 10 cents a bushel on oats, the miller is protected to the extent of 60 cents per hundred. Ten cents a bushel would amount to only 30 cents per hundred, or just half the protection afforded the man who produces the oatmeal for human consumption. There seems to be an injustice in that regard.

Now, as regards clothing: woollen goods, worsted, etc., come in under the British preferential tariff at 30 per cent, and a

reduction is now made of 2½ per cent. But the general tariff on these goods is 35 per cent. Clothing is a universal necessity; and these goods are needed by the common people as much as by any others. Yet the home manufacturers are given a protection of 27½ per cent under the preferential tariff and 35 per cent under the general tariff. This is another article in regard to which the tariff is unsatisfactory, for it is unfair to the ordinary consumer, to the masses of the people, and, in a word, to every one who buys clothing of this description.

Let me now refer to automobiles. There was a time, when they were first introduced some years ago, when they were looked upon as a luxury which could be afforded only by the rich. To-day, however, they can no longer be considered in that light. Almost every one who can possibly raise the money to buy an automobile feels that it is practically a necessity. At any rate, if it is not a real necessity it is a great convenience to all classes of the community. Automobile parts come in free. In other words, automobiles can be brought into the country free of duty if the separate parts are brought in individually; while, I understand, the tax on the assembled car is 35 per cent. As I construed the remarks of the Minister of Finance (Mr. Fielding), I took it that the changes in the tariff in this respect had reference to conditions as they exist on the farm. I presume that people coming in from the United States to settle in this country can bring in their farm implements and automobiles free of duty; but this privilege does not extend to any one who goes over from Canada to the United States and buys an automobile which he brings back. Such a purchaser, as I understand the law, has to pay the duty of 35 per cent; and there is an excise tax, I believe, of 5 to 10 per cent added according to the value of the automobile. Now, I may be somewhat crude in my calculations, but if I understand the thing at all clearly, that excise tax will be so much more added to the cost of the automobile, although it will undoubtedly bring in so much more revenue to the treasury. Let us look into this automobile question for a moment. You can buy a Ford car in Detroit for $348. Of course, the sales tax, exchange, etc., must be added, but the actual f.o.b. price of the automobile in Detroit at the Ford works is $348, as I have stated. Thirty-five per cent on that is $121.80. So that when you go to Detroit and buy that car and bring it into Canada that $121.80 goes into the revenues of this country. A Ford automobile is sold f.o.b. Ford, Ontario, according to the company's own advertisement which I took from one of the Ottawa newspapers, at $535. The Ford car bought in Detroit, Michigan, costs only $348 net, and even when you add the tax of $121.80 to that price it is not as high as the price you pay for the car at Ford, Ontario. Possibly, however, when you have taken into account the exchange and one thing and another you may be able to get the same car a trifle cheaper in Ford, Ontario, than in Detroit, Michigan. But here is the point I want to emphasize: If they can manufacture a car in the Ford works at Detroit for $348 net, they ought to be able to manufacture it in Ford, Ontario, at practically the same cost. And when you pay $535 for the car at Ford, Ontario, the difference between that price and the smaller amount you pay at Detroit does not go into the revenue of the country, but into Henry Ford's pocket. It seems to me, therefore, that there is room for a readjustment of things along these lines that would make for improvement generally.

I shall now refer for a moment to the question of drawbacks. Let me say at once that I am not favourable to drawbacks, and I do not see why they should be allowed. I do not see why manufacturers should not pay a duty on some of the raw material that they bring into the country even if they do reship the finished product to the country from which they got that raw material. I do not think it is at all right that they should be given a drawback of 99 per cent of the duty they pay on the raw material when it comes into the country. In the year 1921 no less a sum than $12,839,914.41 was paid in the way of drawbacks; and in addition to that, according to the Auditor General's report, the sum of $71,000 was expended on paid investigators who were charged with looking into the system of drawbacks. Now, it appears to me that instead of returning to our manufacturers nearly $13,000,000, or 99 per cent of the duty they have paid on their importations of raw material, that money should be retained in the exchequer. In a word, I am opposed to the drawback system.

We are told that our farmers are protected, that in building up our manufacturing industries we are building up a home market for our farm products. But,

as I view it, so long as we farmers produce a great deal more than we consume we must sell our surplus products in the markets of the world. While it is true that there may be comparatively few farmers in close proximity to our large manufacturing centres where they can sell their products direct to local consumers, the great majority have to place their products on the open market and meet the competition of the world. This is borne out by our exportations of farm products for 1920, when we sent abroad vegetable products to the value of $482,924,672 and animal products to the value of $188,359,937. So long, then, as we produce more than we consume, it appears to me that it is misleading to speak of our agriculturists as having a protected home market; obviously they must sell their surplus in markets where they face competition from other countries. We are not complaining of that condition of affairs, but we feel that our manufacturers ought also to be able to compete in the markets of the world.

Now, I want to draw the attention of the Government to some of the statements made by the Prime Minister of to-day during his western tour in 1920. I am not going to express an opinion as to whether the budget really carries out the promises contained in those statements; I leave it to the Government themselves to answer the question. I am quoting from the Canadian Annual Review for 1920. Speaking at Victoria, B.C., on September 28, the Prime Minister's speech is thus reported:

> The Leader started by describing this as a period of transition; he expressed a fear that the war had made the rich richer and the poor poorer; he considered the present situation one in which there were forces of might and greed and power on the one hand, and forces of ampler freedom on the other.

Of his speech at Edmonton, I find the Review has the following:

> He traced a great similarity between the Liberal and Agrarian party policies: "They are alike in that they stand for freer trade, not for free trade; they are alike in that they aim for freedom rather than restriction in matters of trade; they are alike in that they would rather reduce than increase the burdens of taxation which are imposed upon industry and upon the people by a custom tariff."

And again, in the course of the same speech:

> "We believe that the tariff as at present existing needs revision, and that in this revision we unquestionably would wish to be guided by due regard to the position and legitimate needs of all branches of our national industries; we feel that a downward revision of the tariff, and, in some instances, its complete elimination should be immediately effected."

At Wetaskiwin the hon. gentleman is reported as stating:

> "We demand a revision downward, certain classes of articles to be substantially reduced, such as food, clothing, boots and shoes and other articles which enter into the home."

I am going to leave the Government to decide for themselves whether or not the Budget carries out what was stated by the Prime Minister on those occasions.

It appears to me that the fiscal policy of this country is a dual policy, in that it permits our great manufacturing firms to bring in their raw materials practically free and protects their finished products. In other words, they stand for free trade so far as the importation of their raw materials is concerned—for in looking over the list I find that there are over 1,000 articles on the free list, and those articles largely enter into their manufactured goods. So that it looks as though we had a dual fiscal policy that stood for permitting the rich men—because I look upon the manufacturers of this country as belonging to the rich class—to bring in their raw materials free of duty, while at the same time the finished product is protected to such an extent that the great masses of the people are taxed for the benefit of the manufacturers. I think there should be some alteration made in that system. That is, if we are going to continue to have a high protective tariff for the finished products, I think the raw material imported for their finished products should be taxed. In that way we would add to our revenues. Either that alteration should be made, or there should be a great reduction in the tariff on the finished products which have to be bought by the masses of the people who of course have to pay this tariff in the added cost of their purchases.

This policy of protection not only affects the farmers, but it affects our business men, our retailers in our cities, towns and villages, in this way. The higher the price of the goods to the retailers, the higher price they have to charge their customers, and on the whole I do not think our retailers are making fortunes out of their business. We want our retail men to live, but they have got to add to the actual cost of the goods their overhead expenses, and the consumer has ultimately to shoulder the whole burden. So that the higher the price of the goods, the less goods the

retailer will sell; the less he sells, the smaller his percentage of profit. The high price of goods, therefore, militates against all classes of the community.

In conclusion, I wish to give one striking illustration of the point that I have been trying to make. In the fall of 1920 the manufacturers of agricultural implements increased the retail prices of binders by about 20 per cent. An implement dealer for the Massey-Harris firm in a little town close to where I live and do business, sold fifteen Massey-Harris binders in 1920, before the price went up; in 1921, after the increase, he sold only one. You can see, therefore, that the increase in the price militated against that man in his business. In 1920 he had his percentage of profit on the sale of fifteen binders; in 1921 he had the percentage on only one. So that these conditions affect not only the farmers, but the masses of the people, the consumers of the country. And that is the result of a protective tariff that makes the rich man richer and the poor man poorer.

Mr. ONESIPHORE TURGEON (Gloucester): Mr. Speaker, my genial friend the ex-Minister of Finance (Sir Henry Drayton), in opening the debate this afternoon, extended his congratulations to our present esteemed Minister of Finance (Mr. Fielding) on the succinct budget speech which he delivered on Tuesday last. I wish also to express to the Minister of Finance my sincere appreciation of his long career and of the fact that he has so well set forth in his budget the present conditions of our country and the provision we must make for the future. I recall the fact that when the present Minister of Finance took office with the Liberal Party in 1896, he found the affairs of the country in a similar dilapidated state, but with his vision of the future he was able, during the years that his party were in power, to make of Canada one of the most prosperous countries of the world. That prosperity, continuing from year to year, was felt by the workingman, the fisherman, the lumberman, the school teacher—all classes of wage earners in the country. I felt the other day when he was delivering his speech that with his vision of the future we may now commence to prepare for the enjoyment of a degree of prosperity which will recall the conditions which existed during the former regime of the Liberal party. When the effects of the war have become less burdensome I am confident that conditions will be such that every one of us, every Canadian who was at the front as well as all those who contributed to the maintenance of our soldiers, will feel impelled to give credit to the veteran financier of Canada, the present Minister of Finance.

It is evident that the budget speech delivered the other day does not altogether meet with the approval of many hon. members who sit in front of me. Under present conditions it is impossible to bring about a state of prosperity in the course of a few days. If I were to lean unguardedly upon my economic proclivities and tendencies, the budget is not one which I would like to have. But in that budget we see at once the wisdom of the Minister of Finance. We see that he has estimated the true conditions prevailing in Canada and throughout the world, and I am sure that when the conditions following upon the war have disappeared, we shall have a return of that prosperity which we enjoyed in past years. It is my view, however, that in the preparation of the budget, in the statement of the economic conditions under which the country is to be administered in the future, the Minister of Finance, whoever he may be, should always at least keep in sight the free trade beacon, the only light which will guide the ship of state through tortuous channels and along rocky shores to the haven of prosperity, contentment and happiness. But the Minister of Finance has adopted all measures which, according to his judgment and in view of the critical condition of the country, could reasonably be expected. Any revision he has made of the tariff has been downward, according to the principle which I cherish for the betterment of Canada and of the world. If we cannot immediately enjoy the prosperity which we had during the previous years when my hon. friend was minister of finance in the Laurier administration, it is only because conditions throughout the world and the aspirations of nations have changed. In 1911, when my hon. friend proposed a measure destined to bring about the greatest degree of prosperity and happiness on the part of the Canadian people, he was not charged by his opponents with having not well administered the country during the preceding fifteen years, but he was told that he should "leave well enough alone"; that we had been enjoying so much prosperity that it would be dangerous to go further. Owing to circumstances which I do not wish to recall—circumstances which are the occasion of sorrow and regret

on the part of many of our people—the reciprocity pact, proposed by the Liberal party of that day and accepted by the American people in the form of an enactment on their statute book, was rejected by the majority of the people of Canada. At once we saw the industry and commerce of Canada decline in every direction from its prosperity to a state of dilapidation. To-day we are faced with the fact that the United States has turned her back on us and refused to put into operation the reciprocity pact of 1911. But it is to the greatest honour of my hon. friend the Minister of Finance, in my judgment of the conditions of the country and looking to the future, that on taking office, notwithstanding the adverse conditions, he made his way to Washington and again offered to the President of the American republic the means whereby the two countries could come into mutual agreement and restore the reciprocity pact of 1911, or something equivalent under present conditions. One may think, because that step did not meet with immediate success, that everything has been lost to Canada, but for the fact alone that the step was taken, impelled not only by his consideration of the future happiness of Canada, but by her future relations with the United States, facing as the two countries do the oriental problem which makes a mutual understanding highly desirable—for that fact alone he is to be commended to present and future generations, and I personally wish to express my admiration for what he has done. In a satisfactory solution of that problem is bound up the happiness of the western hemisphere and of the great nations of Japan, China, and the Pacific Islands. Great Britain, under the beneficent smile of Providence, and by the power of her love beaming across the seas, has been able to unite her millions of subjects on every shore into one common soul, as was witnessed on the outbreak of war in 1914 when the people of her world-wide empire sprang to the common defence, impelled every one by an invisible power, the love and admiration of the British Crown which they were bound to save for the maintenance of Christianity and the happiness of the world. Likewise Canada in the near future, with the breadth of her love mingled with the democratic sentiments of the people of the American Republic, will instill in the minds of those oriental people, in their very soul and heart, sentiments of humanity, which alone will be able to bring peace to the world. Patriotism alone is not enough, patriotism must be fortified by considerations of humanity; and it must be learned and remembered that the word of the scriptures: Do unto others as ye would that they should do unto you, applies not alone to individuals, but as between nation and nation. I say that this step taken by the Minister of Finance in going to Washington will certainly contribute to bringing the people of the United States to a better appreciation of the Canadian people, and it has already been vindicated by the change in public opinion of the people of the United States. Six or eight months ago one would have thought that the Fordney measure, promulgated by those extra-protectionists in the United States, was about to come into force. It passed Congress in a few days, but the Senate has not yet passed it, and day by day more difficulties are being met with by these extra-protectionists who inspired the farmers of the United States with the idea that they should keep out the farm products of every other country. The people now find that they have been deceived by this extra-protectionist doctrine, and to-day there are difficulties in the way of enacting the measure. After all, it may not be adopted, and it may be the pleasure and the happiness of the Minister of Finance before many months, perhaps when we come back next session, to say that he has been treated differently by the American people, and that he is in a position to propose some trade relations with the United States which will eliminate from the present budget those extra tariffs of which my hon. friend has complained—and I do not altogether find fault with him for doing so, but we must have the prospect of the future relations between Canada and the United States in mind. Only the day before the Minister of Finance presented his budget, I read of an event in New York which ought to inspire confidence in the heart of every Canadian. On the 22nd of May, the executive committee of the American Bankers' Association, a body which undoubtedly commands respect in the United States and in this and every other country, made a declaration to the people of Canada, which I shall read as it justifies the step the Minister of Finance took some three or four months ago.

> We declare our faith in the value of a closer community of interest between the United States and our great neighbor, Canada. These two countries constitute the greatest geographical union of English-speaking people in the world. There is a natural unity of purpose, unity of political ideals and unity of business interests between the two that should be emphasized rather than obscured by the border

line between them. We bespeak from American business, American banking and American public development of friendship between the two.

Such is the declaration of one of the greatest commercial and financial bodies of the United States with respect to Canada.

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

Mr. TURGEON: When the House rose at six o'clock, Mr. Speaker, I was about to discuss the public debt and the question of taxation. The hon. Minister of Finance in his budget statement showed that during the last fiscal year although there was an apparent surplus of $33,125,000, expenses on capital account, cost of loan flotations and demobilization have increased the public debt by $86,417,000. The income tax and business profits tax showed an increase of only $14,000,000 odd, and the Minister of Finance told us that he expects a shortage of $40,000,000 on the income tax for the current year, which will not surprise any of us when we realize the industrial depression through which Canada, in common with the rest of the world, is passing. The estimated revenue for the current year is $332,629,000—a very large amount compared with our revenues in pre-war years—with an expenditure of $466,983,000, besides supplementary estimates yet to come, but which no doubt owing to the rigid economy which is being practised by the Government will not add very substantially to this total. If we add to that estimated expenditure the railway deficits to be provided for, we must realize the wisdom of the minister's appeal to the country for the practice of rigid economy.

In common with my hon. friend, the Minister of Finance, I fear that the people at large, having been so long accustomed to think in millions and billions during and since the war, have not yet appreciated to its full extent the necessity of economy. Perhaps some of our people are inclined to think that the country can continue to shoulder further deficits and obligations without limit, but it is time for them to realize that we are now in a period of transition, and must face the alternative of bankruptcy or prosperity, according to whether we are prepared to restrict ourselves to only absolutely expenditure or to continue to indulge in our war-time extravagance.

As is well known, our chief competitors in the manufacture of farm implements are our friends to the south, and although it may be a subject of complaint on the part of some people that the Minister of Finance has not made a very substantial reduction in the tariff on farm implements from Great Britain, it must be remembered that we can manufacture these implements in sufficient quantities and at as low a price as that at which they can be imported from the Old Country. Perhaps no one in this Parliament is more anxious to have the fullest possible freedom of trade between Canada and the other parts of the Empire. I have always supported the British preference, and I would view with pleasure such an increase in the preference as would eventually lead to perfect freedom of trade with the Mother Country. But this is not practicable under present world conditions, and again we have to admit that the Minister of Finance could not well go much further than he has done in the generous extension that he has made in the British preference. The development of trade with Great Britain would not only reduce the price of many of our commodities, but it would provide return cargoes for our merchant marine, and furthermore increase our railway traffic, which of course would reduce our railway deficits considerably, and it is conceivable that with our railway traffic increased to a sufficient degree our railways would not only be able to meet their expenses of operation but show a surplus.

I sympathize with the farmers of the West if they feel that they are not getting perhaps all that they had expected from this budget, but they must realize that this is only a beginning undertaken under the worst possible industrial and financial conditions in the history of our country, and under the circumstances I am sure they will be prepared to accept this budget as an earnest intent of what the Government will do as conditions improve. As I said this afternoon, the time will soon come when we will be able to promote greater freedom of trade with our neighbours to the south. Already public opinion there is veering around in favour of removing restrictions on trade between the two countries, and I fully believe that eventually the farmers of the West will get every reciprocal advantage which the United States can offer them.

The reduction on farm implements may not be regarded as a very large one, but it applies to all the articles needed by the

farmer for the maintenance of himself and his family, and, taken in a general way, I think it will be found that the result of all these small reductions will be a great benefit to the farmer. Many other commodities besides what the farmer may require are either placed on the free list or reduced to a very great extent.

The fishing industry has been well looked after by the Minister of Finance in his budget. This is an industry which has not perhaps received the consideration it merits from the people of Canada. The value of the product of the fisheries is about $60,000,000 annually, and that is of the same economic value to the country as $60,000,000 worth of farm products, because all these products are food for the people. The operations connected with the fisheries help us in the maritime provinces to keep our young people at home. It is therefore greatly to the benefit of the large families which we have in the maritime provinces that this industry should prosper—as it is, of course, a benefit to the country at large. The toiler of the sea deserves just as much consideration from the people as the tiller of the soil, and when the Minister of Finance reduces the taxation on many of the things required by the fishermen he is doing something which our fishermen have been waiting for and which, I am sure, will be approved by the people of Canada generally. The fishermen in the maritime provinces are taking new courage. Their industry has recently been given an impetus by the building of a large number of gasoline boats for the carrying on of their operations. In the harbour of Shippigan there are sixty or sixty-five gasoline boats, each manned by three or four fishermen, engaged in bringing in the product of the sea and thus helping to reduce the cost of living. The minister has effected a reduction in the duty on gasoline required for the boats of the fishermen, and that is a great benefit to them. If there is one man who spontaneously expresses his appreciation of this action on the part of the minister, it is the humble representative of the county of Gloucester, the largest fishing constituency in New Brunswick, second only in the maritime provinces to that of my hon. friend from Lunenburg (Mr. Duff). The fishermen of Gloucester and of all the maritime provinces, as well as those of the British Columbia coast, who, no doubt, also require encouragement in the development of their industry, will appreciate this reduction. There is no doubt that in the aggregate the cost of production of the necessities of life and, as a consequence, the cost of living, will be considerably decreased as a result of these provisions of the budget.

The lumber industry has also received consideration at the hands of the minister. I would like to mention also the benefit which will result from the reduction from $9 to $2.40 a gallon on alcohol for medical and surgical treatments. The druggists have had to pay $9 on every gallon of alcohol they used in medicinal preparations, not for the landlords or the millionaires of Toronto or Montreal, but for the masses of the people, for the carrying on of surgical operations and for use in hospitals, both civil and military, in every province. These differences in prices will be of great benefit to the tiller of the soil as well as the toiler of the sea. The farmer of the West will benefit to a greater extent, perhaps, than he has realized. Surgical and hospital treatment is expensive in the prairie provinces and the beneficial effect of this reduction will be very much felt. Every druggist in my own town has called upon me and spoken of the difficulties to which he was subjected owing to the false interpretation by the public of their motive in charging these high prices, and it was my duty to tell them that when the next budget came down I was confident the Minister of Finance would give this matter consideration. I wish now to convey to the minister the thanks of the whole population of the county of Gloucester; and I am sure the people all over the country will have the same feeling.

Some of the farmers of the West may not be satisfied, I know, with the additional sales tax which the minister proposes. But the necessity for this tax has arisen out of war conditions; it was really a tax imposed on the people of Canada to meet the expenses of the war. It will, of course, bear equally on all classes of the people, but let us all as Canadians and as British subjects remember that but for the winning of the war, instead of being happy British subjects to-day, we would be German slaves. Therefore, each and every one of us should bear willingly his share of the taxation necessitated by the war.

I know that some people with different economic views would suggest different sources of taxation. Hon. members who have been here in past parliaments have heard my pronouncements on other sources of taxation. A plank in the Farmers' platform

has been the taxation of land values. I am in favour of that mode of taxation, and I am sorry to say that for the last three or four years I have been alone in this Parliament in developing the idea of the taxation of land values in this country. I had expected last year, and again this afternoon when I saw my hon. friend from Dufferin (Mr. Woods) rise, to hear an appeal for the taxation of land values. If my hon. friend had made such an appeal this afternoon, I would have seconded him in an effort to educate the people of Canada to the benefit of such a mode of taxation. Of course, the Minister of Finance was not in a position to introduce the taxation of land values at the present moment because the people of this country have not been sufficiently educated to accept it, but having given it years of consideration I am convinced it would be a great benefit to this country. If it were only introduced as a special tax for the reduction and elimination of the war debt, we could realize a large amount from it, and it would save to the people of this country an enormous sum in the aggregate in the interest we are now paying on the war debt. We are already paying interest on a debt of two billion dollars, and in fourteen or fifteen years time we shall have paid in interest an amount equal to the whole war debt, and every score of years thereafter we shall go on paying the like amount and succeeding generations after us, unless we start now to reduce the debt. I hope the people will come to realize in another year or two, and the day cannot come too soon for me, that it would be a splendid thing for this country to follow the example of France and impose special taxation to be applied to the reduction and elimination of the war debt. In 1870 France was placed under an immense war debt to Germany and given a number of years in which to pay it off. The people of France imposed special taxes on themselves and paid off in the course of three or four years that whole debt, which in the ordinary course of events would have taken them thirty or forty or fifty years to pay off. I know the time has not yet come in this country, but I cannot allow this opportunity to pass without suggesting the taxation of land values for the purpose of the reduction and elimination of the war debt, and I appeal more particularly to the Liberal and Progressive members of Parliament, because it has been a plank in the Progressive platform.

[Mr. Turgeon.]

We are warned by hon. members on the other side not to follow the convention platform of 1919. Are we in a position to-day to put that platform into effect? We have made a start, and we can do it by degrees, just as the Minister of Finance in 1896 gradually brought the country to the fifteen years' prosperity of which I spoke this afternoon. I hope that the Minister of Finance will consider every possible means of restoring happiness and contentment to the people of Canada, but the happiness and prosperity of a country can never be attained without raising to its greatest possible limit the purchasing power of the nation, and by that I mean the purchasing power of the fisherman, the farmer, the labourer, the professional man and all classes of people. Unfortunately, the first thing we hear of, in trying to bring about that happiness, is the cry: Decrease the wages, decrease the salaries, and then decrease the freight rates. I say that we should commence by increasing production; open up every possible avenue of production and every possible channel of distribution, which is as essential as production itself. The purchasing power of the people is the custodian of industry. Keep the people employed every day in the year, give them a wage corresponding to the cost of living, and you will keep the wheels of industry turning, and the labouring man will be able to buy the products of Canada in preference to imported products.

9 p.m.

Before leaving this question of the tariff and taxation, I refer with pleasure to the appeal of the Minister of Finance at the conclusion of his budget speech the other day, for unity and harmony between capital and labour. The principles of humanity which must guide both capital and labour have been so well defined in that book entitled "Industry and Humanity" that I will not attempt to add one word. It is an admirable expose of those principles and should be introduced in every home in Canada and given all possible publicity. It should be read not only by every labourer and capitalist, but by everybody, because the principles contained therein are well enunciated and would appeal to the ordinary intelligence of the people of Canada. If those principles are well applied, a new world of contentment, happiness and prosperity will be created.

The question of railways and the question of immigration go together. We need immigration and we need railways, to as-

sist our immigration, and we must select the immigrants who will settle on the farms, or who will help the farmers already settled in the country. We do not require any additions to the labourers in the city for some time yet, until conditions become normal, because immigration in that direction would only tend to aggravate unemployment. Let the Minister of Immigration (Mr. Stewart) follow the policy which he has enunciated in Parliament, and bring only that class of immigrants, and I am sure they will find happiness and prosperity when they come here, and that is the best advertisement we can possibly send to Great Britain or to the Scandinavian people in the future. If we make our immigrants happy and contented at once, and they report their happiness and contentment to their families and neighbours whom they have left, a larger number of people will come to Canada, and that will contribute to the prosperity of our country.

Our railways are in a serious condition owing, perhaps, to the fact that they have deficits, and we must expect those deficits for a certain number of years, although I hope there will soon be a marked decrease in them. The people of Canada today are looking upon government administration of our railway system with apprehension, and those in favour of government operation cannot promise success for some time to come. Some people in Canada represented by, perhaps, men of the higher finance are utterly opposed to government ownership. Only a few railways have succeeded under private operation. I respect the views and the principles of those who are totally opposed to government operation, as well as the views of those who are in favour of it. During the last fifty years, since I have had some knowledge of railways, I have always believed that a certain mileage of the railroads should be under government operation if, for nothing else, than to afford competition between government lines and privately owned lines, in order that the people may not be oppressed by heavy freight rates imposed by private corporations in control of the roads. I respect and sympathise with the opposition to government operation of a great many of our colleagues on both sides of the House. Meanwhile, whether we favour government operation or private operation, we have to do the best we can in the situation which has been imposed on the Liberal party and upon the country.

I will not find fault with either party on account of the situation to-day. It is known to the people of Canada. But let us consider what we have to do under these circumstances. The Government have decided to give government operation of the Canadian National Railways the fairest kind of a trial. We must give them every possible chance, and do it seriously and honestly, or not at all. If we can make public ownership a success and if we can ameliorate the condition of the people of Canada, we will certainly have rendered a great service. I have great faith in the Minister of Finance and the Minister of Railways (Mr. Kennedy). Members who know me in this Parliament will realize that I speak my convictions, and if I did not have confidence in those ministers, I would say so. The present Minister of Railways is a man of large commercial and financial experience, and his heart and soul are in the business he has undertaken, which is for the benefit of the country, and, perhaps, for his own glory. We can only decrease those deficits from year to year by the selection of men not only of good reputation, but of high intellect in the business world; and men, particularly in the various eastern divisions, possessing railway experience and capacity. These men will be able to make a success of government operation of Canadian roads.

Of course, there is one company that is held up before the public as an example by all those who have confidence only in private ownership and operation. It is the great Canadian Pacific Railway Company. That company, no doubt, has deservedly won the admiration of the people of Canada and of the world; but in a sense also, it has been generously treated by the people of Canada, by having been given immense tracts of land which, if they belonged to this Dominion, would be a great asset to us. These grants covered the expense of the first construction of the road. We have been told that the Transcontinental has cost $160,000,000. If we had put in reserve for the payment of the Transcontinental one-half the quantity of land that was given to the Canadian Pacific, we would have realized over $200,000,000, and the Transcontinental would not have cost a dollar of money to the people of Canada, because the land would have covered the cost. Therefore, I say that while Lord Shaughnessy, Mr. Beatty and all their staff may deserve the admiration of the people of Canada, after all, if we grant them all their virtues, possibilities and potentialities, in

the exercise of their qualities and virtues they are only human beings; and if the Canadian Pacific can always find human beings to come, one after another, and manage their railway, the Government, the nation of Canada surely ought to be able to find human beings of equal potentialities and possibilities to manage the Canadian National Railways in such a way as at least to give them a fair trial. These people are not angels dropped down from heaven for the purpose of operating the Canadian Pacific; they have acquired their virtues by the development of their energies. Let the men whom the Minister of Railways (Mr. Kennedy) will select, put forth the same energy and effort, and I am sure they will also succeed in a very short time, if not in making a great success of the Canadian Natonal Railways, in at least in giving the people of Canada an equally advantageous service to that of any private corporation.

Many experiments will, of course, have to be made. When the hon. member for St. John city (Mr. Baxter), who, I regret, is not in his seat at present, spoke on that subject a few days ago, he advised the Minister of Railways and the members of the board that the minister has to select, to work in close harmony with the Canadian Pacific, and thereby, as he thought, ensure the successful operation of the two roads. I hope and I wish that the members of the board whom the Minister of Railways will select, will be possessed of all the virtues of harmony and co-operation, and they will certainly at times receive advice as regards efficiency of operation, labour and other matters. But I must tell the hon. member for St. John city and the people of Canada that those same members of the board whom the Minister of Railways will select, will also require to be endowed with a strong power of resistance against the natural cupidity of the private owner. The private owner will look after his interest first of all; that cannot be otherwise. Therefore, while we want co-operation, we want also a certain distance between the two boards, so that each of them may give the best possible service to their enterprise and to the public.

When Sir Wilfrid Laurier and the Liberal party in 1904 proposed to the people of Canada the construction of the Transcontinental, which was destined, if not diverted from its proper function, to bring about the prosperity of the West more particularly, and also that of the East, and to bring the products of the West from Winnipeg by the natural channel to Quebec, the Canadian Pacific opposed that project with all the force they could bring to bear against Sir Wilfrid Laurier and the Liberal party. I remember also that, when the Conservative party came into power, Canadian Pacific officials were the first to induce the Conservative party to divert traffic from the Transcontinental in order that they might benefit more by that traffic. I have not forgotten, nor shall I ever forget, that it is due to the efforts of Canadian Pacific representatives that the Board of Railway Commissioners refused to give, on grain to be transported from Winnipeg to Quebec and in winter from Winnipeg to St. John, that special preferential tariff under which the Transcontinental could have carried the products of the West from Winnipeg to Quebec, and by which a saving would have been effected of five or six cents on every bushel of grain which the western farmer has had to transport since that time. As a result of this lack of effort to give the lowest possible rate to Canadian railways, whichever they were, 65 per cent of the shipments of grain has gone from Port Arthur across the lakes to American ports, instead of coming by Canadian railways to Quebec, St. John or Halifax. These are facts, and, therefore, I say to the Minister of Railways: Be on your guard; be harmonious, but discreet, and you are sure of getting fair results. We all know—and my hon. friends from the province of Quebec who are listening to me at present know well—what a diversion of traffic there was during the last seven or eight years from the port of Quebec due to the efforts of the present board of directors of the National Railways. They know that if they had had the trade for which that railway was built, without doing any injury to other railways, the city and harbour of Quebec would have been a great haven of prosperity. I have always wondered at the docility of my compatriots of Quebec, for I am sure that if the people of Toronto had been in Quebec during the last ten years, we would have had a revolution, and it would have been to the benefit of the people of Quebec and the people of Canada. I say, therefore, to the Minister of Railways, who is not within reach of my voice at present, but whom I shall have occasion to meet again: Inspire your officials with true feelings of patriotism. If he does this and the officials direct their efforts to the proper management of the railways, I am

sure that the deficits could be reduced and in time wiped out.

But I would remind my good friends from the Prairie provinces that the railways cannot be made a success without their co-operation. Do not let them imagine that Port Arthur is an ocean port, or that once their grain reaches that port that is the end of their interest in the matter as Canadians. It is not. They may feel that when their grain gets to Port Arthur it may as well go across the Atlantic through American ports, but this is not the right view for them to take as Canadian citizens who desire to see the country prosper as a whole. I say, let every bushel of grain shipped from the West be so distributed that in summer it may go by way of Montreal and Quebec, and in winter by way of Quebec, St. John and Halifax. If this were done the shippers of the grain would stand to lose nothing, while Canadian shipping would be benefited and the railways, carrying the grain to Canadian ports, would have increased business to that extent, which would naturally go towards the reduction of the deficits. Just consider what has been lost to Canadian interests by the fact that during the past few years 65 per cent of the grain shipped from the West, passing through Port Arthur, instead of going overseas via eastern Canada has been shipped by way of New York, Baltimore and Boston. In other words, Canadians have helped to build up the shipping business of these American ports to the neglect of the home ports. That is not patriotic; and as the railways would have carried all that grain, if it had been shipped through the Canadian ports I have mentioned, it is obviously an important consideration for every true and loyal citizen of this Dominion. Let us all bear in mind the fact that the railroads cannot possibly pay operating expenses, to say nothing of reducing the enormous deficits with which they are burdened, if they have not trade to keep them busy. They are not ornamental; they are not merely to be looked at and admired as we admire this building in which we are assembled to-night. The railways must be moving all the time, and they must have sufficient freight to make their operation profitable.

Now, in regard to the controversy over the question of public ownership, it is contended by those who are opposed to the principle that the operation of railways by governments has proved a failure in Europe as well as in Australia. There are many reasons for this. For instance, in Germany, which is cited as one example, the railways were practically controlled by the military authorities. During peace time they were obliged to carry troops from place to place, besides mountains of munitions, and all the freight that they carried was of no commercial value at all. They carried none of the products of industry and therefore could not be expected to pay. The same was largely true of France. These railways were being operated for the sole purpose, or practically so, of transporting munitions of war and other freight that represented no returns. The United States also tried government ownership, which apparently failed there too. They took over the railways during the war because the companies could not carry the burden that accumulated during that time. The government there was determined to make asuccess of its participation in the war and they took over the railways for that purpose. Australia also failed in government ownership and operation of the railways in that country. I might remind the House that the conditions in Australia were similar to the conditions that obtained in connection with the Intercolonial Railway at the time of Confederation.

With a small population of some 4,000,000 scattered throughout a vast territory like Canada, surplus was impossible. It was decided at that time that Canada should build the Intercolonial railway as part of the Confederation agreement with the Maritime provinces. It was felt that for 50 years at least there could be no possibility of a surplus in connection with the operation of this railway. The Intercolonial began its operations under great disadvantages, and according to the Drayton-Acworth report it accumulated deficits amounting to $6,000,000 during the last 28 years prior to the publication of that report. Notwithstanding all the disadvantages under which it laboured, however, the fact remains that many ministers, including Mr. Blair, the present Minister of Militia (Mr. Graham), and the late Conservative Minister of Railways (Mr. Cochrane), were able to show surpluses at different times in their respective administrations. And I think the fact has been demonstrated that, with proper management, this railway can be sucessfully operated. But while it is true that deficits amounting to $6,000,000 have been incurred, the railway has given excellent service to the people both of Western Canada and of the Eastern pro-

vinces, having taken lumber, coal and fish to the markets of the West, and brought back flour and other products from those provinces to the East.

Operation by the government means meeting all the expenses of operation but not necessarily showing a profit. Under private ownership railways, to be a success, must not only earn their operating charges but a sufficient surplus to pay dividends to their shareholders. Under government ownership and operation we save to the people those dividends which, instead of going into the hands of private individuals, are put back into the railways so that they may be operated with still greater efficiency for the benefit of the people at large.

The Minister of Railways (Mr. Kennedy) in his wisdom has decided to divide the National Railways into three divisions. My hon. friend, the member for St. John (Mr. Baxter), gave credit to the ex-Prime Minister for having enunciated this plan in his public addresses last year. Might I recall to the House that two or three years ago I, amongst others, endeavoured to impress upon the then Minister of Railways the necessity of dividing the Canadian National Railway system into three divisions with headquarters at Moncton, Montreal or Toronto, and Winnipeg. Last year I repeated my suggestion, but the then Minister of Railways paid no attention to it, and it was not until the ex-Prime Minister, after having visited nearly the whole Dominion without ever mentioning the idea of establishing a division of the National system with headquarters at Moncton, on his return from Prince Edward Island last October, arriving at Moncton in a wintry atmosphere and meeting a chilled audience, resorted to his ingenuity and declared, "Gentlemen, I will make Moncton the centre of a division;" but still the clapping of hands failed. That was the first word we heard of any such suggestion.

Mr. BUREAU: An election promise.

Mr. TURGEON: Yes, an election promise made too late, for after the 6th December he could do nothing in the matter. But this is the programme of my hon. friend the Minister of Railways, and I say that it is the only possible way in which to make a success of government operation, for by having these divisions the interests of the local shippers can be looked after at the divisional headquarters and difficulties settled at once without any of the delay which is entailed by having to refer everything to one central point.

I have always been of the opinion that the Intercolonial Railway must remain a government railway, and in that connection I recall an incident which happened in 1909, when the then Minister of Railways (Mr. Graham), in reply to offers that were being made by private interests to buy the Intercolonial Railway at its full cost of construction plus losses of operation up to that time, loudly declared that the Intercolonial Railway was not for sale. I have always admired him for the public-spirited stand which he took on that occasion. And when I say to the present Minister of Railways that I hope he will make a success of our National Railways, I wish to add—and I hope my words will influence not only the minds of the present but of the coming generation—that should unfortunately the Grand Trunk and the Canadian Northern Railways ultimately have to be returned to private ownership, I sincerely trust that the Intercolonial Railway never will be sold.

Mr. JOHN A. MacKELVIE (Yale): Mr. Speaker, I have followed the very detailed and exceedingly comprehensive argument of the hon. member for Gloucester (Mr. Turgeon) with close attention, and while I do not find myself in accord with its general trend, I should like to assure him and also the hon. Minister of Finance (Mr. Fielding) that I do very heartily associate myself with the well-deserved appreciation he expressed for the hon. Minister of Finance who has once more presented the budget after so many years of long and faithful service to his country. I wish to assure the hon. Minister of Finance that all the expressions of good-will and appreciation are not of necessity confined to his own side of the House. But while I appreciate greatly the labour entailed in presenting a budget at a juncture such as this when responsibilities are so great and the difficulties so manifest, I must confess that I would be greatly pleased if I could proceed to consider the minister's proposals with anything like the same degree of satisfaction which they evidently afford my hon. friend who has just resumed his seat.

I had not intended to participate in this discussion at such an early stage, but I thought it advisable, indeed imperative that I should take the first opportunity to voice, on behalf of my constituents, what I consider to be a very serious griev-

ance on their part as a result of one of the features of the minister's proposals. I shall come to a fuller consideration of this later on, but in the meantime I wish to say that when the hon. gentleman removes from the Customs Act a dumping clause which is really effective, a dumping clause which for the first time could be depended on to operate, he is inflicting on the fruit-growing industry of Canada a serious hardship which will menace their future prosperity and advancement.

I must express, however, my satisfaction that in his proposals the hon. minister does not interfere with that specific measure of protection which is now by the tariff given our apple industry. But while with one hand he affords that measure of relief, with the other he wrenches away from us a factor which has been very considerably used during the past year in protecting that great industry. I must of necessity, I suppose, traverse some ground that I have covered in previous addresses in this House when I speak regarding the apple industry of this country. But when I say that in British Columbia this year the export of fruit amounted to some 6,000 cars, in value about $8,000,000; when I say that in my own constituency four out of the five provincial ridings which comprise it are vitally interested in the production of fruit, and that in the Okanagan valley we have an area of some 20,000 acres planted in fruit trees, containing probably well over 1,000,000 apple trees alone; when the whole life of the country is tied up in the success or failure of this great industry, I feel that I would not be fulfilling my responsibility to my constituents did I not voice, with all the force which I possess, a protest against the removal of this very effective measure of protection contained in the dumping clause. Let me first, however, deal in a somewhat more general manner with some of the features of the minister's budget which have struck me in giving it rather hasty consideration.

I wonder just exactly how this budget will appeal to my good friends to my left. So far we have had little indication as to their conception of how it will affect their interests. True, one of their members, the hon. member for Dufferin (Mr. Woods), did speak this afternoon in the course of the debate, but so far as I could gather from his remarks, he approached the subject in a rather bewildered state of mind. I remember that he did say or intimate that he considered half a loaf better than no bread; but that immediately called into my mind another quotation in which reference is made to those who ask for bread and are given a stone. I think, perhaps, that would very fully express the sentiments which must lurk in the minds of most of my friends to my left when they consider the nature of the proposals made to the people of this country by the Liberal party when in opposition—pledges vehemently reiterated throughout the length and breadth of this country during the campaign last autumn—and the manner in which those undertakings have been implemented now that the Liberal party, for the first time in some years, occupy the treasury benches and have an opportunity of carrying them into effect.

In order to make myself clear, and that I may not be thought to be placing the Liberal party in anything approaching a false position, I wish to quote very briefly from that renowned platform evolved at the historic convention of the Liberal party held in this city in 1919. Reference to that platform has, of course, been made on several occasions during the present session as well as during this debate; and no doubt it will be the subject of frequent reference during this discussion. The fundamental principle of the Liberal party with respect to the fiscal policy which they proposed to enact when they attained power is embodied in the following paragraph from the resolution passed at their convention in 1919:

> That the best interests of Canada demand that substantial reductions of the burdens of customs taxation be made with a view to . . . diminishing the very high cost of living which presses so severely on the masses of the people; That, to these ends—.

Mark this:

> That, to these ends, wheat, wheat flour, and all products of wheat; the principal articles of food; farm implements and machinery; farm tractors, mining, flour and saw-mill machinery, and repair parts thereof; rough and partly dressed lumber; gasoline, illuminating, lubricating and fuel oils; . . . . cements and fertilizers, should be free from customs duties, as well as the raw material entering into the same.

There was the pledge; there was the platform, followed by as solemn a pronouncement as words could make, that when returned to power this great Liberal party would implement to the last letter and the last dot every promise announced in this platform. Now, by the budget recently brought down by the hon. Minister of Finance, how much effect is given to those solemn pledges? Are wheat and

wheat flour and foodstuffs relieved from all customs taxation? They are not only not made free, but they are left exactly where they were before; and those which have been reduced have been brought down to the magnificent extent of 2½ per cent. Am I justified in wondering how a pronouncement of that kind will be received by the members of the Progressive party who sit to my left, and by their constituents who sent them here to represent their desires in this House?

Then, the next paragraph of the resolution says:

> That a revision downwards of the tariff should be made whereby substantial reductions should be effected in the duties on wearing apparel and footwear, and on other articles of general consumption (other than luxuries) as well as on the raw material entering into the manufacture of the same.

How far has that pledge been implemented? How much reduction are you getting on your footwear, on your wearing apparel? Two and one half per cent on your footwear coming from Great Britain and a similar reduction on certain specified articles; but the great majority of the articles coming under this category are left exactly where they were before. I think I gave expression to the opinion when I spoke earlier this session that the hopes of my Progressive friends were doomed to serious disappointment when the fiscal policy of the Government should be disclosed, and I think that those hopes, which I believe I have been tottering steadily all through the course of the session, have now come down with a crash, and—

> O, what a fall was there, my countrymen!

Well, if that be the measure of relief; if that be the extent to which the great Liberal party are able to implement their pledges and sacred promises, how much dependence can we place upon any present or future announcement that may be made from the same source? Under such circumstances, was not the ex-Finance minister, who moved the amendment, justified in laying before the House this afternoon a resolution which expresses none too forcefully, at no too great length or elaboration, but in plain terms, exactly how honest and decent thinking people of this country should regard such a breach of faith? We are fresh from an election campaign. We all know what happened throughout the length and breath of Canada during the few weeks preceding the election—how on every platform where a Liberal orator appeared, this handbook of the Liberal party was held up, this platform was again brought before the electors, and these promises were reiterated,—almost shrieked into the ears of an expectant public. An hon. member reminds me that the case of Brantford was an exception; the hon. member who represented the Liberal party there out-Heroded Herod in his advocacy of protection.

Another cardinal point of the policy of the Liberal party announced in their preelection pledges was a fifty per cent reduction in the British preference. How far have they advanced along the line of implementing that pledge? I know that was a pledge very dear to the hearts of my Progressive friends. I know their own platform gives prominence to that feature. Indeed, I think it announces that their objective is complete free trade with Great Britain in the course of a very few years. Once more, then, we see a group which I suppose did rely to some extent upon the solemn pledges that were repeated during the campaign and upon the promises spread broadcast by a great political party in this country—once more we see them doomed to perhaps the most severe disappointment which ever befell a group of expectant people in this country. It is true it is only a repetition of history, and that in 1896 practically the same thing occurred, but a lengthy period has elapsed since then, and the sentiments of the Canadian people have undergone a great change since that time. We have, I believe, as a people begun to think more seriously about political affairs and other matters than we were prone to do before the war. We have, I think, probably attained to a more exalted opinion of what is due from political parties, what their duties and responsibilities should be, and although subsequent to 1896 pledges were broken that were given prior to that date, and broken brazenly, I have grave doubt if the same apathy and indifference will follow the disclosure of broken pledges by a great party in this year of grace 1922. I think public sentiment will bring to bear now a much closer scrutiny of public affairs than was wont to be the case in those days. Here we have the Minister of Trade and Commerce getting up this afternoon and making an endeavour to reply to the strictures of the ex-Minister of Finance contained in his amendment, and what does he say? He rests his whole case upon one argument, and it is simply this: Oh, he says, it must be remembered that at the convention when that platform was

announced and those pledges were given, we had a speech from the gentleman who is now the Prime Minister of Canada, and in that speech he did not go as far as the platform, but simply said that he would take the platform as his chart to direct his future political course. Now, Mr. Speaker, I ask this question: If the country was to understand that, not the solemn pledges of the party assembled in convention were to guide their future course, but that the guide was to be a speech given at a time when the hon. gentleman's spirits were naturally elated because he had suddenly been lifted to the proud position of leader of a great party, and his words could hardly perhaps have been as well considered as the written declarations of his party, if he at that time did intimate—and I confess it may be read into his utterance as produced this afternoon—that he had some glimmer of a suspicion that it would be rather difficult to follow the course there outlined, and he announced in that speech something approaching a policy to govern his actions and be the guiding star and the motive which would impel the future course of the Liberal party, why was not that speech of the hon. gentleman circulated instead of the handbook containing the platform which was spread broadcast throughout this country and quoted at every political meeting, while the speech remained in obscurity so far as I know? True, the present Prime Minister in a meeting at Toronto, if I mistake not, did give expression to sentiments somewhat similar to those contained in that speech and say something about a chart and a compass. Well, I have sometimes thought that the compass which guided his party was very peculiarly constructed. I have always regarded a compass as an instrument whose needle points steadily towards the magnetic north, but I venture to say, after considering what has occurred this session, and after giving consideration to the utterances of the Minister of Finance regarding his attitude on reciprocity, and after hearing what fell this afternoon from the lips of the Minister of Trade and Commerce, who very frankly announced that reciprocity with the United States was the goal to be aimed at by his party, and that it must sooner or later come into effect—and he intimated that in his opinion it would be rather sooner than later,—I think in view of all these things we would be justified in noting the fact that this compass which guides and directs the course of hon. gentlemen opposite, rather than indicating the true north, has veered round under the influence of some constellation which rises above the Capitol at Washington. I think, Mr. Speaker, that once it sinks into the consciousness of the people of this country that the policy which they denounced so emphatically in 1911, when by an avalanche of votes they swept the reciprocity proposals into what a good many of us thought would be oblivion, when it is known that those proposals are to be brought to the fore and become the prime policy and guiding star of our friends across the way, I believe that the same verdict will be given even in a still more unmistakable manner than in 1911. For, surely, if it was justifiable then for the people to turn down those proposals, how much more justifiable is it to-day? In those days our financial situation was greatly different from what it is to-day. We did not need to raise from the tariff, for revenue purposes, anything like the sum it is requisite for us to raise in order to meet our requirements to-day. Then we did not have a great railway problem on our hands, and it was not our duty so essentially as it is to-day to foster and develop by every possible means traffic east and west along that line of communication rather than north and south. More than that, we did not have such a tremendous trade balance against us as we have now, and we were not in so good a position to judge of the effects which an increased adverse trade balance, by importing largely from the United States, would have upon our financial position. So I say, whatever may have been the verdict in 1911, if a man keeps his ear to the ground to-day, as I suppose so astute a politician as the Minister of Finance does, I should greatly wonder if he has not heard already indistinct rumblings that would indicate that any policy such as he cherishes so dearly would not find acceptance with the people of this country.

10 p.m.

I was going to say that my principal objection to his budget proposals rested in the elimination from the Customs Act of the amendment passed last year giving us a dumping clause, as it was known, which was really effective. I have in my hand a telegram received only a few moments ago from the Traffic and Credit Men's Association of British Columbia, one of the largest handlers of produce and fruit in British Columbia. It reads as follows:

Press reports state Fielding proposes eliminate cost production amendment to anti-dumping clause on ground that it constitutes an unne-

cessary interference with trade. Please wire reply exact position more especially as to whether he raised any objection on principle; also advise full what possible action we can take; also if any alternative protection suggested; also what is attitude progressives. Very keen interest in matter here. Much depends on your reply.

Naturally enough, knowing the attitude assumed by the Minister of Finance last session when this Parliament enacted that amendment, I gave expression to my view during the campaign last autumn that if the Liberal party came to power they would not keep that measure of protection on the statute book. I was ridiculed by my opponent, a Liberal gentleman, who thought he had the confidence of the party in that respect, and he said that it was wildly absurd to think that any interference with the customs tariff or the dumping clause would be for one moment contemplated by the party which he represented, if they attained power. The election came on, and that gentleman was not successful in obtaining a seat, but his apprehensions and the apprehensions of his party, and of every board of trade, every commercial organization, every fruit shipping concern, practically every city council in the whole length and breadth of the Okanagan and adjoining valleys, were raised to a pitch of excitement over the dumping clause. The result was that a deputation was sent to Ottawa by the associated boards of trade of that valley, headed by my opponent and another gentleman, Mr. Cossitt, of Vernon, president of the Yale Liberal Association. That deputation interviewed the Minister of Finance (Mr. Fielding), the Minister of Customs (Mr. Bureau), and possibly the Prime Minister (Mr. Mackenzie King). They stayed here a few days, and on reaching home announced to the press that, after interviewing the Government at Ottawa, they had the assurance that the dumping clause would not be interfered with. Do you wonder at the British Columbia Traffic Association asking me in despair, "What will we do about it"? I will be compelled to say "I do not know." I can make the protest and will present to the Minister of Finance a plea in as strong language as I am capable of presenting, that if he wishes to do anything to injure an industry in which about forty million dollars are involved in the way of investment, and in which a great number of men, women and children are employed, an industry which exported goods to the value of $8,000,000 from that valley to other parts of Canada and abroad this year,

[Mr. MacKelvie.]

and if he wishes to handicap their operation and make it more difficult—and goodness knows it is difficult enough to pursue these operations in the Okanagan and other sections of that province—then let him maintain his resolution to do away with the dumping clause. If, on the other hand, he has any desire, as I believe he has, to build up that industry and to give the people there some prospect of success in their endeavours, I plead with him not to maintain his resolution. I am not asking this as a matter of politics, for politically it would be a personal advantage to me to have this provision maintained as it has been announced in the budget, but I would a hundredfold rather throw away any political advantage that would come to me than to see the future of this great industry jeopardized, as it will undoubtedly be, by the proposal contained in the Finance Minister's budget.

I may say to my friends to my left that the success of this business has been very largely built up along lines of co-operation, which, I believe, they consider the proper means of conducting public affairs, as far as possible. The large bulk of the fruit is shipped by co-operative associations grouped together and selling their stuff through the agency of one central consignment association called the Okanagan United Growers, and no greater blow can be inflicted upon the spirit of co-operation than to maintain the proposal of the Finance Minister to abolish that clause in the Customs Act. A dumping clause in the Customs Act, I think, was introduced by the present Minister of Finance away back about 1903 or 1904, and for years we tried to make it effective, but without avail. There were a dozen ways of camouflaging the situation. Goods were sent in on consignment, goods were invoiced improperly, and in a score of ways we found that our efforts were rendered futile, and that we might as well give up any hope of relief from the old dumping clause. Pressure was brought to bear upon the previous government to give us a dumping clause that would really act, and, as a result, in the Customs Act of last year a clause was inserted, the provisions of which, briefly, were that, instead of basing the consideration of the cost of an article upon the marketing price in the place of production, it should be based upon the cost of production where it originated and the customs officer in any locality in Canada was given this privilege; if goods were sent in

to be sold at a ridiculously low price in competition with home grown products, the customs officer could immediately ascertain what the cost of that product was at point of shipment, add the freight to that charge to bring it to the point where it was offered for sale, and then he was authorized to put on an extra customs impost, to bring it up to a reasonable selling price

The Finance Minister seems to labour under the misapprehension that it was a very difficult act to enforce, and that the poor customs officer was subjected to all kinds of hardships in ascertaining the selling price. I do not know how it would operate in all commodities, but, as far as it affects the fruit industry, it was a matter of the most absolute simplicity to arrive at the cost of production at the point of origination. We invoked that act at least twice last year, one time when the prairie markets were flooded with pears at a dollar a box. We knew the cost of production in Washington, where the pears originated, within a fraction of a cent. There was no difficulty in ascertaining that. The Credit Association of Washington had figures published week by week which were available to us. I believe they cost $1.96 to produce, without taking into consideration the freight charges. We immediately invoked the dumping clause in the Customs Act, and they were compelled to put these goods on the market at a reasonable price. Of course, a good many of our prairie farmers who think they would receive cheaper food in the way of fruit, if this clause were eliminated, are viewing the matter from a mistaken point of view To the south of British Columbia lie two great fruit producing states, Washington and Oregon They always have a surplus. Their production has exceeded the markets of the country. Their object is to sell their prime extra choice fruit at good prices, and they succeed. In order to do that, they have to get rid of their fancy or choice varieties, grades 2 and 3. They ship those to our prairie markets, and those second and third grade varieties set the price for our No. 1 on the prairie market, because they are acceptable to the average buyer, and we have to put down our No. 1 fruit in competition with their grades 2 and 3. We do not object to that very much, but object to having the market slaughtered by apples being sent there, as they were in 1912, 1913 and 1914, and offered at 40 cents a box, when it cost more than two and a half times that amount to produce them.

Mr. EVANS: We did not get any of those on the prairie.

Mr. MacKELVIE: I have seen apples offered at Calgary at 40 cents a box. Once our fruit growers are driven to desperation and throw up the sponge, as they will have to do if too many hardships are inflicted upon them, they may be ruined. If they tear up their orchards and try to go into some other branch of agriculture, it will take years because they cannot change their business without a sacrifice of a great deal of capital and a considerable amount of time. Once that happens and the markets of the prairies are controlled by the American fruit grower, I venture to say there will be no more cheap fruit. We do not ask a protection that has the effect of raising the cost of food on the prairies. The history of the business shows that protection has not had that effect. I will give the House a very convincing example. The cost of Washington and Oregon apples in Regina, or in Winnipeg, Saskatoon or Brandon, or any of the prairie cities last year or this year has been just the same to a cent as to points directly across the line in the two Dakotas. I go further than that and say this: Although the duty on apples was the only duty affected by the change in 1916, when that duty was raised from 11 1-3 cents a box to 30 cents a box, the price of apples did not advance in anything like the same proportion as the price of plums, cherries, pears and other fruits, which were not subjected to an increase in protective duty. In spite of the increase in protective duty, the difficulties of the business have increased in a greater ratio. There is a continual fight against insect pests. Farmers have to spray their orchards at all seasons of the year; they have to fertilize, they have to prune and gather the brush, and they have to irrigate at an expenditure of $10, $12, $15 or even $17 an acre. Any person from the prairies who thinks the British Columbia farmer is making an undue profit from the product of his toil, is certainly much mistaken. I, therefore, feel justified in once more placing the case before the attention of the Government and asking the Minister of Finance (Mr. Fielding) if he cannot make inquiries in an endeavour to reach a solution which will give to those people the protection which I believe they are amply justified in asking.

I do not care to enlarge very much tonight on the general aspect of the tariff. I cannot fail to note, en passant, though, that the party which was pledged to re-

trenchment, the party which talks of the tremendous extravagance of the past administration and that told the masses of the tremendous burden of taxation which was placed upon them, have again failed very signally in showing any real disposition, in fact, any remote disposition, to bring down taxation by the very apparent and available means of reducing expenditure. What is the situation? In some fifty enumerated articles we get a reduction of 2½ per cent, and in one or two articles a reduction of 5 per cent in the duty, a reduction that will possibly amount to about $1,000,000 for the current year. On the other hand, we have a sales tax which last year brought in $60,000,000, and it is proposed to increase that sales tax by 50 per cent. What relief is afforded to those masses of the people who were subjected to such horrible taxation, if we are to believe the statements of the present Government while they were in opposition? The masses get $1,000,000 taken off the customs tariff; they get $30,000,000 added on to the sales tax. In other words, the masses have to pay $29,000,000 more this year than they were called upon to pay under the preceding government. Has there been any indication, I ask my hon. friends who sit to my left, of any desire, on the part of any party in this House except the group which sits around me, to effect any reduction, by a policyof retrenchment, in the burden of taxation which rests so heavily upon the people of this country? I leave that question with them. If it has been evident to them, it has not been evident to me.

Mr. GARDINER: What about the militia estimates?

Mr. MACKELVIE: I am glad the hon. gentleman mentioned the militia estimates. This great country of Canada with a budget this year of about $466,000,000, has effected, in the Department of Militia and in the Department of Naval Service, a little bit of—what shall I call it?—I cannot call it retrenchment. There has been cut off, anyhow, a million or two, with what results and effects? The present Government have absolutely ruined both services, and I have, in justification for that statement, the expressed pronouncement of the Minister of Militia (Mr. Graham) when he first brought down his estimate to this House. He told us then, on the advice of responsible officers of his department—and he mentioned the name of one of them, a man held in high esteem throughout Canada—that the irreducible minimum had been reached in the estimates presented to the House—if those are not his exact words, that is the effect of them—and that under no circumstances could the militia be kept up in anything approaching an efficient manner if any further reduction were made. Then we had the pitiable exhibition of the same hon. gentleman coming to this House a few evenings later, and with a bludgeon held over his head, being compelled to swallow his words. My hon. friend to my left says: "What about the militia?" It happened to be my privilege to-day, while I was passing up Elgin street, to see the cadets of Ottawa training, and the sight was an inspiring one. Yet what heart will be in those cadets from now on, what prospects of continuing that splendid organization will they have, when they know the attitude taken by the Minister of Militia and the present Government towards the magnificent services they are giving to the state and themselves? A man has to approach this matter from the grounds of both personal observation and experience, and from both grounds, I can say that we should not interfere with this cadet organization. When I was a boy, I did not have the advantages which boys have to-day in that respect; but I have always considered myself fortunate to have been able to enter what was called the Grammar School Cadets of St. John, N.B. We had to provide our own uniforms, to do the whole thing ourselves. We were fortunate enough to have the instruction of a retired sergeant-major of the Imperial army who had served through the Indian Mutiny. He was rather a martinet; but he succeeded in instilling into us principles of precision and decision, and he gave us a healthy respect for discipline. This worked inestimable advantages upon the physique of all the boys who attended that school. A few years afterwards I found myself in Calgary, when the North-West Rebellion of 1885 broke out. There was a time when the sparsely-settled population of the praires was in danger of being annihilated by the Indians and by those who rose under the banner of Riel, and naturally enough everybody flocked to the standard raised then to bring together a group of men to defend their homes. The little experience which I had acquired as a boy in St. John stood me in wonderfully good stead there, and I have always since then, as I said before, considered that it was very fortunate for

me that I was subjected to that training in my boyhood days. Yet this is one of the things which the Minister of Militia—I do not believe in his heart he feels like doing this—is compelled to brush aside as a matter of small importance to the people of this country, and as my hon. friend to my left says: "We have a reduction in the militia estimates."

I pointed out in this House the other day what an intolerable injustice was effected upon the Naval Department by the contemplated action of the minister. We have a military college at Esquimalt, and I know a number of boys in my constituency who have received training there with a view to entering the navy as a career. They have been there one, two, three years, and now that opportunity is taken away from them. They must give up their career, although their parents have been put to a heavy expense in launching them upon it. Yet I could not elicit from the minister the slightest degree of consciousness that he or his Government was under any responsibilty for this action. Nevertheless, when I speak of retrenchment all that is suggested to the mind of my hon. friend to my left is that we have cut down the militia estimates, and at a time such as this. I suppose some of us read to-day the speech delivered in the British House of Commons by that great Imperial statesman, Mr. Lloyd George. I suppose we appreciate the difficulty that confronted him at Genoa, and that most of us were glad—I was intensely glad myself—that once more he came out triumphant with his enemies at home and that, because of the underlying truth and sincerity of every word that he uttered, he was able to swing the House of Commons to a position to which he had so often brought them before. Once more triumph perched upon his banner. If there is one man in this world who has had the responsibilities of conducting the great war particularly heavily on his shoulders in the last few years, it is surely the Prime Minister of Great Britain. And yet to-day he is assuming an attitude which I believe carries with it, perhaps, on the part of the civilized world, more appreciation than even his magnificent efforts as war prime minister evoked. He can now be truly termed an apostle of peace. And it is significant, Mr. Speaker, that in this country of ours, guarded and protected during these years of strife by the British navy, which alone kept us from being overwhelmed by the German invader—

Mr. FIELDING: Except the Japanese.

Mr. MACKELVIE: Well, the Japanese did something on the Pacific coast, but no one will contend that they kept the North Sea free. I was about to say, that it ill becomes us, who have received such protection at the hands of the British navy, to say that, notwithstanding the fact that we are spending more than $50,000,000 more than the Government did last year, we cannot afford a paltry million or two for the army and navy. And this is the Government that was going to retrench. I suppose that on the Pacific coast we have reason to congratulate ourselves, though the situation is no longer as it was. The Anglo-Japanese alliance has been broadened into a four-power alliance, and we can call if necessary upon France and the United States to protect our coast if aggression were now to offer. But this is unnecessary. We can all sleep in security, resting our heads on our pillows at night in the proud consciousness that sweeping up and down the coasts, protecting us from any invader, are the two trawlers so kindly provided by the Minister of Militia (Mr. Graham).

Now, not content with tampering with the clause in the Customs Act which gives protection to the fruit industry, we now have the spectacle of a finance minister coming before the House and declaring that the time has again arrived when the inestimable privilege may be enjoyed by the Canadian people of trading freely with the Germans. It is obvious that with the depreciation of the German mark, nominally in times before the war worth 23 cents, and now worth about one-third of a Canadian cent, if you allow goods to come in under valuations of that kind, no customs tariff would afford protection. But we did overcome that difficulty last year when we inserted a clause that gave us that protection by stabilizing the currency at 50 per cent of its value. Now our factories have to be subjected to this competition. Men seeking employment here will have to compete with the German labourer, who, as we were told this afternoon, is willing to work for $3 a month, of our money. I wonder if there are no sentimental reasons that can appeal to this House in this connection. I do not think I am a man who cherishes implacable hatreds; I do not believe that in my constitution there is in any great degree a spirit of vindictiveness; but I can well remember—indeed, Sir, I do not think I am ever likely to

forget it—that during the war period men and women from one coast to the other in this country denounced German atrocities and brutalities and vowed that never again would they trade with a brutal nation of that kind. I wonder if we are not justified in departing just a little from the cold commercial aspect of the question and giving some slight consideration to the sentimental view of this matter. There are men and women in this country, of whom I am free to confess that I am one, who are not inclined to forget that the blood of countless innocent babes and women, and murdered hospital nurses and wounded soldiers who were killed in hospitals, if it does not cry for vengeance at our hands, has at least a justifiable claim to remembrance. And I would rather be in the position of a government that tried to exclude a reasonable amount of German goods from coming to this country, than be one to throw down every possible barrier and allow our country to be flooded by the products of people who were our enemies a few years ago and whose ideals are yet very far, I think, from approximating our own.

Well, we come now to the amendment that has been offered. I have said that I oppose this budget primarily because of the injustice it inflicts on the fruit growing industry, in removing a dumping clause which was really effective; and yet I can also sincerely stand behind the resolution moved by the ex-Minister of Finance (Sir Henry Drayton) this afternoon, not, as the Minister of Trade and Commerce (Mr. Robb) indicated, in an effort to obscure the issue, because the party opposite are pursuing a course which I consider objectionable or wrong. It is too late to-day for me to inform the House that I am a protectionist. Protection is one of the fundamentals of my political creed, and I am proud to say that I belong to a party whose political compass has never deviated from the pole in that direction during the whole period of its history. For over half a century we have had a Liberal-Conservative party in Canada, sometimes in power and sometimes out of power. But whether occupying the treasury benches or sitting to the left of the Speaker, they have ever and always maintained, on this important question, an attitude which never left them open to the reproach that they had deserted their flag for one moment. It is not because I am anxious that the party opposite should do what we say they have not done, it is just exactly because of what the resolution expresses, that I believe they should be censured. Surely the time has arrived, as I said before, when thinking people demand from a great party some policy or pronouncement behind which there is sincerity. But take this document of theirs, this famous declaration of the National Convention, and you see that the ruthless fingers of expediency have gripped it and torn its pages off one by one, scattering them to the four winds of heaven until they litter the ground along with other historical scraps of paper which we have heard so much about during the last few years. In view of this, I feel amply justified in giving my support to the amendment proposed this afternoon.

Mr. D. W. WARNER (Strathcona): Mr. Speaker, at this late hour I do not feel like making a long speech, but I do want to express my views upon certain aspects of the budget that has been presented to the House. I have had a bitter disappointment in the budget. We in Alberta have not been asking for free trade at once; we have known that it was not advisable, that perhaps it was not even possible for us to at once enter on a free trade policy. However, we have had in the backs of our heads, and we have yet, the idea that we want to get a whole lot taken off the tariff and the burdens of our people thus lightened just as soon as possible. Our disappointment is in the slightness of the reduction. It is so small that it would make very little difference in the expense of our living or in the expense of operating our farms. Indeed, in my judgment, it is really not any reduction at all, for if I figure it correctly, our expense will be more instead of less when the sales tax is taken into account. We hoped for a greater reduction. The Liberal sentiment in Alberta has been very strong for years, the Progressive sentiment has been stronger, towards tariff reduction, and about the first thing I would have said to me by a Liberal if I undertook to talk politics to him in the last few years would be, "We have got to have the tariff reduced."

As I have said, we have not been looking for very much—and certainly we have not got very much of a reduction. Last fall, if I might approach the subject, the Liberals tried very hard to get even one seat in Alberta for a cabinet minister. This was an earnest, honest effort on the part of some of the Liberals in that province. But I believe they will have to try a good deal

harder next time unless they show greater tariff reductions in their next budget. These are prophecies only. I do not like to talk politics, but it looks to me as if the Liberals by this budget had not gone very far towards strengthening themselves in the West.

I have found two articles on which there is a 5 per cent reduction of duty, and only two; all the rest less, mostly two and a half per cent. I find that the British preference on collars and cuffs is increased 5 per cent. Now, the Alberta farmer wants to dress just as well as he can afford to, but one man told me in the last campaign that he had not worn a stiff collar and cuffs for six years. Now then, this 5 per cent off his collars and cuffs is not going to do him much good. I myself have worn them a little oftener than that, but I do not know whether I and others are going to be able to continue to do so unless we have a little better tariff treatment.

There is also, I find, a 5 per cent reduction in the duty on dairy utensils. I had quite a time here a few days ago telling you people how hard it was to carry on the dairy business. I was out against oleomargarine; I am yet, and I would like to see the dairy business get a fair chance to make good. Our Minister of Finance made a strong appeal for oleomargarine. I suppose he has a tender spot in his heart, and is trying to give us something back as consolation for the hard knocks that he tried to give the dairy business in that speech. Now he is giving our dairy men a 5 per cent reduction in the duty on their dairy equipment, but I think it will be a good, long time before he can convince our dairy men that that is the proper way or sufficient to enable them to compete with oleomargarine.

The Minister of Finance also made a number of remarks regarding the lack of the need of protection of the people regarding the consumption of oleomargarine. We have been protecting the people of this country a long time. As far as I am concerned—I am speaking for myself individually—I know that we have been protecting certain people long enough, and that the farmer and the dairy man deserve a little more protection and a little more consideration than they are getting out of this budget. We have protected the people against certain things, and we have made it compulsory that their children shall go to school. But there is not very much duty taken off the wearing apparel that those children have to wear in the cold country that we live in. Wool and hides are almost given away in the West at the present time. It is very hard to sell them, and in any case you cannot sell them at a price that is anywhere near the cost of production, and we do not hope to under present conditions. But the duties on woollen goods and shoes are not reduced at all, and the only concession, if I understand aright, is a 2½ per cent increase in the British preference. We have a right, I think, to expect a reduction of the duty on woollen and leather goods and other clothing so necessary in our cold climate.

Now, as I said before, I believe that the country must provide the money to run the government. At the same time I do not hear any proposal to increase the income tax. We have seen great fortunes built up during the war, and these we are hardly touching with our income tax. When anyone has an income of from $50,000 to $100,000 a year, it seems to me that we can hit him up a little harder and let off the man who is paying all he can stand and more too for his living and is operating his farm at a loss. I think it would be no hardship to get more revenue from the income tax. It may be said that the farmers are not paying the income tax. Well, I want to tell the House that we would be mighty glad to be in a position to pay the income tax once more. I believe it would be more just and more reasonable to reduce the cost of living to the poor people of this country and to take more by way of income tax and some other lines of taxation which would have somewhat the same effect—that of placing the taxation where the people are able to bear it. It has been said to me that we must allow capital sufficient encouragement to induce it to go into business. I grant that; but if the capital gets all the encouragement and the man who needs the manufactured goods cannot buy them, what will happen then? What is happening now? That is just what is the matter with our country at the present time; the people who should buy these goods have lost their purchasing power and what we must do is enable these people to get their purchasing power back again. We are not asking for anything that we think it is unfair for us to have, but we certainly have been paying these tariff duties long enough, and we feel that there could have been more reduction, not only for our benefit, but for the benefit of the whole of Canada. When

I came here—and I feel the same yet—I wanted to do everything that was possible to secure good government. I want to encourage the Government in every way that I can, but I want to see this Government consider the people who are unable to buy rather than the people who, perhaps, are not in need of employing their money. We want to see that money employed, but as in the case of our railroads, we want our people to get a chance to get back on their feet. You cannot do business with people who are not able to buy, and the Government must give consideration to the needs of those people who are the purchasers of all the manufactured goods in the production of which capital is employed.

As far as the British preference is concerned, on the agricultural implements it amounts to little or nothing. Most of the agricultural implements that we buy are made in the United States or at home. Practically all our machinery is made on this side of the water and the British preference does not apply to them. The budget proposes a slight reduction in the duties on farm machinery, but when you put that into a wagon that costs over $100 or a reaper that costs from $280 to $300, you get very little benefit from it. I think the Government might well have gone further in that line and have made up the difference by getting an additional revenue from some of the sources that I have mentioned—from people who are better able to bear it than those from whom it is now proposed to take the money in the form of sales tax. This sales tax is a thing which I confess I do not altogether understand. I do not know just to what extent the sales tax will neutralize the reduction in the tariff, but in my judgment—and it is the opinion of others with whom I have talked on the subject—it will more than neutralize the tariff reductions and will make things cost more instead of less. If that is the case, there is only one saving clause in that feature of it: the treasury, if this tax is collected, will get it instead of the manufacturer. It goes where we want it to go if we have to pay the tax. The hon. member for Dufferin (Mr. Woods) this afternoon pointed out that on automobiles made in this country the manufacturer gets an extra price on account of the tariff—from which is deducted, of course, the small amount of sales tax. On the contrary, when we import an automobile, the duty on it goes to the treasury, and we pay the sales tax in addition. Automobiles are not now considered only a luxury; I believe the people generally look upon them as a necessity. In the case of a farmer who lives twenty miles from town, the automobile has moved him up within five or six miles of town, when you measure the speed of the automobile against the speed of a team in making that distance. The farmers use as few teams as they can; they use their automobile to go to town except when there is heavy hauling to do. The farmer, therefore, feels that he is almost compelled to have an automobile, and the additional sales tax will certainly make the automobile cost him more. In fact, the increase will more than offset the other reductions of which he will obtain the benefit. However, it is unnecessary for me to dwell on this subject; I desire only to make a sort of general survey of the Finance Minister's proposals. I hope that the Government will see fit to do more than is proposed in the present budget toward reducing the cost of living to the farmers and causing them once more to feel that they are going to get a square deal at the hands of the Government.

[Mr. Warner.]

Mr. STEWART (Argenteuil) moved the adjournment of the debate.

Motion agreed to and debate adjourned.

PRIVATE BILLS

SECOND READINGS

Bill No. 109 (from the Senate), for the relief of D'Eyncourt Marshall Ostrom.—Mr. Church.

Bill No. 110 (from the Senate), for the relief of George Herbert Stanley Campbell.—Mr. Ross (Kingston).

Bill No. 112 (from the Senate), for the relief of Robert James Owen.—Mr. Boys.

Bill No. 113 (from the Senate), for the relief of Gibson Mackie Tod.—Mr. Boys.

Bill No. 115 (from the Senate), for the relief of Margaret Thompson.—Mr. Sheard.

Bill No. 116 (from the Senate), for the relief of Daniel Calvin Bell.—Mr. Sheard.

Bill No. 117 (from the Senate), for the relief of Stanley Davidson Morning.—Mr. Duff.

Bill No. 118 (from the Senate), for the relief of Johnston Nixon.—Mr. Rankin.

Bill No. 119 (from the Senate), for the relief of William Andrew Hawkins.—Mr. Ryckman.

Bill No. 120 (from the Senate), for the relief of James Malone.—Mr. Boys.

Bill No. 121 (from the Senate), for the relief of Marjorie Elizabeth Wickson.—Mr. Maclean (York).

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 94 (from the Senate), for the relief of George Daly.—Mr. McMaster.

Bill No. 95 (from the Senate), for the relief of Wrae Elizabeth Snider.—Mr. Duff.

Bill No. 96 (from the Senate), for the relief of Oliver Kelly.—Mr. Rankin.

Bill No. 97 (from the Senate), for the relief of Vera Hamlin.—Mr. Ryckman.

Bill No. 98 (from the Senate), for the relief of George Drewery.—Mr. Stewart (Hamilton).

Bill No. 99 (from the Senate), for the relief of Kate Holmes.—Mr. Hocken.

Bill No. 100 (from the Senate), for the relief of Ernest Hull.—Mr. Duff.

Bill No. 101 (from the Senate), for the relief of Leslie George Dewsbury.—Mr. Church.

Bill No. 102 (from the Senate), for the relief of John Douglas Stewart.—Mr. Sheard.

Bill No. 104 (from the Senate), for the relief of Helen Garrett.—Mr. Ryckman.

Bill No. 105 (from the Senate), for the relief of Arthur Leslie Smith.—Mr. Ryckman.

Bill No. 68, to incorporate the Frontier University, and recommending that the title be changed to "An Act to incorporate The Frontier College."—Mr. McMaster.

On motion of Hon. Mr. Mackenzie King, the House adjourned at 10.52 p.m.

Monday, May 29, 1922.

The House met at three o'clock.

IMMIGRATION BILL

Mr. A. W. NEILL (Comox-Alberni) moved for leave to introduce Bill No. 122 respecting Immigration.

Mr. MACKENZIE KING: Explain.

Mr. NEILL: This is a mild and modest bill. It is non-contentious and I think it should receive the support of every hon. member. It provides that immigrants coming to Canada shall first apply for permission to do so; they shall write from the country of their origin asking for that permission and stating their qualifications, and they can be accepted or rejected at the discretion of the Government. There is a provision in this exempting people of British birth. Primarily it is intended to do away with the injustice, of which we have had evidence even so recently as during the present session, where immigrants coming to Canada from a distance are rejected at the point of arrival. Sometimes families are broken up by reason of one of their members being found undesirable and being deported. This causes great hardship and expense to immigrants, and such an undesirable condition would be obviated by the bill which I now introduce, because intending immigrants would have to state their nationality, their ages, their resources, and the facts regarding their health. The bill requires that these facts shall be stated in a letter of application, and the immigrants can be accepted or rejected as the government sees fit. That is the primary object; but incidentally—quite incidentally—I think it would solve the problem in connection with oriental immigration in the West. There is no mention of Orientals, or Japanese, or exclusion, but the exclusion of these people is secured by the simple method I have stated. I shall not detain the House on the subject at this stage; it can be discussed on the second reading. I would, however, strongly commend the matter to the serious attention of the House and of the Government. I believe that the proposed bill provides a simple and unassailable form of dealing with the Asiatic and oriental problem in the West.

Motion agreed to and bill read the first time.

ST. LAWRENCE WATERWAY

On the Orders of the Day:

Sir HENRY DRAYTON (West York): The press has recently referred to overtures that have been made by the government of the United States to the Canadian government looking to the completion of the St. Lawrence canal. Have such representations been made to this Government? If so, will the Prime Minister state what they are and what attitude the Government is taking in the matter?

Hon. W. L. MACKENZIE KING (Prime Minister): A communication has been received, through the British Ambassador, from the Secretary of State of the United States intimating that the United States government is prepared to consider, with the Canadian government, the matter of entering into a treaty with regard to the St. Lawrence waterways project. The Government has replied to the effect that the present is not an opportune moment to take the matter up, that there has not been

sufficient time to consider the report that has been presented, and that for the time being considering the magnitude of the project and of the expenditure involved the matter should be allowed to remain in abeyance.

Sir HENRY DRAYTON: Does the Government intend to table the request which the Government of the United States has made regarding the treaty, and the reply thereto of this Government?

Mr. MACKENZIE KING: I shall be pleased to bring down the correspondence.

WRANGEL ISLAND

On the Orders of the Day:

Hon. R. J. MANION (Fort William and Rainy River): The Washington Times states that the United States government has decided that Wrangel island is properly the property of Russia and that it should be held in trust until conditions in Russia have become settled. Has this question been drawn to the attention of the Government, and, if so, is any action contemplated?

Mr. MACKENZIE KING: The matter is now for the first time drawn to the attention of the Government by the remarks of my hon. friend.

IMMIGRATION OF ARTISANS

On the Orders of the Day:

Mr. J. S. WOODSWORTH (Winnipeg Centre): I beg to call the attention of the Government to the following despatch, dated from London, May 26:

Many British Artisans preparing to make their Homes in Canada.

Relaxation of Dominion's Immigration Regulations Results in Increase of Men Coming Who are Out of Jobs in Britain

London, May 26,—(Montreal Gazette Cable)—A considerable increase in the movement of British artisans to Canada is expected as a result of the relaxation of the Dominion's Immigration regulations. The orders-in-council having arrived from Canada, the Dominion Immigration Offices here issued copies of the modified regulations to the steamship agencies to-day. They show that cabled reports to the British press were incorrect and that the changes are infinitely more far-reaching than reported. The removal of all occupational restrictions for British subjects is regarded here as the most important change of all. In the past, the immigration of the artisan class was allowed only where such labour was unobtainable in Canada. Now any workman may enter if he has enough funds to sustain himself until he secures employment. With industrial conditions what they are in Great Britain, it is thought that many will avail themselves of the opportunity of seeking to better their condition by going to Canada.

In view of the fact that we have such a large volume of unemployment in Canada, may I ask if there is any protection for the artisans in this country?

Hon. CHARLES STEWART (Minister of the Interior): It is true that the money qualification of $250 formerly exacted has been removed, but notwithstanding that fact care is being exercised by the officials of the Immigration Department to impress upon intending immigrants to Canada who are looking for immediate employment that no work in the artisan classes is available, but that there is abundant room for agricultural labourers, household workers, and others who are able to purchase land or have sufficient means to support themselves in Canada.

Mr. WOODSWORTH: The fact is, then, that the protection hitherto afforded the artisans of this country is removed; am I right in that?

Mr. STEWART (Argenteuil): I do not understand what particular protection my hon. friend refers to. The regulation requiring an immigrant to possess $250 no longer obtains, but full information is given intending immigrants who expect to secure immediate employment on arrival that they are in a sense in the restricted classes. If, however, they have sufficient means to maintain themselves, there is no bar to their coming in.

JAPANESE IMMIGRATION

RIGHTS ENJOYED BY CANADIANS IN JAPAN

On the Orders of the Day:

Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I desire to make a correction in an answer to a question by the hon. member for Victoria City (Mr. Tolmie) with regard to the enjoyment of certain rights by Canadians in Japan, which question and answer will be found in Hansard of May 5th at pages 1513 and 1514.

The answer relates to the right of Canadian labourers to pursue their callings in Japan. In the last paragraph of answer No. 2 it is stated that:

Foreign labourers may not pursue their callings in Japan outside the limits of the former foreign settlements or the "mixed residence" areas without the express permission of the administrative authorities.

I am informed by Mr. Ohta, the Japanese Consul General in Ottawa, that this answer is bound to lead to a misconception. The Japanese Imperial Ordinance No. 352, dated the 28th July, 1899, provides that all aliens, regardless of the fact that some of them are not entitled by treaty or customary practice to freedom of residence in Japan, may reside, move or pursue their callings in any place outside the former foreign settlements or the "mixed residence" areas.

The Japanese Government, mainly in order to ameliorate the restrictions that had been put upon Chinese labourers, promulgated the above Ordinance with a proviso that alien labourers coming from countries having no commercial treaty with Japan or not entitled by customary practice to do so, may not pursue their callings outside the limits of the former foreign settlements or the "mixed residence" areas without the permission of the administrative authorities. It is needless to say, therefore, so Mr. Ohta informs me, that Canadian citizens, irrespective of their calling —labourer or non-labourer—stand outside the scope of this ordinance and are fully entitled to engage in business, etc., in any place within Japanese territory in common with the nationals of the most favoured nation.

In connection with the matter of land holding by aliens in Japan I am further informed by Mr. Ohta, who in these matters is advised and instructed by the Minister for Foreign Affairs at Tokio, that there is provided in the Japanese Civil Code a title of lease of movable and immovable property (besides the superficies and emphyteusis mentioned in No. 2 of the same answer) which all aliens alike with Japanese subjects can obtain for a period of not longer than twenty years; and further that the lease and emphyteusis (the term of the latter is from twenty to fifty years) can be renewed and the superficies can be created for any number of years by contract, tending practically to obliterate the difference from the ownership of land.

Consequently it is maintained by the Japanese Government that foreign residents in Japan are not subject to the least inconvenience in the leasing and holding of land, nor do they complain of the restrictions which still exist with respect to land ownership by an individual alien and which the Japanese Government hopes soon to remove.

I felt, Mr. Speaker, that in view of the answer which was given on the 5th instant I should at once direct the attention of the House to this correction as soon as it was brought to my notice.

PRIVATE BILLS

SECOND READINGS

Bill No. 103 (from the Senate), for the relief of Charles William Murtagh.—Mr. Stevens.

Bill No. 111 (from the Senate), for the relief of Deliah Jane Mills.—Mr. Spence.

Bill No. 114 (from the Senate), for the relief of Mary Agnes Flynn Donoghue.—Mr. Macdonald (Pictou).

QUESTIONS

(Questions answered orally are indicated by an asterisk).

RIVER ST. JOHN WHARVES

Mr. HANSON:

1. Has the Government, or any member thereof, agreed with the Government of the Province of New Brunswick, or any member thereof, to take over from the Province of New Brunswick, all provincial wharves in tidal waters?

2. If so, will such agreement apply to provincial wharves in the River Saint John and the tributaries thereof?

Hon. Mr. KING (Kootenay):

1. No.

2. Answered by No. 1.

CANADIAN NATIONAL RAILWAYS—TIES

Mr. LEGER:

1. What quantity of railway ties were purchased by the Canadian National Railways from the first of September, 1921, to the thirty-first of March, 1922?

2. What quantity was purchased from each province of the Dominion?

3. What are the names of parties from whom said ties were purchased, and the quantity in each case?

4. What was the price paid per hundred in each province?

5. On what date were the contracts given?

Hon. Mr. KENNEDY:

1. 4,554,653 ties.

2. Nova Scotia, 150,430; Prince Edward Island, 2,000; New Brunswick, 677,280; Quebec, 551,731; Ontario, 1,180,900; Minnesota, 123,000, ties purchased in Minnesota are included so as to account for the total amount of ties purchased for the railway company, these ties were for use on the company's United States mileage; Manitoba, 95,729; Saskatchewan, 55,000; Alberta, 478,000; British Columbia, 1,240,583.

3.

CANADIAN NATIONAL RAILWAYS

TIES PURCHASED FROM OCTOBER 1ST, 1921 TO MARCH 31ST, 1922

Date	No.	Name	Address	Quantity
Nov. 3	1	J. Veillet Bros	St. Tite, P.Q	75,000
Nov. 8	2	M. Anderlang	Fort George, B.C	10,000
Nov. 12	3	E. W. Bloomfield	Vancouver, B.C	13,000
Nov. 19	4	G. E. Baldry	Birch River, Man	10,000
Nov. 8	5	P. Brunell	Burns Lake, B.C	5,000
Nov. 7	6	Wm. Copp	Prince George, B.C	75,000
Nov. 1	7	Dominion Lumber Co., Ltd	Edmonton, Alta	20,000
Nov. 3	8	G. E. Farlinger	Sioux Lookout, Ont	200,000
Nov. 26	9	Fort Garry Lumber Co	Winnipeg, Man	50,000
Nov. 4	10	H. Galbraith	Winnipeg, Man	25,000
Nov. 4	11	Olaf Hanson	Prince Rupert, B.C	250,000
Nov. 14	12	E. Henroth	Prince George, B.C	5,000
Nov. 15	13	H. Hunsbedt	Avola, B.C	4,500
Nov. 19	14	L. A. Johnson	McBride, B.C	40,000
Nov. 14	15	David Jennings	Giscome, B.C	50,000
Nov. 12	16	Kleanza Co., Ltd	Esk, B.C	20,000
Nov. 8	17	Olie Hultkrans, August S. Bloom & Carl Person	Burns Lake, B.C	10,000
Nov. 9	18	John D. McArthur	Winnipeg, Man	250,000
Nov. 10	19	J. H. Mathieu	Fort Frances, Ont	75,000
Oct. 28	20	C. E. Fleming Tie & Lumber Co., Ltd	Ottawa, Ont	125,000
Oct. 28	21	The Harris Tie & Timber Co., Ltd	Ottawa, Ont	100,000
Oct. 28	22	Poupore Lumber Co	Ottawa, Ont	100,000
Oct. 31	23	Moline Bros	Iron Junction, Minn	75,000
Nov. 7	24	F. L. May	Hulatt, B.C	5,000
Oct. 29	25	J. J. McKeown	Port Arthur, Ont	25,000
Nov. 7	26	A. Alcorn, Ltd	Blackville, N.B	58,000
Nov. 15	27	W. H. Bell	Edmonton, Alta	25,000
Nov. 3	28	J. S. Penny	Vancouver, B.C	25,000
Nov. 23	29	J. W. Campbell	Vanderhoof, B.C	5,000
Nov. 21	30	Ernest Smedley	Vanderhoof, B.C	10,000
Nov. 26	31	S. McLean	Fort Fraser, B.C	15,000
Nov. 10	32	Robt. McCaffrey	Prince George, B.C	5,000
Nov. 8	33	N. McPhee & Co	Spruce Grove, Alta	25,000
Nov. 26	34	National Tie & Timber Co., Ltd	Winnipeg, Man	50,000
Nov. 2	35	New Ontario Contracting Co., Ltd	Port Arthur, Ont	50,000
Nov. 10	36	Joseph Pauli	Chinook Cove, B.C	1,000
Nov. 1	37	B. F. Peters	Kedgwick, N.B	10,000
Nov. 9	38	The Prince Rupert Logging Co., Ltd	Prince Rupert, B.C	75,000
Nov. 26	39	P. T. Roberts, Ltd	Winnipeg, Man	16,000
Nov. 10	40	F. Schilling & Sons	Chinook Cove, B.C	3,000
Nov. 26	41	Angus Shaw	Fort Frances, Ont	50,000
Nov. 26	42	John Stirrett & Sons, Ltd	Port Arthur, Ont	75,000
Nov. 26	43	James Robinson	Millerton, N.B	100,000
Nov. 26	44	R. Sperling	Warroad, Minn	25,000
Nov. 5	45	Webster & Black	Fraser Lake, B.C	5,000
Nov. 8	46	Murdock Wedden	Newcastle, N.B	10,000
Nov. 14	47	W. J. Weise	Engen, B.C	10,000
Nov. 2	48	R. B. Herron & Co	Tionaga, Ont	75,000
Nov. 1	49	D. & J. Ritchie & Co	Newcastle, .NB	50,000
Nov. 9	50	The Anglo-Canadian Tie & Timber Co	Stackpool, Ont	25,000
Oct. 31	51	A. E. Fetterly	Gravenhurst, Ont	5,000
Oct. 31	52	Marshay Lbr. Co., Ltd	Toronto, Ont	40,000
Nov. 1	53	International Land & Lumber Co	St. Felicien, P.Q	75,000
Nov. 1	54	Clifford Supply Co	Three Rivers, P.Q	75,000
Oct. 31	55	C. P. Blanchard	Truro, N.S	10,000
Nov. 26	56	C. Desrochers	Senneterre, P. O., Nottaway Station, P.Q	10,000
Nov. 2	57	J. A. Boulay	Sayabec, P.Q	10,000
Nov. 4	58	J. A. Turcotte	Amos, P.Q	140,000
Nov. 4	59	John H. Crandall	Moncton, N.B	25,000
Nov. 18	60	W. H. Duffy & Sons, Ltd	Hillsboro, N.B	5,000
Nov. 1	61	A. J. Reid & Sons	Shubenacadia, N.S	15,000
Nov. 25	62	John Ferguson & Sons, Ltd	Newcastle, N.B	20,000
Oct. 31	63	Kent Lumber Co., Ltd	Moncton, N.B	50,000
Oct. 30	64	John F. Kingston	Newcastle, N.B	25,000

CANADIAN NATIONAL RAILWAYS—*Continued*

TIES PURCHASED FROM OCTOBER 1ST, 1921 TO MARCH 31ST, 1922

Date	No.	Name	Address	Quantity
Nov. 4	65	W. S. Loggie & Co., Ltd	Chatham, N.B	15,000
Nov. 4	66	Lynch & Fornier	St. Quentin, N.B	25,000
Nov. 1	67	John Maloney Estate	Newcastle, N.B	25,000
Oct. 29	68	W. J. Scott	Fredericton, N.B	100,000
Nov. 24	69	J. F. Steeves	Moncton, N.B	10,000
Nov. 4	70	Wm. Sullivan	South Nelson, N.B	25,000
Dec. 1	71	Frank Allingham	Vavenby, B.C	1,000
Dec. 3	72	H. P. McIntyre	Chinook Cove, B.C	1,500
Nov. 15	73	Barrett Timber Co	Swift Creek, B.C	25,000
Nov. 5	74	H. Boulay	Kedgwick, N.B	10,000
Dec. 3	75	E. F. Bigland	Lake Isle, Alta	3,000
Dec. 10	76	George Sydney	Louis Creek, B.C	1,000
Dec. 10	77	L. N. Huart	Levis, P.Q	25,000
Nov. 30	78	B. B. Keddy	South Bulkley, P.O., B.C	2,500
Dec. 5	79	H. L. Leedle	Mount Olie, B.C	700
Dec. 1	80	Frank Lewis	Palling, B.C	1,000
Nov. 21	81	R. L. Mudie	Chinook Cove, B.C	1,500
Dec. 1	82	F. R. Sumner	Moncton, N.B	5,000
Dec. 1	83	Thos. Montgomery	Birch Island, B.C	500
Dec. 1	84	Newton Turner	Vanderhoof, B.C	5,000
Dec. 3	85	Western Lumber Co., Ltd	Strathcona, Alta	25,000
Nov. 26	86	F. Gilliland, J. Devauld & J. W. Sackner	Vanderhoof, B.C	15,000
Dec. 6	87	C. A. Garten	Vavenby, B.C	1,000
Nov. 26	88	Wheller & Olson	Newlands, B.C	1,000
Dec. 13	89	McPherson & Quigley	Edmonton, Alta	120,000
Dec. 2	90	James Matchett	Curventon, N.B	15,000
Dec. 5	91	A. Soucy	Val Soucy, Alta	10,000
Nov. 5	92	J. C. & H. C. Simpson	Winnipeg, Man	50,000
Dec. 12	93	John J. Smith & Sons	Chinook Cove, B.C	2,000
Dec. 5	94	A. & R. Loggie & Co	Loggieville, N.B	25,000
Dec. 10	95	Hett & Sibbald	Prince Albert, Sask	50,000
Dec. 17	96	R. T. Henry	Tawatinaw, Alta	5,000
Dec. 12	97	O. B. Eakin	Mount Olie, B.C	1,000
Dec. 9	98	Wm. Featherly	Palling, B.C	1,000
Dec. 20	99	Lausophe Nault	Daveluyville, P.Q	10,000
Dec. 12	100	Northern Cons'n. Co., Ltd	Vancouver, B.C	200,000
Dec. 1	101	P. P. Elliott	Winnipeg, Man	40,000
Dec. 1	102	Jos. Mongeon	Camperville, Man	6,000
Dec. 16	103	C. Carlstrom	Chinook Cove, B.C	1,000
Dec. 19	104	A. F. Newman	Fraser Lake, B.C	1,500
Dec. 21	105	S. Swanson	Junkins, Alta	100,000
Dec. 12	106	V. L. Williams	Prince George, B.C	2,500
Dec. 20	107	Wood & Flock	Port Arthur, Ont	10,000
Dec. 30	108	Pembroke Timber Tie & Pulp Co., Limited	Bagshot, Ont	10,000
Dec. 28	109	Jess G. Edwards	Dome Creek, B.C	800
Dec. 29	110	W. J. Holmes	Winnipeg, Man	33,000
Nov. 1	111	Todd Bros	Winnipeg, Man	50,000
Dec. 29	112	F. M. Dalton	McMurphy, B.C	7,000
Jan. 9	113	Fred Stevens	Fort George, B.C	1,000
Jan. 9	114	A. J. Buchanan	Fort George, B.C	1,000
Dec. 26	115	H. E. Kimball	Prince George, B.C	500
Jan. 3	116	George Ovasko	Fort George, B.C	1,000
Dec. 30	117	Burnt Mtn. Lbr. Co., Ltd	Edmonton, Alta	20,000
Dec. 23	118	Phoenix Lbr. Co., Ltd	Winnipeg, Man	125,000
Jan. 14	119	E. Buchner	Hurdville, Ont	1,100
Jan. 25	120	Cedar Prod's. Co., Ltd	Amherst, N.S	50,000
Jan. 28	121	Thos. Standing	Willow River, B.C	1,000
Jan. 25	122	Emil Lidstrom	Gifford, B.C	10,000
Feb. 13	123	H. W. Keyes	Ranier, Minn	8,000
Feb. 15	124	Martin Bros	Duluth, Minn	15,000
Dec. 17	125	Lunenburg Milling Co	Bridgewater, N.S	25,000
Dec. 17	127	C. M. Bent	Bridgewater, N.S	10,000
Dec. 17	128	J. M. Bruhm & Oikles, Ltd	Blockhouse, N.S	10,000
Oct. 27	131	Robert McPherson	McPherson's Mills, N.S	100
Dec. 7	132	J. D. Walker	Rexton, N.B	2,000
Nov. 25	133	Alph C. Roy	Ruthier Ville, P.Q	300
Dec. 2	134	Calixte Lavoie	St. Cyrille de Wendover, P.Q	1,000
Feb. 21	135	Twin Falls, Lbr. Co	McDougall Mills, Ont	50,000

CANADIAN NATIONAL RAILWAYS—*Concluded*

TIES PURCHASED FROM OCTOBER 1ST, 1921 TO MARCH 31ST, 1922

Date	No.	Name	Address	Quantity
Dec. —	136	D. W. Awalt	Brookfield, N.S.	1,000
Jan. 16	137	Eldred Best	Saltsprings, N.S.	500
Dec. 20	138	C. D. Cormier	St. Paul, N.B.	2,000
Nov. 30	139	Lawrence Doucett	Tourgeon, P.O., Glouc. Co., N.B.	1,000
Nov. 5	141	East'n. Lands Dept. (Britton)	Foleyet, Ont.	50,000
Jan. 12	142	Eppinger & Russell	New York, U.S.A.	2,000
Feb. 9	143	Flemming & Gibson	Juniper, N.B.	2,000
Feb. 15	144	Robert Gass	Shubenacadia, N.S.	3,000
Jan. 9	145	J. D. Irving, Ltd	Buctouche, N.B.	2,000
Feb. 8	146	M. S. Johnson	Upper Leitches Creek, N.S.	300
Nov. 25	147	Kennedy Bros.	West Alba, N.S.	600
Dec. 3	148	D. H. Kennedy	Estmere, N.S.	1,000
Dec. 21	149	King Bros.	Oxford, N.S.	2,000
Jan. 16	150	Williard King	Oxford, N.S.	2,000
Feb. 22	151	Johnny Lepage	Blue River, Que.	800
Jan. 16	152	J. H. Livingston	Wentworth, N.S.	2,000
Dec. 17	153	Maitland Lbr. Co	Liverpool, N.S.	15,000
Dec. 19	154	Malcolm Martin	Orangedale, N.S.	200
Jan. 19	155	R. N. Martin	Alba Inverness Co., N.S.	500
Nov. 23	156	Wesley Mathews	Penobsquis, Kings Co., N.B.	2,000
Jan. 17	157	Lucien Melanson	Monk Carmel, Kent Co., N.B.	800
Jan. 16	158	J. L. Mercier	Manseau, Que.	1,000
Dec. 17	159	Lewis Miller & Co., Ltd	Ingram Port, N.S.	8,400
Nov. 14	160	Bennet Morton	New Germany, N.S.	2,500
Jan. 10	161	J. S. Munro	Woodburn, N.S.	2,000
Jan. 30	162	J. W. McBaine	Meadowville, N.S.	880
Nov. 17	163	Frank McAskill	Gleanora, C. B., N.S.	300
Nov. 23	164	C. A. McCabe	River Philip, N.S.	2,500
Feb. 22	165	John J. McCormick	Upper Leitches Creek, C.B.	300
Nov. 22	166	John D. McDonald	Scotch Lake, N.S.	3,000
Dec. 17	167	Parker McDonald	Caledonia	10,000
Jan. 9	168	Robert McDonald	Ashfield, N.S.	400
Dec. 1	169	H. A. McIntyre	River Dennys Station, N.S.	600
Nov. 29	170	John E. McIver	Gillis Cove, N.S.	350
Jan. 24	171	Garnet McKay	Millsville, N.S.	2,000
Dec. 31	172	A. McKenzie	Orangedale E., N.S.	500
Nov. 23	173	K. M. McKenzie	River Dennis, N.S.	500
Dec. 31	174	Allan McLean	Ashfield, N.S.	400
Nov. 28	175	John D. McLean	Orangedale, N.S.	800
Dec. 3	176	Hugh McLeod	West Bay Road, N.S.	1,000
Jan. 17	177	J. McNeill	Telkwa, B.C.	3,000
Mar. 15	178	Chemong Mill	Chemong, Sask.	5,000
Jan. 25	179	M. A. McRitchie	Orangedale, N.S.	300
Nov. 28	180	Dan. Nicholson	West Alba, C.B.	500
Nov. 22	181	William O'Brien	Upper Derby, N.B.	2,000
Jan. 5	182	L. J. Ouelette	Lac Baker, N.B.	1,000
Dec. 17	183	E. G. Payne	Hemford, N.S.	5,000
Dec. 20	184	John Pelletier	Robertville, Gloucester Co., N.B.	2,000
Dec. 21	185	J. A. Pelletier	Sayabec, Que.	2,000
Dec. 2	186	Philippe Pitre	Salmon Lake, Matane Co., Que.	400
Dec. 31	187	Maynard Smith	West Bathurst, N.B.	480
Nov. 23	188	Wilbur Somers	Halcomb, N.B.	2,000
Dec. 17	189	John Turner	West Northfield, N.S.	10,000
Feb. 25	190	A. Veilleux	Kapuskasing, Ont.	285
Jan. 28	191	John Burton	Miworth, Prince George, B.C.	800
Jan. 25	192	Pierre Belanger	Sayabec, P.Q.	431
Nov. 17	193	A. Leblue	Pine River, Man.	1,029
Mar. 6	194	W. C. Cochrane	Sudbury, Ont.	50,000
Dec. 2	195	H. Oliver	Winnipeg, Man.	2,000
Mar. 20	196	Canadian Cedar & Lumber Company, Limited	Winnipeg, Man.	1,700
Mar. 3	197	Estate Arthur Buchanan	c/o S. McIlwain, Capreol, Ont.	400
April 8	198	A. S. Day	Encombe, B.C.	7,000
Nov. 18	199	Kurt Felsmann	Parry Sound, Ont.	115
April 20	200	Alphonse Chandonnet	Fortierville, P.Q.	800
April 12	201	Mayo Lumber Co.	Duncan, B.C.	283
				4,554,653

4. The prices paid for ties in Prince Edward Island, Nova Scotia, New Brunswick, Quebec (except along the Transcontinental line), Ontario, Manitoba, Saskatchewan and Alberta, for ties purchased in these provinces in small quantities the price was: $60 per 100 for No. 1 ties; $50 per 100 for No. 2 ties, and $30 per 100 for No. 3 ties. In large quantities prices were $70 for 100 for No. 1 ties, $60 per 100 for No. 2 ties, and $35 per 100 for No. 3 ties. In the Province of Quebec, along the Transcontinental railway the prices paid were: $55 per 100 for No. 1 ties, $45 per 100 for No. 2 ties, and $25 per 100 for No. 3 ties. In the Province of British Columbia the prices paid for small quantities of ties were: $50 per 100 for No. 1 ties, $40 per 100 for No. 2 ties, and $25 per 100 for No. 3 ties. In large quantities the prices paid were: $60 per 100 for No. 1 ties, $50 per 100 for No. 2 ties, and $30 per 100 for No. 3 ties.

5. Answered by No. 3.

CANADIAN NATIONAL RAILWAYS—MAILS

Mr. SPENCER:

1. Are any mails carried by the Canadian Pacific Railway Company which could be carried by the Canadian National Railways?

2. If so, how much do the contracts amount to?

Hon. Mr. MURPHY:

1 and 2. Not where the Canadian National Railways meet the requirements of the postal service equally as well.

CANADIAN NATIONAL RAILWAYS—WATER SUPPLY

Mr. FAFARD:

What price is paid by the Canadian National Railway for water supplied at St. Pierre station and Ste. Anne Lapocatiere station?

Hon. Mr. KENNEDY: St. Pierre, $1,440 per annum; Ste. Anne Lapocatiere, $1,000 per annum. The railway was notified in January last that the rate at Ste. Anne Lapocatiere would be increased to $2,400 per annum; this is considered excessive and the matter is at present under negotiation with the authorities at that point.

CANADIAN NATIONAL RAILWAYS—COAL

Mr. JONES:

1. What quantity of coal, if any, was imported from the United States by and for the use of the Canadian National Railways, during each of the months of January, February, March and April, 1922?

2. What were the prices paid for such coal?

3. Are any contracts or agreements for the purchase of United States coal by the Canadian National Railways for use on its lines still in existence?

4. If so, with whom have such contracts been made, what quantities are contracted for, and when are deliveries to be made?

5. Is it the intention of the Canadian National Railways to continue the policy of purchasing coal mined in the United States for use on its lines?

Hon Mr. KENNEDY:

1. January, Nil; February, 14,963 tons; March, 9,643 tons; April, 1,457 tons. This coal is all for use in the Province of Ontario.

2. F.O.B. cars mine $1.95 per ton; Ry. and Ferry rate to Cobourg, $2.81 per ton; total $4.76 per ton.

3. One contract only is in existence.

4. The Canadian National management has a contract with the Youghioheny & Ohio Coal Co., Cleveland, expiring December 31, 1923, for approximately 1,000,000 tons per annum. This tonnage covers Railway Company requirements for western and northern Ontario and lines Winnipeg and east, and basis of price per ton including duty is substantially lower per ton than Canadian coal can be obtained within the area referred to.

5. Preference is given Canadian coal and more Canadian than American is always bought by the management, but where American coal, including duty, can be delivered at certain Canadian points more cheaply than Canadian coal the management state, they will continue to buy to best advantage.

STEEL COLONIST CARS

Mr. WOODSWORTH:

1. What was the price of the all steel colonist cars, numbered 7328, 7329 and 7330, purchased from the Canada Car Company by the Canadian Northern Railway Company in the year 1919?

2. What price would be charged by the Canada Car Company for an all steel Parlour Chair Car of the same size as the above-mentioned colonist cars?

3. What price would be charged by the Pullman Company for an all steel Parlour Chair Car of the same size as the said colonist cars?

Hon. Mr. KENNEDY:

1. $32,500 each.

2 and 3. No information.

W. P. BROTHERTON—MAIL CONTRACT

Mr. GARLAND (Carleton):

1. Was W. P. Brotherton awarded a contract by the Post Office Department for the conveyance of mails between Gascons, County of Bonaventure, Quebec, and the A. Q. and W. Railway station, to expire on June 30th, 1926?
2. Is it the intention of the Postmaster General to terminate this contract on the third day of July, 1922?
3. If so, does the public interest require that this contract be terminated?
4. In the estimation of the Postmaster General, why does the public interest demand that this contract be cancelled?

Hon. Mr. MURPHY:

1. Yes.
2. Yes.

3 and 4. Under the Post Office Act, mail contracts involving an annual expenditure of less than $200 may be entered into without inviting public tenders, provided no higher rate be paid for the services to be performed than is ordinarily paid for services of a like nature under contracts made after public advertisement; and as such authority was acted on to award the contract in question to Mr. W. P. Brotherton at the rate of $150 per year, in the first instance, the same authority is relied upon to terminate it in the public interest.

MR. JOHN J. FORAN

Mr. LANCTOT:

1. When was Mr. John J. Foran appointed to the Civil Service, and at what salary?
2. When was he promoted, to what position, and at what increase?
3. How many changes have taken place in his classification, at what dates and what increase did he receive on each occasion?
4. What is the amount of back-pay received by him as a result of the above mentioned changes in classification?

Hon. Mr. COPP:

1. May 1, 1913, at $1,000 per annum.
2. Answered by No. 3.
3. Two changes: June 1, 1920, Lithographic Expert, increase $420 per annum; August 1, 1920, Supervisor of Lithographic Purchases, increase $180 per annum.
4. $278.33.

ARMED CRUISERS ON DETROIT RIVER

Mr. CHURCH:

1. Is the Government aware that the State Government of Michigan is placing gun boats and armed cruisers on the Detroit River?
2. If so, what action does the Government propose to take to protect and ensure the safety of the thousands of Canadians and the many Canadian ships lawfully using this River?

[Mr. W. C. Kennedy.]

Hon. Mr. MACKENZIE KING:

1. No.
2. Answered by No. 1.

ONTARIO—FEDERAL SUBSIDIES

Mr. CHURCH:

1. What Federal cash subsidy has been paid to the Government of the Province of Ontario during the years 1919, 1920, 1921 and 1922?
2. What Federal check is there to see that this subsidy is spent in accordance with the provisions of the British North America Act, 1867?

Hon. Mr. FIELDING:

1. Fiscal years 1918-19, $2,396,378.88; 1919-20, $2,396,378.88; 1920-21, $2,396,378.88; 1921-22, $2,396,378.88.
2. The subsidy is paid by the Dominion Government in accordance with the terms of the British North America Act. Responsibility for the expenditure of the money rests with the government of the province.

CANADIAN PACIFIC—COAL LANDS

Mr. SHAW:

1. Has the Canadian Pacific Railway Company transferred, or caused to be transferred, to the Government, the fifty thousand acres of coal lands, referred to in the Crowsnest Pass Subsidy Act of 1897?
2. If so, when was the said acreage transferred?
3. Does the Government now own the whole or any part of said coal lands?
4. If not, when, to whom and for what consideration were the said lands transferred?

Hon. Mr. STEWART (Argenteuil):

1. Yes.
2. Transferred on the 14th September, 1905, and certificate of title issued 27th November following.
3. The whole.
4. Answered by No. 3.

IMMIGRATION DEPARTMENT APPOINTMENTS

Hon. Mr. STEVENS:

May 19—Having reference to the question appearing on page 1972 of Hansard which reads as follows:—

"Has the Government received application from W. W. B. McInnes to be appointed Immigration Commissioner with Headquarters at Canton"

and the answer to this as follows:

"No formal application received."

1. Has the Government received any informal application, verbal or in writing from the said W. W. B. McInnes or other persons, to be appointed to represent the Immigration Department in China for the purpose of dealing with Chinese Immigration to Canada, or for a like purpose?
2. If so, is it the intention of the department to make any such appointment?

Hon. Mr. STEWART (Argenteuil):

1. Mr. W. W. B. McInnes has discussed the matter with the minister, but the minister is not convinced that there is any necessity for such an appointment.

2. Answered by No. 1.

RAILWAY COMMISSION—CHIEF TRAFFIC OFFICER

Mr. ARCHAMBAULT:

1. Was there a temporary appointment made to replace Chief Traffic Officer Hardwell, on the Railway Commission?

2. If so, what is the name of the appointee, what is his salary, where did he reside, and was he appointed by the Civil Service Commission?

Hon Mr. KENNEDY:

1. No temporary appointment to replace Chief Traffic Officer Hardwell on the Railway Commission has been made.

2. See answer to No. 1.

L'ASSOMPTION LIGHT KEEPERS

Mr. SEGUIN:

1. What are the names and addresses of the light keepers in the County of l'Assomption who were dismissed from the service from the 21st of September, 1911, to January 1922?

2. Who recommended these dismissals?

3. What are the names and addresses of those appointed to replace the above-mentioned lightkeepers?

4. Who recommended their appointment?

Hon. Mr. LAPOINTE:

1. None. Prior to 1914, however, a light was maintained at Ile a la Bague and the keeper thereof, Louis Dubois, was dismissed for political partisanship as a result of an investigation held on representations made by Mr. Jos. Morin, K.C., of Montreal, supported by a petition from certain electors of Repentigny parish. Mr. Eloi Thouin, of Repentigny, was appointed to replace him on recommendation of Mr. Morin, K.C. On the discontinuance of this light in 1914, Mr. Thouin was transferred to the keepership of the back light of the range at Ile Lebel.

2, 3 and 4. Answered by No. 1.

IMMIGRATION—ENTRY REGULATIONS

Mr. KELLNER:

1. Have immigrants entering Canada in 1922 complied with the entry regulations?

2. How many immigrants have entered to date?

Hon. Mr. STEWART (Argenteuil):

1. So far as the official records of the Department of Immigration and Colonization are concerned, immigrants entering Canada in 1922 have complied with the immigration regulations.

2. British, 4,528; United States, 8,019; other countries, 4,227; total, 16,774.

CANTEEN FUNDS

Mr. KELLNER:

1. What is the amount of undistributed canteen funds?

2. Who holds this amount and by what authority?

Hon. Mr. GRAHAM:

1. $1,632,943.65.

2. Department of Finance; Order in Council P.C. 3144 of 18th December, 1920.

BLACKFOOT INDIAN RESERVE

Mr. GARLAND (Bow River):

1. How much, if any, of the pasture land belonging to the Blackfoot Indian Reserve at Gleichen, Alberta, is rented?

2. To whom is it rented?

3. For what term?

4. What is the rental paid per annum?

5. When the present term expires will the land be again rented?

6. If so, will it be by public auction or what other method?

Hon. Mr. STEWART (Argenteuil):

1. 29,926 acres.

2, 3 and 4:—

Lessee	Area Acres	Annual Rental	Term
Messrs. McHugh Bros.	20,000	$3,000 00	5 years from 1st June, 1918.
Charles McKinnon	1,630	815 00	5 years from 6 June, 1918.
Walter Steiner & George T. Jones	4,001	1,600 40	2 years from 22 May, 1921.
Charles McKinnon	1,630	326 00	2 years from 6 June, 1921.
E. Douglas	2,560	512 00	2 years from 17 July, 1921.
G. C. Poulin	105	21 00	1 year from 1st Sept., 1921.

5. Yes.

6. By public competition.

TARIFF INQUIRY 1920-1921

Mr. COOTE:

1. What was the total cost of the tariff inquiry carried on by Sir Henry Drayton, Honourable Doctor Tolmie and Honourable Senator Robertson in the years 1920-1921?

2. Has a report of this Tariff Commission been published?

3. If not, is it the intention of the Government to have the report published?

Hon. Mr. FIELDING:

1. $17,153.39.

2 and 3. A verbatim record was taken of the proceedings at the various sittings. It is not the intention to publish this.

SYDNEY INDIAN RESERVE

Mr. MARTELL:

1. Who is the Medical attendant to the Indians on the Reservation at Sydney, Nova Scotia?
2. How many persons, including women and children, are on the said reservation?
3. How many Indians, including women and children, have been treated by the Medical attendant since 1918?
4. Did the Medical attendant have an assistant since 1918 in treating and operating upon said Indians?
5. What diseases were such Indians treated for?
6. Where were they treated?
7. What operations, if any, were performed since 1918, who operated and who assisted?
8. What did each operation cost and how was the money divided as between regular Doctor and his assistant?

Hon. Mr. STEWART (Argenteuil):

1. C. J. Sparrow, M.D.
2. 137 according to last census taken.
3. No record of general medical attendance.
4. Yes.
5. Diseases requiring general medical attendance.
6. Treated in their homes. Operations performed in the following hospitals: 1 in City of Sydney Hospital; 10 in Glace Bay General Hospital; 1 in St. Joseph's Hospital, Glace Bay; 2 in Ross Memorial Hospital, Sydney.
7. Operations performed since 1918: Appendicitis, 7; peritonitis, 2; tubercular abscess, 1; tubercular femur, 1; removal ovarian cyst, 1; facial tumor, 1; abscess, 1; total, 14.
8. Operations cost as follows: Appendicitis, 1, $75 to Dr. W. H. Rice; appendicitis, 6, $450 to Dr. E. O. McDonald; peritonitis, 2, $150 to Dr. E. O. McDonald; tubercular abscess, $50 to Dr. E. O. McDonald; tubercular femur, $50 to Dr. E. O. McDonald; abscess, $50 to Dr. E. O. McDonald; removal ovarian cyst, $75 to Dr. E. O. McDonald; facial tumor, $25 to Dr. W. J. Egan.

THE BUDGET

CONTINUATION OF DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Friday, May 26, the debate on the motion of Hon. W. S. Fielding (Minister of Finance), that Mr. Speaker do now leave the Chair for the House to go into committee of Ways and Means, and the proposed amendment thereto of Hon. Sir Henry Drayton.

Hon. CHARLES STEWART (Argenteuil, Minister of the Interior): Mr. Speaker, I do not intend to take up very much of the time of the House this afternoon in discussing the budget; I wish shortly to direct the attention of hon. members, if I can, to the situation prevailing in Canada with which the Government has to contend at the moment. Let me first, however, congratulate my friend and colleague, the Minister of Finance (Mr. Fielding) on the long and valuable service which he has been able to render to the people of Canada, both as Minister of Finance, and, for a short time, as critic of the measures offered by the government in office. His career might well, I think, be the envy of all parliamentarians. Perhaps not many will live to sit in Parliament during sixteen sessions, much less to deliver sixteen budget speeches. Perhaps none of us will have the opportunity of being identified so long with the public life of Canada or of attaining the experience that my hon. friend must bring to matters of national finance.

One cannot very well discuss present conditions in Canada without looking backward. But in dealing with this matter I wish to approach it in no critical mood; I simply wish to trace some of the principal events which have occurred in the political life of Canada since the introduction of what was known in our young days as the National Policy. The introduction of that policy had the effect of concentrating industry in the larger centres of eastern Canada; it had a tendency to bring about the establishment in urban centres—in Toronto, Montreal, Brantford, and a few centres of that character—the manufacturing industry which had formerly been centred in the smaller towns and villages of Ontario and of eastern Canada generally. I remember very well that in 1890 I was engaged in agriculture in the old province of Ontario. It has been said that during the past year we have been passing through the most critical period, so far as agriculture is concerned, that Canada has seen in its history. My recollection is that during the years from 1892 until at least 1895, we had a much more serious condition of affairs, so far as agricultural pursuits were concerned, than has prevailed even in recent times. Not only that, similar conditions prevailed in our industrial life. I lived in the county of Simcoe in those days, and I will remember meeting a mechanic who had travelled all the way from St. John, New Brunswick, to that part of Ontario without securing employment. The conditions were said to be so severe that

we might never recover from them, and it was affirmed that the policy that had been pursued by the government was not in the best interests of Canada; that a protectionist policy had brought about those conditions. Mr. Speaker, although I have been an ardent Liberal all my life, I do not think I would be prepared to blame the fiscal policy of the government of the day for all the difficulties experienced at that time. But that it had something to do with them, I think we will all agree. In 1896, you will remember, Sir Wilfrid Laurier came into power and the Liberal party took office. Although some changes in the matter of fiscal policy did take place—changes, for instance, affecting the exportation of our cattle—they were criticized by hon. gentlemen then in opposition from much the same point of view that the present fiscal policy has been criticized: on the ground that the changes were not sufficient to bring about the desired result. I do not intend to enter into the matter in detail, but it has been frequently stated that the period from 1896 to 1911 was one of the most prosperous periods that Canada has enjoyed since Confederation, nor am I going to claim that that was wholly due to the policy of the government of the day. Anyone who studies the matter closely will agree that there are cycles in the history of every country in which prosperity seems to reach the highest pinnacle and is then succeeded by a period of depression. Notwithstanding the efforts that may be put forth by governments, we do have periods of extreme deflation. At best, all the government is able to do is by legislation, in as large a sense as possible, to afford relief, in those places where it seems to be necessary from the effects that may result upon trade or upon the business of the country.

In 1911 a change of government took place. I think every hon. member who comes from western Canada will agree that at least from our viewpoint a serious mistake was made when reciprocity was rejected by the people of Canada. Be that as it may, that was the decision of the people. Those who have been in public life for any considerable length of time know that changes take place, men step in and out by the will of the people; so that no one need quarrel with their decision. But as I remember conditions in 1914 just prior to the outbreak of the war, we had in western Canada a serious situation. There was a great deal of unemployment—and I think that was true also of eastern Canada. Then the war broke out and the whole force of Canada was thrown into the war effort; political questions were, for the moment, lost sight of, and we joined hand in hand in the determination to win. Naturally this has imposed a tremendous obligation upon Canada. During all these years there have been growing up, mainly in the eastern part of Canada, but gradually extending westward, strong manufacturing organizations. And alongside of that development the plains of western Canada have been settled by farmers, little towns have grown up, and small industries have been established; but in the main the business of the people of western Canada, and indeed of the people of all Canada, is that of agriculture.

During this period some reduction in the tariff took place—I am speaking now of the period from 1911 forward—but not any very serious changes. There was a slight reduction in the tariff on farm implements, more particularly those most used on the farms. I see my hon. friends smiling. I want to be absolutely fair about this thing, so that we shall arrive at a proper understanding. There was, I say, a slight reduction in the tariff on farm implements, and in order to help the Greater Production campaign put on by the late government, tractors were put upon the free list. This, no doubt, had some effect in assisting agriculture, since any reducton in the tariff upon the implements of production, no matter of what kind, is bound to afford some relief. On the other hand, during the war period this country assumed tremendous obligations. Our public debt increased from $336,000,000 until in 1921 it stood at $2,427,296,789. This tremendous obligation was incurred through the prosecution of the war, and this public debt is an overhead charge that must be taken into account in considering tariff changes. Not only that; just before the close of the war every endeavour of the Canadian people in all lines and in every artery was directed towards the production of war material, and of war material alone, and in consequence, at the end of the war, we found our stocks for home consumption very much depleted. I well remember discussing these matters with the premiers of the western provinces on the day the armistice was signed, and the one thing we had in mind then was the securing of employment, the re-establishing of the men who would be returning from overseas, which we anticipated would be somewhat early. We did not anticipate that for two or three years there would

be a period of inflation in manufacturing and business generally. The drop that we expected to occur after the signing of the armistice when we had to absorb all these men, did not come. On the contrary, the manufacturers of this country found their plants working at full speed in order to make up for the depletion that had taken place in stocks for ordinary home consumption during the war. We passed through two or three years of this period, and it was perhaps our period of greatest prosperity, for two years at least. Speaking of western Canada more particularly, in 1920 the farmer who had a crop never had a bigger one, and never got a better price for it. Unfortunately for western Canada, in many areas there was no crop at all and had not been for a number of years. A great portion of our difficulty arises from the fact that our farming industry has been patchy for the last three or four years.

Then what happened? In 1921, the increased activity in manufacturing that had followed the signing of the armistice came to a sudden stop; business was at a standstill, and manufacturers and merchants found their warehouses and shops filled with goods, with no one to buy them. The farmers who reaped a crop in 1921 had great difficulty in disposing of it, they found that the crop, which had been raised at an enormous cost had dropped back to pre-war prices. So, almost overnight, following the period of inflation, manufacturers, merchants and farmers, in fact the whole people of Canada, found themselves in an embarrassing situation. The manufacturers were forced to stop producing, and the farmers were unable to meet their obligations. These difficulties continued for a year or two. One of the reasons for these difficulties, so far as agriculture is concerned, is that we were not favoured with good crops. If I may cite the experience on my own farm, I made more money in the years prior to the war than I did during the war period. That was largely because, except in one or two years of the war period, we were not favoured with weather conditions that enabled us to reap a full crop. The conditions I have described applied from one end of Canada to the other, and to-day we find ourselves taking stock. The agriculturists complain that conditions are such as have never before prevailed in Canada. I take issue with that. I say that we did in 1892 have similar conditions, and in my opinion they were even worse, but we recovered, and we had similar conditions in the industrial world from 1892 to 1894, but we also recovered from that.

I agree with one thing that my hon. friend the ex-Minister of Finance (Sir Henry Drayton) said, that we need a larger spirit of optimism in connection with these matters than perhaps we admit upon all occasions. In addition to the great public debt with which the people of Canada find themselves saddled to-day, another obligation has fallen upon our shoulders. The great privately-owned railway system that in the days of our prosperity we fondly hoped we should require in its entirety, has practically all become the property of the government. Railways were built in all parts of Canada, and there was duplication to some extent, and to-day we find ourselves with these roads on our hands. I am not finding fault particularly with the position in which we find ourselves with respect to the national railways, but I say that there can be no question that the railway problem adds to the responsibilities of government and to the difficulties in carrying on public affairs, inasmuch as these utilities are not self-sustaining but year after year are faced with a deficit upon operation, in addition to their fixed charges. While the policy has been pursued of relegating to the future the charges that accrue from year to year upon our railways, I question if the people of Canada can continue that policy very much longer. I think many of us who are interested in the public operation of these utilities will agree that there must be a time when the fixed charges upon them must cease; that we cannot keep on piling up deficits in operation and adding fixed charges to the capitalization of these corporations. Very shortly, if not indeed at once the revenues of Canada will have to be drawn upon to take care of deficits in operation as well as the fixed charges, or else the over-capitalization upon the railways will be such that it will be utterly impossible at any time, under any circumstances, for these railways to meet their obligations. The $466,938,359 of ordinary expenditure, shown by the Minister of Finance, for this year would look like a fairly respectable burden for a population of less than nine millions of people to meet. In addition there is an overhead upon our railways of some seventy-two million odd dollars, accounted for by interest charges and expected deficits in operation.

Very little criticism, except of a captious character so far as I can learn, has been

offered of the budget presented last week. In some quarters the contention has been made that there is no real tariff reduction. Indeed, I think, that is the criticism offered by the ex-Minister of Finance (Sir Henry Drayton)—that the tariff reduction made is not worth while, is not effective, and that it is more than wiped out by increased taxation. The basis of the criticism offered by the hon. gentleman rests upon the policy adopted by the Liberal Convention in this city in 1919, upon which occasion it was definitely set out that the aim of the Liberals of Canada, practically, was that there should be no duty upon the implements of production. I have not the resolution then adopted at present before me, but at all events that is what it meant. The accusation is made that the Liberal party won the last election upon the terms of that resolution. On the other hand the Minister of Finance cited a resolution moved by him at the last session of parliament which, he claimed, set out the situation as it existed at that time. We must admit that a situation has arisen, not only in Canada but in the United States as well, that we cannot help but take note of it. In 1919 we had a reasonable assurance that the reciprocity agreement negotiated in 1911 might be accepted by the United States in part if not in full, but to-day that hope has disappeared; the Fordney Bill introduced at Washington places upon imports of natural products from Canada into the United States tariff restrictions that were unheard of in the past. We have in Canada to-day a difficult situation as regards the agricultural and manufacturing industries; and I believe this is the time when the government should move slowly and carefully in the direction of removing duties on any articles instead of advancing with any rapidity. My hon. friend from Strathcona (Mr. Warner), speaking the other night said that it would be a very difficult thing for the Minister of Interior to go back and secure a seat in the province of Alberta. Perhaps it would; I did not secure a seat in that province at the last election. When the opportunity comes I shall endeavour to secure one; but until that time does come I will have to abide the consequences; I have always been willing to accept the results of any political warfare. I have little or no disagreement with my hon. friend from Strathcona, or any of my hon. friends sitting opposite. That, I think, is not the spirit in which we can secure what is necessary to revive agricultural and business interests in Canada. Rather we should all get together in this connection if that be at all possible. When it came to the question of selecting articles upon which tariff reductions should be made I think the Minister of Finance exercised due care in trying, so far as it was humanly possible, to avoid the disturbance of business and agricultural interests. That policy undoubtedly does not meet with the approval of many of my hon. friends. Perhaps it does not go as far as even I should be willing to go in this matter, but I am convinced of this fact: That it would be unwise to be too drastic at this time when there is hope—and in my opinion a very great hope—for the revival of the agricultural industry; when perhaps there is the prospect of a better system of marketing our wheat; and when more attention is being paid to the securing of markets abroad, which, I think, is one of the important things this government must undertake and pursue to the fullest possible extent. When these things are accomplished, as they must be accomplished —because it is an utter impossibility that we can thrive agriculturally in Western Canada, or indeed that business can be carried on successfully in Eastern Canada with the high freight rates prevailing to-day; and, of course, we have the assertion of the railway companies that they cannot operate with insufficient freight rates—then we can look with hope to the future.

I am not going to discuss the freight rate question at any length because it is at present before a special committee and a report will shortly be forthcoming from that committee. But let me say that this is, in my opinion, one of the very great factors in connection with the revival of our trade in Canada. It is of great importance that we should have a reduction in freight rates and better marketing facilities; these will help us in a much larger degree than any attempt at the moment to deal drastically with the tariff. The government is being criticized very severely because of the tariff reductions it has already made. For the life of me I cannot understand why that should be so, except that people get into the habit of living under a protection, and we may be sure that they will raise a commotion when you touch them at any quarter. On the other hand, we cannot ignore the fact that to-day we are largely shut out from the United States

markets by the tariff wall erected by the Fordney tariff. But it must be borne in mind that we have not been slow in notifying the United States government that, as soon as they are ready to do business with us in connection with tariff reductions or interchange of trade, this Government is ready to deal with them. Therefore, all that I desire to say this afternoon is that, having in mind the condition in which we find agriculture and other business to-day, and the commercial relationships that exist throughout Canada, it seems to me that this Government was well advised to move cautiously with respect to tariff reductions.

We have been criticised with respect to the new taxation. I have tried briefly to show you the obligations of the people of Canada and to bring to your attention the fact that we cannot continue to postpone payment from the revenues of Canada of the losses accruing annually on the railways of the country, and, that sooner or later, we must take care that they shall grow no larger, if we are to make a success of this enterprise. Having these things in mind, we must, of necessity, have a much greater revenue than that obtained in the past, and, in order to secure that revenue, the policy of the Government has been, as far as possible, to avoid placing upon any industry or business an undue burden of taxation. I think it is a safe axiom with respect to taxation, that you must tax the people who can best afford to pay, and tax industry where it can best afford to be taxed. I think there is a comparative unanimity of feeling with respect to the sales tax, which, perhaps, we have made a little more severe; and it may be contended in some measure by our friends in the Opposition that we should have taxed luxuries to a far greater extent than we have. That may very well be a matter for consideration. One of my hon. friends, in discussing this matter the other day, mentioned the fact that the income tax was not sufficiently severe in so far as large incomes were concerned. It is not as severe, Mr. Speaker, as the income tax of Great Britain, one will admit, but that it is a fairly stiff tax on incomes of large dimensions, no one will deny. The question whether the individual who is in receipt of a smaller income should not be given some consideration is a matter, perhaps, which might very well be considered at some future time. It is an extremely easy matter to

[Mr. Charles Stewart.]

4 p.m. suggest the placing of taxation upon luxuries, and I agree with the suggestion that it is an easy matter to suggest that the taxation should be heavier on the larger incomes. There may be something to be said about that. On the whole, the income tax and taxation of that character seem to be fairly well adjusted. I am not saying there should not be a readjustment. There will, of necessity, require to be a readjustment. The one object we have had in view in placing taxes upon business has been to avoid taxing the basic industries. If we have not succeeded in that— and undoubtedly many hon. members will disagree with us on that point—on the whole, I think it has met with a very favourable reception by the people of Canada, and I trust it will meet out our expectations, and that we will not be adding to the public debt of Canada, what, in my opinion at all events, rightfully should have been charged to the revenue account annually. I feel that the effort of the hon. Minister of Finance will not perhaps satisfy my hon. friends of the official Opposition in that it goes too far, and, my hon. friends of the Progressive element in that it does not go far enough; but the Government, having in mind all the conditions that prevailed in Canada, felt that this effort in reduction of the tariff, as well as in the raising of revenue, would meet with fairly generous approval throughout the whole of Canada.

Mr. J. FRED JOHNSTON (Last Mountain): Mr. Speaker, my first words this afternoon will be words of congratulation and appreciation of the hon. Minister of Finance (Mr. Fielding), who has been permitted to introduce his sixteenth budget in a Canadian parliament. Those of us from Western Canada have a very warm spot in our hearts for the hon. Minister of Finance. We remember that in 1911, through his efforts, an arrangement was entered into with the United States for reciprocal trade in natural products. We remember also that, in endeavouring to give effect to that arrangement, he and his party went down to defeat, but not through any fault of the electors of the province from which I come, because we returned to this parliament ninety per cent of our representatives as supporters of reciprocity with the United States. I also wish to congratulate the hon. minister on his courage in placing before this House and the country the true financial position of Canada. It is not a nice thing to review, and I am sure the minister himself must have felt the task a

very heavy one, having regard to the budgets that he had been privileged to present to this House in years gone by. In those days our revenues were buoyant, and he was able to tell the country that we had a surplus, instead of a deficit. But on this occasion he told the House that the income of Canada for the last year was fifty-three millions some hundred thousand dollars odd less than the year previous. He also informed us that the estimated revenue for the incoming year was $134,000,000 less than his estimated expenditure—not a very nice picture to present to any body of people. Nevertheless, it is a fact, and he stated it to the House. He also informed the House that, during the last year, we added eighty-six and a half millions to the national debt of the country—something for my hon. friends to the right of me to contemplate. We were told that during the period that has elapsed since the cessation of hostilities Great Britain has paid off some five hundred million pounds of her war debt while we continued to add to ours. My hon. friends to the right are always ready to take the credit for everything that was done during the war; I hope they are just as ready to shoulder the responsibility for this condition of affairs. The fact remains, nevertheless, that by reason of our participation in the war there has been added to the national debt over $2,000,000,000, while during the last decade our population has increased very slightly. The result is that the citizens of Canada have shouldered a very heavy obligation in the way of increased taxation. While I do not like being retrospective, I cannot refrain from saying that in my opinion the heavy taxes imposed upon the people at the present time could, to some degree at least, have been avoided had former governments, during the war particularly, taxed wealth where they had a chance to do so. I have no criticism for the immediate predecessor (Sir Henry Drayton) of the Minister of Finance. As a matter of fact, I think he did what he could. But the Minister of Finance who held office during the war lost a real chance, in my opinion, to tax war wealth during that period. The profiteers have escaped and taken to cover, and we are now faced with the responsibility of raising huge sums, when our people are little able to bear heavy taxation, and at a time when we have great unemployment in the country. During the election campaign we Progressives contended that this was a time when the most stringent economy should be practised in Canada, and that contention has been amply borne out by the statement of the Minister of Finance (Mr. Fielding) as presented to Parliament a few days ago.

I come now to a very brief review of the reductions in the tariff and the increase in the sales tax. I wish to say to the Minister of Finance and the Government that the reductions in the customs tariff are good in so far as they go; but the great trouble is that they do not go far enough. While I am sure we all appreciated the splendid effort of the minister in presenting his budget, I could not help thinking, while he was repeating the reductions, nearly all of which were 2½ per cent, that one might very well suppose himself out in the countryside at an auction sale where the auctioneer was experiencing great difficulty in getting the bidders to go above a very low minimum, because it was 2½ per cent, and 2½ per cent, and again 2½ per cent, all the way through. I could have hoped, for the sake of variety at least, that the minister had departed somewhat from this even tenor and taken an upward trend. I am sorry that these reductions are not greater, because I believe that if they were we should have a materially increased production in the country. In the matter of tariffs, it strikes me that we Canadians are very much in the position of a man stuck in the mire trying to pull himself out by his shoestrings; he might work very assiduously, but the only result would be that he would bury himself further, and finally be engulfed. If we are to increase production and put this country in that position which is rightly hers, we shall not do so by conceding 2½ per cent reductions on the necessities of life and on the implements of production that are needed by those people who, in my opinion, are the real wealth producers of Canada.

Now, as regards the increase in the sales tax, I can only describe this as bad; I cannot view it from any other standpoint. And in imposing this increase of fifty per cent in this tax the minister, in effect, takes away with one hand what he gives with the other. It is true that the revenue derived from the imposition of this increase in the sales tax will, or at least should, all find its way into the public treasury, while under the customs duties only about one dollar in three or four finds its way there. Having regard to that fact I favour the sales tax as against the customs tariff. But this tax is imposed at a time when our people are least able to bear it; it takes from the people not in proportion to their

ability to pay but in proportion to their purchase of goods. It takes from the poor man with a family of between five and ten children and a salary of $1,000, equally as it takes from the man with the income of $50,000 or from the millionaire. No one can gainsay that. Under the imposition of the new taxes, we have not attempted, in this budget, to tax wealth, or to exact from it any heavier taxes. Why, then, should we at this time impose this fifty per cent increase upon the workers of the land? Let us view this matter in relation to immigration into, and emigration from, this country. There is no such tax levied in the United States; there is no general sales tax. If such a tax had been imposed in that country last year the government would have received $850,000,000. So that there is some inducement for our labouring classes, under the circumstances, to go to the United States. It is obvious that we are placing our people in a much worse position than the labourers of the United States are in. I sincerely hope that the Government do not view the sales tax as a permanent fixture in our scheme of taxation.

In connection with the income tax assessment, we give some regard, in the matter of exemptions, to the man with the small salary. Under that act we grant that it takes $2,000 for a married man to live, and we accordingly exempt him up to that amount. We also give him $200 exemption on every dependent child. Under the sales tax, however, there is absolutely no exemption. In the United States, on the other hand, they assume that it takes $2,500 for a man and wife to live, and they give an exemption for dependent children up to $400. We give no exemption to any classes under the sales tax, so that the man with a salary of $500 or $1,000 is in just the same position, in this regard, as the man with the income of $50,000.

So far my remarks might be termed critical; but I have always endeavoured, when I have found it necessary to criticise or tear down anything, to offer something in its place. I shall therefore try to give what seems to me to be the solution of our problems. I think these might very well be classified under three heads: First, immigration; second, increased production; and third, wider and better markets.

Now, in regard to immigration, what is the situation? We find that during the last decade we have lost over 1,250,000 of our people. We have in Canada to-day a population of 8,725,000. Had we held the immigrants that came to our shores during the past decade we should have had, with the natural increase in population, 11,000,000 people in the country to-day. It seems to me that we might be very well employed, when considering immigration matters, in giving some thought to this fact, and in trying to find out why we are losing our people. Is it good business for Canada to continue spending money in bringing people into this country by the front door while they are going oue by way of the back door? And yet that is what has been happening. No one will deny, Mr. Speaker, that we have a country capable of sustaining many times our present population. All are agreed on that. And what we should attempt to solve is the question why we cannot hold the people that we do get. I have my own opinion about this, and it is briefly stated. Before we can hope to hold our population we must of necessity change the economic conditions under which these people have to labour. I have stated in this House before that you never find people running away from a good thing; and they are not going to leave Canada if Canada gives them an opportunity to make good. I could recite many unsatisfactory conditions as they exist, but I am not here to decry the country that we all love so well, nor to paint conditions as they exist to-day in western Canada in a blacker hue than has already been done. None of us want to do that. But it seems to me, Mr. Speaker, that if western Canada is to be given any redress, plain words must be spoken in this Parliament. I submit, then, that if we are to solve our immigration problem we must remove the obstacles that prevent our people undertaking the development of our natural resources, or that hinder those already engaged in that development.

In regard to increased production, according to a recent survey, we have in western Canada within fifteen miles of existing lines of railway some 25,000,000 or 30,000,000 acres of arable land. Last year we produced about 300,000,000 bushels of wheat. Our average yield per acre is 14 bushels. If we bring this 25,000,000 acres of vacant land under cultivation we would have a return of 350,000,000 bushels of wheat, or 16 per cent more than our total yield last year. Now, in solving our immigration problem we would, in a large degree, solve our railway problem, for the increase in our population would lead to

the increase in our wheat production, which in turn would help our railways. Railways exist on freight and passenger traffic—mainly the former. If we can give our railways 16 per cent more wheat to haul, and the like amount of incoming freight, we will have gone a long way toward solving that problem. And there is no disputing the fact that it is an urgent problem, because we all know that our National Railways were operated at a deficit of $72,000,000 this year, a slight improvement over the preceding year when the deficit was $2,500,000 more. These matters are fundamental and should have the earnest consideration of the Government.

As to wider markets, I would revert to the attempt made by my hon. friend, the Minister of Finance (Mr. Fielding) in 1911, and I wish to congratulate and to thank him for making another endeavour a few months ago to effect a better trade arrangement with the United States. My right hon. friend who leads the official Opposition (Mr. Meighen) and those associated with him, during their term of office put through certain trade agreements with France and the British West Indies. It may surprise my right hon. friend to know that during the late campaign I gave to him and his party every credit for widening Canada's markets to that extent. But, if it was good business for Canada to enter into trade agreements with France and the British West Indies, I submit, Mr. Speaker, that it would be much better business for us to make every endeavour to arrange a trade agreement with the United States. Last year our exports to the United States amounted to $542,322,000, with imports to the value of $856,176,000; to France $27,000,000 and $19,000,000 respectively; to the British West Indies $16,000,000 and $24,000,000 respectively. A comparison of these figures will show that we did more business with the United States in two weeks than we did with the British West Indies in the whole fifty-two weeks; and that we did more business with the United States in three weeks than we did with France during the whole year. So, I repeat, if it is good business to effect trade agreements with France and the British West Indies, it follows that it is much better business to enter into a trade agreement with the United States. But, although my hon. friends to the right negotiated those trade agreements with France and the British West Indies, yet they are opposed to closer trade relations with the United States. Their attitude is very hard to understand. In view of the fact that wider markets are so essential to the development of our country.

In connection with the question of better markets, I wish to mention a matter that has been engaging the attention of one of our standing committees for some weeks, and will very shortly be brought before this House in a definite way. For that reason I propose only to mention it; I refer to the Wheat Board. Despite anything that has been said, I feel that the farmers of western Canada are entitled to some kind of selling agency to handle their wheat crop. And I wish to dispel the erroneous idea that has gotten into the minds of the people of eastern Canada that as a result of the formation of such a board flour and wheat products will cost more to our Canadian consumers than would otherwise be the case. That is an absolutely wrong impression, Mr. Speaker. In the marketing of our wheat I have always felt that we as producers have been our worst enemies November 1 is settlement day in western Canada; when the banks, the implement manufacturing firms, and so on, are looking to the farmer to settle his accounts. The result is that the wheat is rushed onto the market and sold whether or not there is a real demand for it. Last year the United States, knowing the conditions in Britain and Europe, rushed their exportable surplus onto the market early, with the result that when the Canadian western wheat became available, the demand for wheat on the other side had been, for the time being, supplied. Our wheat was forced on the market; the producers being driven to sell by their creditors, with the result that the market was glutted and great depression in prices ensued. That is all that the western producer is asking for—an agency to step in there, take control of that wheat, supply the market when there is a demand and hold the wheat off the market when there is no demand. I believe it will result in benefit to the producer as well as to every class of people in this country if the producer is enabled to get what his commodity will bring on the open market. That is all we are asking. The western wheat producer is not asking for protection or for special privilege.

I now come, Mr. Speaker, to a brief consideration of the amendment moved by the hon. member for West York (Sir Henry Drayton). The hon. member and those associated with him are condemning

the Government for not doing something which he and those associated with him would not themselves do. They are condemning the Government through this amendment for not doing what he and all the supporters of his party said during the last campaign would bring blue ruin to Canada if it were put into effect. He is condemning the Government for committing a great sin against the political morality of this country; yet he and those behind this motion are not, so far as I can see, doing anything else than carrying out a little political manoeuvering for party advantage. Having said that, Mr. Speaker, I want to make my position clear. I criticise the Government from a wholly different angle—because they have not given effect to their platform as it has been quoted in the amendment before the House. Now, I am going to read that part of the amendment, Mr. Speaker, because it appeals to me. If one goes to a restaurant and is presented with a good menu, he is apt to go back there again; and this, to me, is a very good menu. I am going to read this declaration of policy in order that it may be incorporated in the few remarks which I am making, and also to bring it again to the attention of the Government. It says:

> That to these ends, wheat, wheat flour and all products of wheat; the principal articles of food; farm implements and machinery; farm tractors; mining, flour and saw mill machinery and repair parts thereof; rough and partly dressed lumber; gasoline, illuminating, lubricating and fuel oils; nets, net twines, and fishermen's equipments; cements, and fertilizers, should be free from customs duties, as well as the raw material entering into same.
>
> That the British preference be increased to 50 per cent of the general tariff.
>
> And the Liberal Party hereby pledges itself to implement by legislation the provisions of this resolution when returned to power.

That is a good bill of fare, Mr. Speaker. I subscribe to every word of it, and I criticise the Government, not that I would have expected them to go the whole road this session, but that they have not gone further than they have. I had looked with every confidence to the Government to bring down a progressive policy at this time. To say that I am disappointed is putting it mildly, because I believe that if we as a people are ever going to get out of the woods, so to speak, we shall have to right-about-face on this policy of ours. We have been endeavouring for over forty years to make something of this country under a protective policy; we see where we have landed, and I am sorry that the Government have not given us a lead in the other direction. I can only hope that before another session the Government will have considered the matter and will come to Parliament with a much different statement from that with which we have been greeted this year.

I want to say, Mr. Speaker, in conclusion—

Mr. MEIGHEN: Will the hon. gentleman permit me a question there? He states that he would not expect the Government to go the whole road of that resolution this session. Did not he himself vote in favour of the same resolution as proposed by the hon. member for Brome (Mr. McMaster) the year before, expressing his willingness in that way to "go the whole road" then?

Mr. JOHNSTON (Last Mountain): Well, I do not know whether my right hon. friend refers to the motion of the hon. member for Brome moved last year or the motion moved some sessions ago.

Mr. MEIGHEN: The session before this resolution was passed the hon. member voted in favour of a motion requesting the government of the day to "go the whole road" then.

Mr. JOHNSTON (Last Mountain): The year before this resolution was passed?

Mr. MEIGHEN: Yes.

Mr. JOHNSTON (Last Mountain): Does my right hon. friend refer to a motion of the hon. member for Brome on the address?

Mr. MEIGHEN: It was either on the address or on the budget.

Mr. JOHNSTON (Last Mountain): Well, I have to inform my hon. friend that he is entirely wrong; I did not support that.

Mr. MEIGHEN: On the budget, I think it was.

Mr. JOHNSTON (Last Mountain): I did not support the motion of the hon. member for Brome on the address in the spring session of 1919, if that is what my right hon. friend refers to. However, in conclusion, I wish to say that I have always stood for a united Canada; but I think it my duty to warn this Government that if it is thought that western Canada can be tied indefinitely to a high protective policy, those who hold that view had better revise it. I hope that some weight may be given to my words upon

this matter. As I stated, I have always stood for a united Canada, and believe that a policy can be evolved that will be fair to all classes of our people and will tend to a development in this country that is so greatly needed at the present time.

Mr. J. J. HUGHES (King's, P.E.I.): Mr. Speaker, the annual national accounting was looked forward to with greater interest than usual this year, because most people in Canada knew that the times were abnormal and that all was not well with the country, but I think a good many did not realize to the full the seriousness of the situation. I think even some members of the House even now, including the hon. ex-Minister of Finance (Sir Henry Drayton) do not fully realize the gravity of present conditions.

Let us consider for a moment just what are the present conditions. To begin with, the net debt of Canada is $2,428,000,000, and that does not include the railway bond guarantees of $300,000,000 odd. If these were included, the net debt would be two and three-quarter billions, and the gross debt over three billions of dollars. We have the revenues decreasing, and the national debt increasing at the rate of about $90,000,000 a year. These figures are so large that the ordinary person cannot comprehend them; I know I cannot. Perhaps we can understand the situation a little better by looking at it from another point of view. The interest alone last year was $140,000,000, or an amount equal to the total expenditure on all accounts—consolidated fund, capital account, and all other accounts—in the years immediately preceding the war. If we add to the interest, the thirty-six or thirty-seven million dollars for soldiers' pensions, and other commitments incurred on account of the soldiers' civil re-establishment, we have nearly $200,000,000, or an amount twice as large as the expenditure on consolidated fund in the years immediately preceding the war. These obligations have to be met before we have a dollar for civil government, for transportation, for public works, and for the thousand and one other things necessary to carry on the public business of the country. That is the situation.

How are we to raise the enormous sums that must be provided? This year the estimated expenditure as already submitted to Parliament amounts, in round figures, to $469,000,000, with the Supplementary Estimates still to come, and which will probably bring the figure up to $500,000,000, after all the economies that have been practicable have been made. Where is the money to come from? Just from two sources—further taxation and from borrowing, or from both. We are running into debt at the rate of eighty or ninety million dollars per year. Can that go on indefinitely? Everybody knows it cannot. A nation can run into bankruptcy just the same as an individual. We also owe in the United States, according to an article I read in the Financial Post a short time ago, on federal, provincial, municipal, and industrial account, something like seven or eight hundred million dollars, and that is expected to amount to one billion dollars in the near future.

Can greater economies be effected? Economy can be carried too far. There is a policy that scattereth yet increaseth, and there is a policy that withholdeth but tendeth to poverty. Transportation by land and water must be provided for; the public works of the country must be provided for; for if these things are starved, the industrial life of the nation is injured or destroyed and the sources of revenue are dried up. Therefore, economy can be carried too far. Can taxation be carried too far? Yes, because if you tax an individual or a company to the point of taking all the profits, and leave the individual or the company to take all the risks and all the losses, you drive capital out of business. Individuals or companies will not take all the risk unless they have a reasonable expectation of making a fair profit. If the government steps in and by taxation takes all the profits, it dries up the sources of revenue, and the country is injured greatly.

Can borrowing go on indefinitely? I do not think so. We are borrowing money now to pay part of the interest on what we owe. What becomes of the mortgagee when he finds himself in that position? The end is not far off. I heard the ex-Minister of Finance state the other day that if future loans are needed—and they will be needed this year—they should be raised in Canada, rather than in a foreign country. That depends upon circumstances, in my judgment. If there is not a surplus of liquid capital in the country over and above what is necessary for the commercial and industrial life of the nation, over and above what the small borrower who cannot borrow outside the country is legitimately entitled to borrow—the man who wants to mortgage his farm, the village or town that wants to raise money on bonds, and numerous other small borrowers who must borrow in the home market if they borrow at all—

if there is not a surplus over and above what is required for these purposes, to raise a loan in this country would be to drive these borrowers out of business and dry up the sources of revenue. So, the government cannot borrow in the home market without regard to all the existing conditions; it must leave liquid capital enough in that market to carry on the industrial and commercial life of the nation, enough liquid capital for the small borrower who cannot obtain money elsewhere. The Government can go outside; but could our commitments abroad be made larger with safety to the nation? A few weeks ago when the Minister of Finance announced in this House that he had placed a loan of $100,000,000 in New York at a very favourable rate of interest there was considerable applause in the chamber. I did not applaud. Not that I was not pleased to know that Canada could borrow abroad at a fairly good rate of interest; but I felt sad that we were obliged to do so, sad that we were obliged to put a mortgage for another $100,000,000 on the old homeland; for that was really what we were doing. If we were borrowing and the money was used for purposes which would provide for the interest and a sinking fund it would be all right; but that $100,000,000 went to pay a debt already incurred and we are borrowing now to pay the interest on what we owe, or at all events borrowing to meet the ordinary expenditure of the country. That, in my judgment, cannot continue or certain results will follow. I suppose hon. gentlemen opposite—some of them at all events—would throw a fit at the mention of the word "annexation", but would the word "absorption" be more palatable or more agreeable to them? I will be quite frank in connection with this matter. I would not be afraid of the commercial results of such a policy, but I do not want the political results that would follow. Our political institutions, in my judgment, are far preferable to those of our neighbours; and it would be a sad ending, not only to ourselves, but perhaps to the world—to the English-speaking world at all events—if we could not maintain our political institutions. But hon. gentlemen who, a few weeks ago, clamoured for the expenditure of millions of dollars on non-productive services—on the army and navy; Who clamoured for the expenditure of millions of dollars in preparation for another war, were, in my opinion, taking the first step toward the extinction of our national life, though they look at it from another standpoint altogether.

I listened to, and I read very carefully, the speech delivered by the ex-Minister of Finance (Sir Henry Drayton), and I do not think it was worthy of him. In that speech, from beginning to end, I found no helpful thought nor suggestion. My hon. friend seemed to think that no responsibility rests upon him and the other members of parliament who, as has been stated by the hon. member for Last Mountain (Mr. Johnston) were in office when this enormous debt was piled up upon the country. In that speech, from beginning to end, I could not find a suggestion where a new market for one dollar's worth of Canadian products could be discovered; I could not find a suggestion as to where one additional acre of land could be put under tillage in Canada; I could not find a suggestion as to where one man, who is not now getting it, might receive employment; I could not find a suggestion where the revenues might be increased or greater economy practised. What was to be found in the hon. member's speech? Criticism of a petty character ending with a resolution which has been so very well described by my hon. friend from Last Mountain and so accurately designated by the Montreal Gazette, the sanest paper supporting the Opposition which I read. The characterization of the Montreal Gazette is worth quoting. It says:

> The amendment recalls the couplet:
> "You shall and you shan't,
> You will and you won't;
> You'll be damned if you do,
> And you'll be damned if you don't."

The amendment has been truly named by the hon. member who has just taken his seat as a cheap political manœuvre, and an attempt to embarrass the Progressives and to condemn the Government for not doing something which the Opposition themselves hold would be ruinous to the country if it were done. Such is the ex-Finance Minister's conception of his duty to Canada under these trying and difficult circumstances. The amendment was seconded by the leader of the Opposition. In its nature that amendment resembles the handiwork of the leader of the Opposition more than it does that of my hon. friend the ex-Minister of Finance, because the latter's style of speech is good natured, wherein he differs fundamentally from his leader who seems to have a grouch against the world.

Some of the members of the Progressive party who have spoken have made sug-

gestions, notably the hon. member for Strathcona (Mr. Warner). Let me say here that many of these hon. gentlemen appear to consider it to be their duty to help with the administration of the country and to make suggestions from time to time with that object in view. Perhaps the suggestions are not always the best that could be devised; but if a man is doing the best he can to discharge his duty to the country in the position in which he finds himself placed, such conduct will be far more effective than indulgence in petty criticism or the introduction of embarrassing resolutions. My hon. friend from Strathcona, I think, seemed to favour an increase in the income taxation. I have already alluded to that subject and, for the reason which I gave, I think it can be carried too far. I have taken a little trouble to look into the income taxation in Canada as compared with that of the United States, Great Britain, Australia and New Zealand, and I find it follows very closely the income taxation of the United States, where, I presume, the conditions are very much like our own. We do not follow closely the income taxation of Great Britain; Australia and New Zealand follow it to a greater extent than we do. Wherein does our system differ from that of Great Britain? Our income taxation is smaller on small incomes. The amount that we take for government purposes on small, medium and fairly large incomes is much smaller than that which is collected in Great Britain. On the other hand, in the case of large and very large incomes, we collect a much larger sum than is levied in Great Britain. We follow closely the United States tax. Perhaps it would not be out of place if I gave the House some figures on this matter of income taxation. To begin with, we exempt married men with incomes up to $2,000. The exemption in Great Britain is $1,000. On an income of $3,000 the income tax would be:

Canada	$ 40 00
United States	40 00
Great Britain	450 00
Australia	121 91
New Zealand	158 26

Then take an income of $5,000, the income tax would be:

Canada	$ 126 00	
United States	120 00	(plus 5 per cent)
Great Britain	937 68	
Australia	291 70	
New Zealand	489 62	

As the tax in United States is $120, plus 5 per cent on the tax, the amount is exactly the same as in Canada. The man with the small income in Canada pays a very much smaller tax than in Great Britain, Australia or New Zealand.

Mr. SPENCER: Would the hon. member give me the tax on an income of $50,000?

Mr. HUGHES: Yes, I will come to that. On an income of $10,000, the income taxes are as follows:

Canada	$ 619 50	
United States	590 00	(plus the 5 per cent)
Great Britain	3,208 00	
Australia	965 00	(some odd cents)
New Zealand	1,776 00	

Then I come to the $20,000 income and the income taxes are as follows:

Canada	$2,889	
United States	1,990	(plus 5 per cent)
Great Britain	7,150	
Australia	2,945	
New Zealand	5,648	

Then on an income of $50,000 the taxes are:

Canada	$ 9,649	
United States	9,190	(plus the 5 per cent)
Great Britain	23,593	
Australia	16,645	
New Zealand	18,581	

The taxes on a $100,000 income are:

Canada	$32,749	
United States	31,190	(plus the 5 per cent)
Great Britain	50,375	
Australia	37,691	
New Zealand	37,366	

When we reach the $200,000 income our tax is almost equal to Great Britain, and they come pretty close together.

5 p.m. At $210,000 I think we are exactly together. On incomes of $210,000 the taxes are:

Canada	$104,989
United States	99,990
Great Britain	105,788
Australia	79,140
New Zealand	78,457

Now we come to the very large incomes. After the figures I have just mentioned we pass Great Britain. Our taxation and the taxation of the United States are much higher, and Great Britain becomes correspondingly lower. On incomes of $500,000 the taxes would be:

Canada	$318,349
United States	303,190
Great Britain	262,493

Mr. BROWN: Has the hon. gentleman any information as to the number of persons who are paying taxes on these very large incomes, such as $500,000?

Mr. HUGHES: No. In the United States and in Great Britain it would be a fairly large number.

Mr. BROWN: Is it a practical question in Canada?

Mr. HUGHES: The exceedingly large incomes are heavily taxed in Canada and comparatively lightly taxed in Great Britain.

Mr. BROWN: Is the tax on these incomes yielding a revenue? Are there enough of them?

Mr. HUGHES: I suppose so, because there are a great many wealthy people living in the Old Country.

Mr. BROWN: But in Canada?

Mr. HUGHES: I do not think we have so many wealthy here in Canada, but the point I am making is that we tax more lightly the small and moderate incomes in Canada than they do in Great Britain, and we tax more heavily the very large incomes.

Mr. NEILL: Do we have death duties in Canada, similar to those in Great Britain?

Mr. HUGHES: I am making a comparison of the income taxation in the different countries.

Mr. MEIGHEN: I think the hon. member is in error in some of his figures, and I only mention it because it should appear in Hansard correctly. I am under a wrong impression if the hon. member is correct. Does the 5 per cent super tax exist in the United States? I do not think it does. As the hon. member gave the figures, he intimated he was giving the tax without the 5 per cent.

Mr. HUGHES: Yes, it is a 5 per cent tax on the tax in United States.

Mr. MEIGHEN: I think the hon. member is in error. Our tax is 5 per cent ahead of their tax.

Mr. HUGHES: The hon. member is entitled to his opinion.

Mr. MEIGHEN: It is not a matter of opinion, it is a question of fact.

Mr. HUGHES: It can easily be verified. I come now to the sales tax, which, I think, our Progressive friends will say is very bad. However, there are some features about it that they would commend. One feature is the fact that every penny so collected goes into the treasury. Another commendable feature is that the extra amount raised under this proposed tax will not cost one extra cent to collect. It is simple and inexpensive and all goes into the treasury. That is a good feature of taxation. It may, it is true, bear more hardly on the man in moderate circumstances, or on the poor man with a large family, because his purchases will be larger in proportion to his means than the wealthy man's. But is there any system of taxation in the world that is perfect? There is not. Now, the Minister of Finance (Mr. Fielding) found himself in this position. He had an estimated revenue of $332,000,000, and he had to provide for an expenditure of perhaps $500,000,000. The actual expenditure last year was $496,000,000. He had to close up the gap somehow. How was it to be done? We must have in this country, no matter what political party is in power—it would be necessary if the Progressives were in power—a customs taxation that will give the largest revenue possible. And after that we shall have all the taxes we can pay. The customs revenue now produces only about one-fifth of the total taxation. Where is the other four-fifths to come from? About two-fifths, I believe, is provided by the excise tax, the revenue from the post office, the inland revenue tax, the income tax, and so forth. And there is still two-fifths to be accounted for. Hon. gentlemen will therefore see the difficulties of the situation and the burdens and responsibilites that rest on the shoulders of any man who is at present, or who may be for many years to come, charged with the management of the finances of Canada. There are avenues of information open to the Minister of Finance and his officials that are closed to the ordinary citizen; and if we have a minister in whose integrity and honesty we have confidence, and of whose ability we are assured, we must trust him to a very large extent. There is no getting away from that.

The men who were in office when these enormous debts were incurred, and who now criticise the Minister of Finance for not doing better, seem to forget their responsibilities very quickly. I know that extravagance and waste are the concomitants of all wars. But there were expenditures during the late war that were premeditated extravagance, and I make this charge against the late government, that at all events they did very little to curtail those expenditures. They did not do all that they could have done, and every man in Canada knows that who is prepared to admit the facts.

For the condition in which we find ourselves to-day those men, I say, are responsible, to a large extent at any rate.

The hon. member for Last Mountain (Mr. Johnston), I might here remark in passing, said that there was no sales tax in the United States, but I see that a very influential body of financial men who met in New York quite recently were considering the advisability and the necessity of introducing such a tax there. They say that it cannot be done without. Some contend that it is the best kind of tax. I will not go so far as to say that, but I have advocated that tax in this House and I support it now for the reasons I have given. It is necessary in the exigencies of the situation. Where was the minister to turn to make up the loss of revenue from the income tax and the business profits tax? He has estimated that while these sources of revenue gave us some $100,000,000 last year, this year he will do very well if they bring in $60,000,000. The business men of Canada know that their profits have largely disappeared; and incomes have fallen. So that we cannot get from these sources the revenue we got last year, and the difference must be made up. I personally disapprove of borrowing, if it can possibly be avoided; and the revenue must be raised. I have already stated that we cannot economise beyond a certain point; if we do, we destroy the sources of revenue. The public business of the country must be carried on. Canada must develop or die. We are an undeveloped country, unlike Great Britain, France or the European countries that are fully developed. We have important public works to maintain and further works are required for the proper carrying on of the national business. These must be provided or we suffer the consequences. We must have a larger population, and in order to secure more people we must develop our railways. Now, in my judgment, it is the duty of those hon. gentlemen who object to the sales tax and other forms of taxation to suggest something better. How is the money to be raised?

A few days ago, speaking in this Chamber, the right hon. the Leader of the Opposition (Mr. Meighen) twitted me a little and said that when certain things were taking place in the Parliament of Canada I was back in Prince Edward Island. I do not know what the right hon. gentleman meant by the word "back". It is quite true that from 1917 to 1922 I was not a member of this House, but a good majority of the electors of King's County, Prince Edward Island, in the exercise of their constitutional rights, declared at that time that I ought to be a member of the House. The leader of the Opposition and those associated with him, however, in the blackest political crime ever committed in Canada or in any other English-speaking country, took care that I should not be a member of the House of Commons, and to make sure of this the constitutional rights of the people of King's County were violated. I say it is a political crime of the first magnitude to strike at the very foundation of the constitution. Sir, our constitution is based on the free, honest expression of the electors at the polls. Take that away and you take everything. The right hon. gentleman therefore knew why I was not a member of this House. And I wonder at his imprudence in reminding me of the fact. But apparently he is not sorry for the part that he and others that I can name took on that occasion. For myself, I would rather a thousand times have remained in Prince Edward Island than do what the right hon. gentleman and those associated with him did; I would rather remain in Prince Edward Island during the rest of my natural life than stand where he stands to-day. That is the reason.

Now, Mr. Speaker, I have presented the views that in my opinion should receive consideration from hon. members under present conditions, and having done so I feel that I have discharged the duty I owe to my country and to myself.

Mr. B. W. FANSHER (East Lambton): Mr. Speaker, as a new member I feel that I must join with those who have already expressed their appreciation of the manner in which the budget was presented by the hon. Minister of Finance (Mr. Fielding). As to the substance of it, I may have views somewhat different from those held by some hon. members who have preceded me. Being as it were still a novice in this House, in rising to criticize the budget of such an experienced parliamentarian as the hon. Minister of Finance—who in the course of his public life has presented many budgets—I speak with some degree of trepidation; but I realize that it is my duty to express my views regarding the fiscal policy of this country, and I know that you will agree with me, Sir, when I say that in this budget is wrapped up our trade and fiscal policy. I have often heard it said of people who do not succeed well in business, although they and their employees and family seem to work very hard, that "there

is something wrong with the management". And I sometimes think that although we are a very industrious people we have not made the progress that we should have made in the decades that have passed since the inception of our so-called National Policy. Although I do not intend to lay all the blame on our fiscal policy, I am thoroughly convinced that in a large measure that policy is responsible for conditions as we find them to-day. Of course, we all realize that prosperity cannot follow destruction, and we must make full allowance for the derangement of trade caused by the Great War. But I do claim that the fiscal policy we have pursued for the last thirty or forty years has caused an unequal balance in the development of industry. Right here I want to say that there is a growing demand for a change in our tariff policy. Indeed, there was already a growing demand for such a change prior to 1911, and although at that time there seemed to be a verdict rendered against tariff revision and better trade relations with the United States, yet I venture to say that had that issue been considered on its merits alone it would have had the overwhelming support of the electors.

In times past our tariff policy has not had that fair consideration at the hands of the electorate which it should have had, for always there have been injected into the issue other issues which were not relevant at all and which were introduced to obscure the real issue before the people This demand for tariff revision was still insistent after 1911, and even Sir Thomas White stated that such revision was long overdue. The country at large looked forward to the day when there should be a downward revision, but the Great War intervened, and domestic issues were laid aside in order that we might concentrate our efforts on the common purpose of bringing the war to a successful conclusion.

Shortly after the armistice it was considered advisable to have a revision of the tariff, and with that end in view we remember the appointment of a commission of which the hon. member for West York (Sir Henry Drayton) was chairman. That commission went all over the Dominion taking evidence in regard to the tariff, and I wish that we had before us some of the information contained in the verbatim records of the hearings, for I am sure it would be very instructive to us. For instance, I recall a meeting in one of our Ontario cities at which a certain individual engaged in the manufacture of gloves was very urgent that the protection to his industry—35 per cent—be maintained. The chairman asked the manufacturer where he procured his raw material, and he answered that his leather came from Brazil, his buttons from Concord, N.H., and certain other components from Italy and Turkey; in a word, all his raw material originated outside Canada. Yet he was asking that his protection of 35 per cent be maintained. The one and only thing that originated in Canada in connection with his gloves was the buttonhole.

Now, in contrast with a policy of that sort, I was pleased when it was stated in the budget speech that we should endeavour to encourage the inherent native industries of this country. In that regard I am heartily in accord with the sentiments expressed in the budget. But so far as the items of tariff reduction are concerned, I cannot see that much advance has been made in that direction. It is true that a reduction is made in the British preferential tariff; and with that I am thoroughly in accord. It is a policy which the Progressive party have always stood for, and which, in fact, is one of the planks in our platform. There has also been a slight reduction in the duties on agricultural implements—very slight, however, and offset, perhaps, largely by the sales tax. I admit that the Government have made some progress in the matter of the reduction of duties on agricultural implements, and I realize that if similar reductions were made yearly, in the course of five years a number of agricultural implements would be on the free list. But as I say, the sales tax largely takes away that apparent reduction. However, perhaps the sales tax is to be preferred to customs duties. The sales tax has one point in its favour: most of it is paid into the treasury of the country, whereas the customs tariff gives by way of protection two or three dollars in order to get one. In that respect I think the sales tax has some advantage over a customs tariff.

I want to deal briefly with some of the things which have been included in former budgets and might well, in my opinion, have been continued or revived in the budget of this year. An item which has been dealt with in previous budgets, for instance, and has been revived in this budget is the increased duty on automobiles. Those who were in this House a year ago will remember that the business profits

tax was dropped last year—a tax which did not become effective until after a certain percentage of profit on the money invested had been made. The investor was given a reasonable profit on his money, and certain percentages were collected by way of taxation as the profits grew. That tax brought in, during the five years that it was in operation, about $180,000,000; and there are some arrears to collect which may bring the total up to $200,000,000. When this tax was done away with last year, the sales tax was increased. I notice that no reference is made this year to the business profits tax or to its revival. It is said that this tax is now largely collected by the income tax. That may be true in some degree, but it is not wholly the case. The sales tax, as was pointed out to-day, is collected from the individual even if he has made no profit, even if he has sustained a loss of 10 or 15 per cent or more. On the other hand, as I have said, the business profits tax was not collected until after a reasonable profit had been made. In that connection I think there should have been a continuance of the business profits tax rather than an increase in the sales tax.

Now, in speaking on this budget I do not wish to be narrow in the views which I express. I believe that our national existence depends largely on our fiscal and trade policy. These must be such as to develop the inherent national resources of our country. We have had it made plain to us since this debate was opened that we have a large debt which, both as individuals and as a nation, we are in honour bound to discharge. I was somewhat surprised at the comment of the hon. member for King's, P.E.I., (Mr. Hughes) when he said that the only way to meet this deficit, the only way to discharge our debt, was by taxation.

Mr. HUGHES: Taxation or borrowing, I said.

Mr. FANSHER: Taxation or borrowing. If that is the only method we can employ, we shall fall short of discharging our debt. How are debts paid? I am a farmer and I am going to give an illustration from the farm. If a farmer has debts to discharge he must apply himself to the digging out of that soil something that he can put on the markets of the world with a view to producing a return with which he can discharge his debt. His investment is in the soil; he must get the return on his investment. He must use the best business powers that he possesses; he must sell in the best market that he can obtain; he must economize, and with the amount that he receives in excess of the cost of production and shipment to the markets of the world, he discharges his debt. The same is true of a nation; we shall never get out of debt by simply developing those industries which are not native, not inherent to this country—industries which derive their raw material largely from outside of this country, as well as a good many of the things necessary in the process of converting those raw products into finished products that are of value. For instance, we import steel and iron ore from outside of Canada, and we import the coal with which to convert it into the finished article. At the same time we have in this country raw materials which might well be developed within our own borders, thus resulting in the development of our own country rather than of other countries the industries of which draw their raw materials from sources outside of Canada.

For the last twenty years we have followed a system of assistance to certain privileged industries, running all the way from 5 to 10, 15, 25 and 35 per cent. We have certain industries to-day which have a protection of 35 per cent. Now, when an industry is protected to the extent of 20 or 30 per cent, it is evident that some one must do the assisting. Twenty-five per cent to an assisted industry must come from somewhere. It comes from the consumer; and 25 from and 25 to means a discrepancy of 50 per cent. We have industries that represent a discrepancy of as much as 70 per cent, as in the case of textiles and shoes, and we think it is unjust. How can the natural resources inherent to this country be developed and the people who are developing them prosper when they have to pay toll to other industries to that extent? It may be said that I am citing an extreme case. That may be so, but we find the average duty on all articles imported into this country to be about 21 per cent.

In this connection I should just like to refer to the announcement in the House the other day, which was greeted with applause, that a loan of $100,000,000 had been effected in New York at 5 per cent. That was a good return for the money, yet we have industries whose average protection is four times the return for the money. A concern that invests its money in these privileged industries has not only the percentage that the investment will draw, but

four times that in protection on an average. If we include all the duty-free goods, it brings it down to a 15 per cent return, or three times the amount the investment draws. In this way I claim that an uneven balance has been created in industry in this country. We do not notice it perceptibly from year to year, but we have travelled this course for a number of years, and just as drops of water wear away a stone so gradually we are accumulating a larger proportion of our population in the cities and towns than is natural, through this unbalanced condition of our industries. The balance is so uneven to-day that the prices obtained from the products of one industry are not sufficient to purchase the products of another industry; and the usual exchanges are not made, and hence there is a damming up of trade. Of course, transportation costs come in here largely, too. If we are ever going to make progress we must right-about-face and back-track. We must get rid of some of these protective duties, and give the industries that are inherent to this country a freer hand, give them a chance to establish themselves again and make good without paying toll to other industries which do not need it for the most part.

Coming down to specific items in the budget, I wish to say a few words on the increased tax on automobiles. You will remember that prior to last year, there was a war tax on automobiles, and that last year that was dropped. This year the tax is practically restored, though not to quite the same extent. While there is an excise tax placed upon automobiles manufactured at home, the protection that the Canadian manufacturer of automobiles receives after this budget comes into effect will be substantially the same as he received before it was brought down. The tariff was increased by 5 per cent on cars under $1,200, and by 10 per cent on cars over $1,200, and to prevent the home manufacturer from pocketing the extra increase in protection, an excise duty is imposed. The result is the manufacturer receives the same amount of protection as he did before, and the cost to the consumer is increased from 5 to 10 per cent. I submit that the Minister of Finance could very well have imposed an excise duty without imposing an extra customs duty on cars. A 35 per cent protection might well stand an excise duty that would bring into the treasury 10 or 15 per cent, or even half, of the protection afforded to automobile concerns in this country.

[Mr. Fansher.]

In that connection I wish to cite the earnings of one of these companies, the Ford Motor Company. We have protected the Ford Motor Company for years with 35 per cent protection, and sometimes higher. If we figure the extra price exacted because of this protective principle since the Ford Motor Company established itself in Canada, we find that we have paid them enough money to maintain a city of twenty thousand inhabitants and pay every worker in it $1,500 a year. That is just the extra amount paid in increased prices caused by a protective system. To put it in another way, we have paid enough in extra prices due to protection to build a highway clear across the Dominion, and provide $2,000 a mile for its maintenance. Where does this money go? Some of it goes in wages, of course. Much of the material is bought abroad and comes in duty free; there is a drawback on a good deal of it. Last year the Ford Motor Company got over three-quarters of a million dollars in drawback on raw material.

I wish to contrast this increasing of duties and the imposition of an excise tax on the automobile industry, with the treatment the budget metes out to the sugar beet industry in this country. An excise tax is placed on the manufacture of beet sugar without any increase in the duty on imported sugar. Why make fish of one and flesh of another? If it is just to increase the duty on automobiles so that the manufacturer in this country shall have the same protection he had before, why place an excise duty on beet sugar manufactured in Canada without increasing the duty on imported sugar? Then, too, why apply the tax simply to the beet sugar industry which gets its raw material at home, and not apply it to the sugar refineries which get their product from abroad? If any industry should have more consideration than another in this country, surely it should be the one that gets its material at home and furnishes employment to the people in this country. Why not put the manufacturer who gets his cane sugar from abroad on an equality with the manufacturer of beet sugar in this country, instead of penalizing the one and letting the other go scot-free. It is claimed that the manufacturer of cane sugar pays a duty on the raw material which he imports. To a large extent that is true, but he also receives a drawback on that duty; and I note that one of the large sugar refiners of Canada, the Atlantic Sugar Refineries, Limited, received in drawback last year no less a sum than

$1,572,000. I would ask, does the manufacturer of beet sugar receive any drawback out of the excise that is collected on his product? There is another company which also received a substantial sum in drawback last year, the amount being no less than half a million. I am not pleading for special privilege for any industry; what I am asking is that all be placed on a footing of equality; and I hope that when the items of the budget are considered in detail in committee the discrepancy to which I have alluded will receive some consideration.

In conclusion I wish to say that if we are to free ourselves from debt, if we are, so to speak, to get out of the woods we must pay more attention to the inherent native industries of this country. We must have a policy which will develop our natural resources, which will bring business to our railroads, and which will give us a surplus of products which we may export and sell in the markets of the world and thus obtain the wherewithal to discharge our debt Our home market is held up to us as being one of great value. While this may be true, the fact is that if we trade at home all the time we shall have no more money than when we started. We must develop our natural resources so as to provide us with products that we can sell in the markets of the world and receive in return the means to aid us in discharging our debt. We should frame our national policy with that object in view. The Minister of Trade and Commerce (Mr. Robb) said on Friday that we had made a right-about face but that we must go steadily and carefully. Let me say in conclusion that unless our pace is quickened I am afraid the government will soon be overtaken by public sentiment.

Mr. W. G. McQUARRIE (New Westminster): I listened with some interest this afternoon to the remarks of the hon. member for Last Mountain (Mr. Johnston). The hon. member being the Whip of the Progressive party, I presume that he speaks with some authority, and to a great extent, reflects the feeling of that party on this important question. I wonder how the hon. member will vote when the House divides on the amendment which has been moved? I venture to say that he will vote with the Government.

Some Hon. MEMBERS: Have patience.

Mr. McQUARRIE: I have wondered many times why the hon. gentleman was sitting on this side of the chamber at all; also why some others of the hon. members to my left are sitting where they now sit, and included in that number I would mention the hon. member for Marquette (Mr. Crerar). Soon after the general elections we were told that he was going to enter the present cabinet. I have been wondering why he did not do so instead of taking a seat on this side of the House. It is also worthy of note that the hon. member for Marquette refused to become the leader of the official Opposition; and this also has been a subject of wonder to me. I think possibly the explanation is that my hon. friend did not like the methods, nor did his colleagues like the methods, which were adopted by the Liberal party to get into office. What other explanation is there when we find that whenever there is a possibility of the Government being defeated the hon. member for Marquette comes to its assistance; and he can always count on the Progressive party giving the Government sufficient support to retain it in office.

Mr. GRAHAM: Good sense.

Mr. SPENCER: Was the hon. member in the House during the last parliament when the Crowsnest pass agreement came up for discussion?

Mr. McQUARRIE: Yes, I was in the House at that time, as were some of the Progressive party including the hon. member for Marquette, and so far as my memory goes that hon. gentleman did not then do anything to support the stand which the Progressive party are now taking on that question.

The hon. member for Last Mountain said the tariff reductions were all right so far as they went, but they did not go far enough. I presume the hon. members who sit behind him entertain the same feeling—the tariff reductions are all right but they do not go far enough. Then my hon. friend proceeded to speak for western Canada. He said that western Canada was practically solid in its demand for a reduced tariff. I think the hon. member went even further and indulged in a veiled threat as to what would happen if reciprocity were not brought into effect. When my hon. friend presumes to speak for western Canada I think he is going pretty far; and I would advise the members of the Progressive party that beyond the Prairie provinces there is a very large and a very important province with great

natural resources; I refer to British Columbia. I think all the British Columbia members, irrespective of their political tendencies, would be inclined, if they had the courage to do so, to stand up and take issue with my hon. friend from Last Mountain on that question. I do not think that even among the Liberals there is one hon. gentleman who would have the hardihood to stand up here and support the bringing into effect of the 1911 Reciprocity pact; I would challenge any of them to do so.

Now British Columbia, as I have said, is an important province. When the hon. member for Last Mountain speaks about united action I take it that he would not advocate the adoption of an entirely selfish policy and the forcing on the rest of Canada of the wishes of the particular sections represented by his party and himself, and yet that is exactly what he is trying to do. British Columbia does not want reciprocity; I think I am safe in making that statement. The fertile portions of that province are too close to the international boundary for them to want reciprocity with the United States. They are absolutely opposed to it. I do not believe that during the last election any candidate of the Liberal party, or of any other party in British Columbia, had the courage to stand up before the electors and say that he favoured the 1911 Reciprocity pact. If that is so, and if reciprocity would not be a good thing for British Columbia, I submit it is only right and proper for this House to take into consideration that aspect of the case. As a matter of fact, British Columbia has done very well under the old Conservative policy. Last year the output of wealth from British Columbia amounted to the following very large sums:

Agriculture—$75,000,000:	
Livestock	8,000,000
Dairy Products	4,250,000
Apples, Peaches	10,000,000
Small Fruits	1,325,000
Hay, Wheat, Potatoes, etc.	51,425,000
Gold	$ 3,155,140
Silver	1,611,152
Copper	4,127,312
Lead	1,754,400
Zinc	1,723,000
Coal	11,432,644
Lumber (estimated)	68,432,077
Pulp and Paper	8,500,000

The fisheries returns are incomplete. The figures are:

Salmon	$5,500,000
Halibut	4,000,000

The manufactured products total $225,000,000, and the bank clearings, $1,000,000,000. The British Columbia resources have only been scratched. The manufacturing industry in that province is in its infancy. The question therefore naturally presents itself as to how reciprocity would affect British Columbia. I think I can say without hesitation that agriculture would be absolutely killed. This fact is admitted by farmers who formerly worked on the prairies, when they come to British Columbia—they admit that their ideas have undergone an entire change. I had supporting me during the last campaign a number of men who had formerly been farmers in the Prairie provinces. They did everything they could to elect me and they admitted that their views had completely changed, and that what they had thought was good for Canada when they lived on the prairies was absolutely wrong when applied to British Columbia.

I would suggest to the member for Last Mountain (Mr. Johnston) and also his leader that they do a little travelling, come to British Columbia and inquire of the farmers there regarding agricultural conditions. I invited the leader of the Progressive party (Mr. Crerar) previous to last election to come to British Columbia, but he did not do so. I suppose he realized the reception that would have been accorded him; he no doubt surmised what would have been told him had he gone there. So far as the farming industry is concerned, the people of British Columbia do not want reciprocity; and I am safe in saying that free trade would kill our manufacturing industry. Now, we look forward to a great future in British Columbia for our manufactories, and there is no reason why we should not, considering the vast extent of our natural resources.

The hon. member for Last Mountain, I fancy, will have to consider other places besides the Prairie provinces. He will have to take into account not only British Columbia, but other parts of Canada as

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

Mr. McQUARRIE: When the House rose at six o'clock I was quoting certain figures relating to the production of British Columbia in certain respects. I shall now give the rest of the figures:

well. And who will say that other parts of Canada desire reciprocity any more than British Columbia does? I have heard it said that the province of Quebec is averse to free trade. So that the hon. member and others who hold views similar to his will have to reckon with the rest of Canada and turn for a moment from the contemplation of their own selfish interests and consider what will benefit the country as a whole. I stand, as my hon. friend does, for a united Canada; but you will never get a united Canada by thinking exclusively of one section. It is a right and proper thing, of course, that the farmers should be considered. The farmers represent one of the greatest industries in the country, and they deserve and should have every consideration. But we must bear in mind that there are other interests as well that require consideration at our hands. There is the manufacturing industry, for instance. There is possibly as much money invested in manufacturing in Canada as there is in farming, if not more; and there are almost as many men employed in the factories as there are engaged in farming.

Mr. EVANS: What consideration would the hon. member give the farming population?

Mr. McQUARRIE: They should get every consideration, I take it. Now, I say to my hon. friend from Last Mountain that the manufacturers will also have to be considered. If you have free trade what is going to happen to the manufacturers of Canada? I do not think there is any doubt about the fact that, taken generally, the manufacturers would not be able to carry on under free trade, and the branches of United States concerns that are operating in Canada at the present time and employing so many men would immediately withdraw from the Canadian field altogether. If our manufacturers were seriously affected it would simply mean that a large number of workmen in Canada would be thrown out of employment.

The hon. member for Last Mountain said that three things were needed in Canada, the first of which, in his view, was immigration. Well, no doubt it is important that we have immigration, provided we have the right kind. I am not going to enter into the discussion of that subject now, or say anything about orientals, but it is exceedingly important that we get the right kind of people in Canada. The hon. member says that immigration will solve the railway problem. Well, that is what the railways say, too. The Canadian Pacific Railway and other transportation companies think of nothing else but bringing more people into the country because they believe they can make money thereby. They advocate taking down the bars and letting everyone come in so as to build up the country. They want this in order that they may be able to pay dividends. That is all very well; but you have to think about the people who are here now. We must give them the first consideration. We have marching down to Ottawa now what is known as the McDonald Army of unemployed,—returned men who are coming from Toronto to lay their claims before the Government for employment. What are we going to do for them? Our first consideration should be for the returned men; we must take care of them. In other parts of Canada there are returned men who are apparently in destitute circumstances. Last year in Vancouver one of the returned soldiers' clubs provided 3,000 men with clothing. This year there are as many more asking for clothing, and at the present time that association has advertisements in the newspapers asking that people who have winter clothing and other garments that they are now casting off should turn them over to the association in order that they may be given to those who are in need. Those are things to be taken into consideration. We ought first to provide employment for the men already in Canada before we think about bringing in others.

The hon. member for Last Mountain (Mr. Johnston) has intimated that he does not like the amendment; indeed, he suggests that it is a piece of "political trickery." That will be his reason, I presume, for voting against the amendment, because really he criticises the Government for not carrying out their pre-election tariff pledges. In his opinion the Government are entirely wrong in disregarding those pledges, and therefore the budget is unsatisfactory. At the same time he is going to vote against the amendment because it is a piece of "political trickery." Well, I do not think anyone would question the honour or integrity of either the mover or seconder of this amendment. Even during the campaign, when occasionally some rather bitter expressions were heard, so far as I am aware no charges of dishonourable conduct were levelled against the leader of the Opposition.

Let us examine the amendment and see if there is anything wrong with it. Does it contain any misstatement of fact? I suppose the hon. member for Last Mountain would have pointed out any such misstatement if he could, and his failure to do so may be taken as conclusive evidence that the terms of the amendment are correct. Therefore I submit that the amendment is a true statement of fact. The amendment recites part of the Liberal platform. I do not think any hon. member will take exception to the correctness of that recital. Then it is said that the Liberal party incorporated this platform in the official handbook which it issued. I do not suppose that will be denied, because the handbook speaks for itself. It is further stated that during the campaign the pledges contained in the platform were repeated on the hustings. I do not suppose that is disputed. It might have been added that in British Columbia, for instance, the Liberal candidates sent representatives around "on the side" to tell the people not to believe that the Liberal party was going to carry out its pledges, and to promise that there would be no free trade, no reciprocity, and no tariff reductions to any great extent. In confirmation of this those representatives said to the people in effect: You remember 1896? The Liberal party then made the same kind of promises, but when it came into power it forgot all about them. In any event I do not think that the accuracy of that part of the amendment can be disputed. The next paragraph is to the effect that the Liberal party having been returned to power does not carry out these pledges. Well, the hon. member for Last Mountain has criticized the Government for its failure to redeem these pledges. That statement, then, cannot be disputed. The last paragraph of the amendment states:

> That the making of such solemn pledges, the utilization of them to secure support, and their flagrant violation after the attainment of office reveal a disregard of political honour and tend to lower the standard of public life.

If my hon. friend does not accept the accuracy of that statement, but, on the contrary, condemns this resolution as a piece of "political trickery", then I wonder what are the standards of political honour of himself and of those who think as he does. I realize that all the hon. members who sit around him do not share his views, that there are members of his party who do think that our standard of political honour should be maintained. But my hon. friend and those who agree with him in regard to this amendment say in effect: You should not call attention to little things such as broken political pledges or false pretenses; that is "political trickery".

Mr. JOHNSTON (Last Mountain): Surely the hon. gentleman does not wish to misquote me. I did not use the word "trickery".

Mr. McQUARRIE: You withdraw the word?

Mr. JOHNSTON (Last Mountain): I withdraw nothing. I did not use the word.

Mr. McQUARRIE: You would not make such a statement?

Mr. JOHNSTON (Last Mountain): I did not use the word; that is all.

Mr. McQUARRIE: I apologize to the hon. member. I forget his exact words, but I think the effect of them is just as I have stated. The only other question is: What is the moral code of the Liberal party? Well, we have had certain examples of it out in British Columbia. We have a Liberal government in power there, and it went into office on the strength of certain promises which were made to the electorate. I hold in my hand an editorial which appeared in the Vancouver Sun of January 12, 1922. The Vancouver Sun, I might explain, is a Liberal paper and supports this administration. The editorial is headed, "Say it with flowers", and is in these words:

> John Oliver took over the Premiership of British Columbia on the death of hon. H. C. Brewster, and at a time when the provincial Liberal party had been placed in control of the British Columbia government as a result of a purity campaign waged by the Liberals.
>
> No more stentorious apostle of purity ever went from one end of a province to another and waged vocal war on government by caucus, control of government, patronage by political gangsters, and collection of campaign funds in exchange for special privileges, than John Oliver.
>
> It was all hypocrisy, for as soon as he got into party control, Mr. Oliver installed a system of oil-tight government by caucus and adopted bodily all the Conservative political evils he had so loudly denounced.
>
> Political gangsters, who came to the Liberal government, were given unrestricted scope, subject only to coming through with campaign funds at election time. John Oliver has not neglected or omitted any political infamy likely to bring the Liberal party into disrepute, and that party has been brought into such disrepute by him and by the actions he has openly condoned, that the only possible first step towards a Liberal resurrection is to cut loose from John Oliver. This is the primary duty of the Liberal meeting on the 23rd instant.

Mr. SPEAKER: Order. Of course, in the debate on the address or on the budget a considerable degree of latitude is allowed to hon. members, but I fail to see what connection there is between Mr. Oliver, premier of British Columbia, and the present amendment. If the hon. member has any connecting link between the two, he should do well to bring it out at once. I do not think it is fair that the premier of British Columbia should be subject to attacks when he has nothing to do with the present amendment.

Mr. McQUARRIE: I will endeavour, Mr. Speaker, to supply the missing link. If you will permit me to read the rest of this article I will show that it is quite relevant at the present time. (Reading):

> This is the primary duty of the Liberal meeting on the 23rd instant.

Mr. KING (Kootenay): In quoting the article from the Vancouver Sun my hon. friend would lead the House to believe that that newspaper was a supporter of the Liberal party in the provincial legislature. I think he should correct that, because it is well known that the Vancouver Sun is not a supporter of the provincial government.

Mr. McQUARRIE: Mr. Speaker, I am referring to the Dominion Parliament, to the government in control of federal affairs. I will admit, as the hon. Minister of Public Works (Mr. King) has pointed out, that the Vancouver Sun does not support the provincial Liberal party. Through disgust at the practices and doings of that party from time to time, it has renounced the support which it formerly gave to it. (Reading):

> Gracefully but firmly John Oliver must be deposed and another leader selected. Address of grief at parting and banquet might be possible, but it will be better to just hand him a bouquet and let him go. Say it with flowers; and there will be no boomerang of public distrust,
>
> Unless John Oliver is got rid of immediately, provincial Liberalism will be consumed utterly in the flame of public indignation,—which was hot before and is now at white heat under the abuses of the liquor traffic. Electors voted for government control of the liquor traffic, but John Oliver has handed political control to his gangsters who are degrading the province and actually rendering life unsafe.

Mr. SPEAKER: Order. I think the hon. gentleman has failed to produce the missing link. An attack on Mr. Oliver is not justifiable, is not relevant to the amendment, and I would ask the hon. member to kindly come back to the amendment.

Mr. McQUARRIE: Very well, Mr. Speaker; I submit to your ruling. I would like to say also that as a result of some of the articles which this paper published, a libel action was instituted by the proprietor of the Vancouver World, which is now a Liberal organ, against the Vancouver Sun; the statements made in the Vancouver Sun were justified and the action taken by the Vancouver World was dismissed. Now, what was the statement that was made? The statement was that the provincial government had purchased from the president of the Provincial Liberal Association a warehouse site in the city of Vancouver at a price of something like $58,000 more than it was really worth, and that afterwards this same gentleman bought out the Vancouver World, which had been a Conservative organ, and had changed it over into a straight, out-and-cut Liberal organ, which it is to-day. Now, what I am coming to—I promised, Mr. Speaker, to supply the missing link—was this: the hon. Prime Minister knew all about these happenings. Great publicity was given to everything in connection with these various scandals—and there were others. The Prime Minister knew all about them. After the election, the Vancouver Liberals—who, of course, felt very badly because all the seats in Vancouver had gone Conservative—wired the Prime Minister and congratulated him upon his being returned to office. The Prime Minister replied, comforting them in their defeat in Vancouver by saying that he quite appreciated the fact that conditions in Vancouver had been most unpropitious. Now, they have been very unpropitious, of course; and as a result of all these disclosures the then Attorney General of British Columbia had to resign—one of the ministers without portfolio—

Mr. KING (Kootenay): If I may interrupt, I think it unfair that the hon. gentleman should make a statement of that kind. The Attorney General of British Columbia did not resign on any charges made by the Opposition, and that is well known to my hon. friend, who comes from British Columbia.

Mr. McQUARRIE: My statement is that he did resign; the hon. Minister of Public Works (Mr. King) cannot contradict me in that. The Hon. Mrs. Ralph Smith resigned from the Cabinet—

Mr. FIELDING: As a point of order, Mr. Speaker, I submit that you have al-

ready given your ruling that the hon. gentleman should desist from discussing the affairs of the provincial government.

Mr. SPEAKER: The hon. gentleman said a moment ago that he would produce the missing link, but he has failed to do so. I do not think it is fair that provincial ministers of the Crown should be subject to attacks in this House of Commons where they cannot defend themselves and more especially when the matter is not relevant to the amendment or to the main motion before the House. As I said a moment ago, in the debate on the address and in the budget debate, a certain degree of latitude is extended to the speakers. But hon. members must not abuse the privilege. In the present instance I think the hon. member has gone a little beyond the question, and that he should at once resume his speech and address himself to the subject before the House. British Columbia provincial politics have nothing to do with the question under debate.

Mr. MEIGHEN: In that relation I do not wish to make any comment at all; we need to be fair at all times, aside wholly from the ruling. But I submit that on motion to go into supply the rule as to relevancy to the motion does not apply, nor does the interposition of an amendment make it apply.

Mr. FIELDING: I admit there is a wide discretion given, but in the statement that the rule of relevancy does not apply I do not concur for a moment. The rule of relevancy must apply at all times.

Mr. LAPOINTE: Give us the missing link now.

Mr. McQUARRIE: I was just coming to that missing link.

Mr. ARCHAMBAULT: The missing gink.

Mr. McQUARRIE: The Prime Minister here knew about all these things, and what did he do? He took into his Cabinet a member of the Cabinet of the Hon. John Oliver, and he now sits here as Minister of Public Works. There you have the missing link. I have not one word to say against the Minister of Public Works (Mr. King, Kootenay) I think he is a good man. I want it to be distinctly understood that I am not criticising him in any way. Far from it; I admire his sagacity and political sense. He got out just at the right moment. After all the disclosures, he would no longer remain in that company.

[Mr. McQuarrie.]

Mr. KING (Kootenay): I think I should be allowed to correct an impression the hon. member may have given. Within the last two years the Oliver government has appealed to the people of British Columbia three times, and has been sustained on al three occasions.

Mr. McQUARRIE: How do they do it? They went up to Revelstoke—a small place on the railway—and the member for Revelstoke was made Minister of Public Works. Naturally the people of Revelstoke thought they were going to have everything fixed up, so they voted for him. Then up in the north they put in the Attorney-General because they wanted a lot of things up there, and down in Nelson they promised the people a road which they have been wanting for many years, a road that it will be impossible to build, but they said. "You put in our man, and we will give you this road." They absolutely bribed the electors of that country. I do not like to go too far. There are a lot of other things I could say in this connection but I will let things go just as they are as to this particular matter.

It has been argued here to-day that the reason why the Government has not carried out its pledges is because of the great national debt. The Minister of the Interior (Mr. Stewart) has expatiated on that theme to-day to quite an extent, and one of the members supporting the Government from Prince Edward Island has said that the national debt was so great that he really could not comprehend it. I wonder if he comprehended the extent of the national debt during the election campaign. Surely he must have known then the national debt was large. Surely he has not discovered it only since he came to Ottawa; his intelligence must be brighter than that. So we can come to the conclusion that they knew during the election campaign that the national debt of Canada was very large, and knowing that, why did hon. gentlemen on the other side go on repeating their pledges during the campaign? The national debt of Canada is large, Of course it is, and something must be done; we all agree with that. The only question is, how is the money to be raised? I submit that if you take off the tariff duty and ruin the farmers in various parts of this country, ruin our manufacturers, and put hundreds of thousands of men out of employment, you are not going to pay off the national debt in that way. I submit that the amendment before the House is a proper one, and if the facts are as

therein stated, it is only right that such an amendment should be brought before the House.

Mr. McBRIDE: I should just like to correct a wrong impression which the hon. member for New Westminster (Mr. McQuarrie) has given, namely, that the hon. member for Marquette (Mr. Crerar) did not go to British Columbia during the campaign because he was not wanted there, or something to that effect. I venture to say that not a man in eastern Canada to-day would receive a warmer welcome in British Columbia than the hon. member for Marquette, because although some people there may differ with him in politics, they respect him as a straightforward man, just as he is respected in this House on both sides.

Mr. ROBERT MILNE (Neepawa): Mr. Speaker, I rise to make a few observations, and if I wander from the subject I hope you will be good enough to draw my attention to it. I have listened very patiently in the House to try and get the broadest viewpoint possible, and I find that there is something sadly wrong with our fair Dominion. I do not know how to express it better than by saying that we have a sick country. Now what is the trouble with our country? As I believe, it is this: Our trade seems to be sluggish. We do not seem to have a sufficient amount of trade to make times prosperous. Our factories seem to have stopped running, for some reason or other. We seem to have a discontented people generally, and on top of all that we have a large number of unemployed throughout the country.

I have spoken of Canada as a sick country, but I want to say that she has a wonderful constitution. Her constitution is made up of her natural resources, including agriculture. From my observation in the past I would say that her constitution has been sapped for years, and is still being sapped, and if it were not an exceptionally good constitution we would have been bankrupt before to-day. The people have realized that things have not been going just as they should, and they have been employing different doctors at different times. We had Doctor Conservative for a while, and Doctor Liberal for a while, and still the patient did not seem to improve. I do not know just what the trouble is, but it looks to me as though we did not have the right medicine. Both the doctors have been applying practically the same treatment, and still the patient continues to go down. To my mind, we need a new kind of medicine. I do not know exactly what is wrong with the old one, unless it is that one of its ingredients, the fiscal policy, has become too old and has spoiled, poisoning the other ingredients. We cannot expect the Dominion to get better as long as we administer the same kind of medicine. We need a new fiscal policy it seems to me; and I would suggest that if we adopt a sound fiscal policy and in connection with it introduce economy—a concentrated solution of economy—and administered it in large doses we may entertain the hope of improving the conditions in this Dominion.

I have been somewhat disappointed in the amendment which has been moved by hon. gentlemen to my right. Not being familiar with parliamentary procedure, I had supposed that when an amendment was introduced it was for the purpose of offering a better solution for the existing difficulties than was contained in the motion. But the amendment does not appear to be of that character. At least it does not have that look to the ordinary man from the wayside, if I may use the expression. Yesterday I overheard some old parliamentarians talking on the subject and they declared that the amendment was not a sound one either from the point of view of the statesman or from the point of view of the politician. Personally, I cannot see that the amendment contains any suggestions for improvement. And yet I think there is considerable room for raising the standard of political morals which, in the past, has been such that the confidence of the people has been undermined to a large extent. I claim that if a higher standard of morals had been inaugurated long ago the people would not have lost confidence in the public administration to the extent they have done. It is a very unfortunate thing that so many of our citizens throughout the Dominion have such little faith in either of the two old-time political parties. In fact sometimes it would almost seem as if they had not faith in the Progressive party. To such an extent does this loss of faith exist that a large proportion of the people will not take the trouble to cast their votes at election time. Undoubtedly there is a change coming; when one wrong-doer accuses another it is an evidence that he is in a rather tight corner, and we may look for a confession from the accuser soon.

Economy has been talked of here, but actions, not words, are needed. Economy should be practised not only under the federal government, but it should be given effect to all along the line. We should expect economy from our provincial and our municipal governments, and the individual citizen should practise it also. Perhaps the nearer we get to the individual the greater extravagance we find; but that does not alter the fact that we must have economy in high places as well as in low places. To use a homely expression the federal government should take the bit in its teeth and press forward along the path of economy. The members of the House without exception should go to the country and preach economy from every rostrum they can find—economy not only for the next year, but for many years to come. Only by adopting a policy of that kind can we bring Canada back to where she should be.

As I listened to the budget, and later read it over and reflected upon it, I could not help wondering what our tariff policy was based upon. They tell us that the tariff is needed for the purpose of raising money; but in my reading I have become more bewildered than ever in the endeavour to find out what the real basis of our fiscal policy is and how the rates imposed against goods coming into the country were arrived at. I have a few examples under my hand which may illustrate my point without an undue amount of talking. We find that yarn, composed wholly or in part of wool, pays a 30 per cent duty; and that yarn spun from mohair and alpaca is admitted free of duty. Now, for the life of me I cannot see why such fabrics as mohair and alpaca should not pay a duty when the ordinary every day wool, such as our people are compelled to use, has to pay one. We find that glass cut for the use of manufacturers for photographic purposes comes in free of duty; whereas common window glass is taxed. We go on down the list and we find that flannels, plain, not fancy, pay 35 per cent, and shirts and drawers 35 per cent. A little further down the list we see that raw silk and silk from the cocoon imported for the manufacture of silk underwear is admitted free of duty. We further find that in the reductions that have been made there is a 5 per cent reduction on collars and cuffs, and a 2½ per cent reduction on shirts. I wonder, Sir, if the collars and cuffs are for the benefit of the new agricultural immigrants that are expected to arrive in Canada?

Let me, in a word or two, show the unfairness of the tariff as between the manufacturer and the farmer. Now, I have no grudge against the manufacturer, absolutely none. What I stand for, and what the country expects, is fair play; but we find that the farmer in getting machinery to produce real wealth—and production from the soil is the creation of wealth—has to pay an average tax of about 15 per cent on his machinery, while he has to sell his products in the open markets of the world. The manufacturer, on the other hand, in a great many cases gets his raw material free of duty. For example rattan for furniture and baby carriages comes in free. It is the same with raw rubber; and when a manufacturer turns out his finished product it is protected at a figure in the neighbourhood of 30 per cent. I ask you, is it fair that one industry should get its raw materials free of duty and be protected on its finished product, whilst the other pays a duty on the implements it uses in producing real wealth and has to sell its products on the open market?

Now I have a few observations to make about the sales tax. I am not going to worry you with a lot of figures, but I will give you a concrete example, and for the purposes of my illustration I will take hon. members of the house. The hon. member for Swift Current (Mr. Lewis) who sits beside me states that he has seven children so that his family, reckoning his wife and himself, numbers nine. I have only one child and so in my home there are but three persons. I understand that the Prime Minister is unmarried, therefore there is only one person to represent his home. I ask you, is it fair that the hon. member for Swift Current should pay nine times as much in taxation as the Prime Minister does?

Mr. McMASTER: Tax the bachelors.

Mr. MILNE: Is it fair that the hon. member for Swift Current should pay three times as much taxation as I am paying? I will readily concede that he is doing more for his country than I am and yet he has to pay three times as much in taxation as I have to pay. I put it to you whether such a system of taxation is fair.

Referring to the farmer, I always have to look after him, although I do not pretend to seek any special favour for him. I obtained my figures from the re-

turns made for income tax from a farm containing 317 acres under cultivation. In that return I find that the farmer has made actual purchases in connection with his farm operation—his binder twine, lubricating oil, small repairs and so on—to the amount of $544, which would be termed general expense. He paid a sales tax on that amount. I look down the list, and I find that he has fourteen months' board charged for hired men. I assume that $10 a month would not perhaps be too much to add for the actual groceries purchased for the hired men. That would mean that, in order to maintain his hired help, he would have to spend $140 in actual purchases. A little further down on the list I find an item of $4,506 for farm machinery, and that did not include his automobile. We are allowed a depreciation of 10 per cent. I think most people who make a study of the situation will admit that this is a fair depreciation. If the machinery depreciates to that extent, he would actually have to invest each year $450 to keep his machinery up to standard. That makes a total actual investment, which the farmer would have to make on that farm in order to maintain it, of $1,131.60. He pays a sale tax on those purchases of, I believe, 4½ per cent. That means that he would have to spend $51.92 on the actual necessities to carry on farming operations. That does not include any purchases for his own living or pleasure or anything like that, but that amount is actually paid in order to carry on his work on the farm.

Let us compare a business man, or an office man who has a salary of from three to six, or eight to ten thousand a year, with the farmer to whom I have referred. The business man goes to his office. He has his lead pencils, pens and stationery supplied. Which of the two men pays the more? Is it fair that the man who is actually creating the wealth from the soil should have to pay this tax of $50 for the privilege of farming? I am taking the average farmer. The average man who is at any kind of office work, clerical or otherwise, does not require the same investment and gets off practically free of the sales tax. Is that a fair method? Is this tariff a fair way of raising money or of taxing people?

They tell us at every turn that we must have money, and that if we increase the income tax to raise money we are going to drive people away. Surely there is not a man in our Dominion who would leave the country if we increased his sales tax in order to remove the tax from some of the bare necessities of life. Personally, for the sake of the poorer people in our country, I should like to see a budget brought down saying that we are going to allow the women and children of this country to buy coarse woolen clothes without a tax, so that they can keep warm, and that we are going to allow them to have all the oatmeal, prunes, rice and so on, that they require without paying a tax. If we take off this tax, I may be asked, where are we going to get the money to make up the loss? Surely, there is not a citizen in this Dominion who is receiving a salary of over $2,000 who would not be willing to pay a little more from his income, in order to be of assistance to those poor people.

The question has been asked "why don't you get after the farmers and get more money out of them by the income tax?" I am not going to ask favors for the farmers. If the farmers are eligible for taxation, if they are making enough money to be taxed, I say "go after them and take it out of them." We do not want any special privilege—absolutely none. But from my observation through the country in the East and through the prairies, the most prosperous districts I have seen turn out to be golf links or bowling greens. You ask where the money is to come from. Tell me where the money is and I will tell you where to go for it. There is absolutely no use in trying to bleed a stone. You say the sales tax is an invisible tax and people do not know anything about it. There is no question in the world that every five cents added to the cost of a pair of shoes is a burden to our poor people, and they can only stand so much. The money has to be raised, and we have to go where it is in order to get it.

I said in the opening that agriculture and our natural products were the foundation of our Dominion. I say—and I was convinced of it before I came here, and I have heard it a great many times since—that agriculture and our natural products are the mainstay of our country. We might as well try to put the weather vane on the top of this tower before it is finished as to try to stimulate our artificial industries before we solve the diffi-

9 p.m. culties that beset our natural industries. I say that the tariff is not a fair one. I want a tariff that will deal with and tax all classes of people and industries of the country in a fair way, and that is according to their ability to pay. I stand for the principle of a fair tax for all classes.

Mr. J. S. WOODSWORTH (Centre Winnipeg): The budget seems to me to be simply one more demonstration that there is no essential difference between the two old parties. Perhaps, if we look at the matter from the historical standpoint, we should hardly expect that there would be any great difference between the two. We remember that the old Conservative party arose originally as the political expression of the landed proprietors of Great Britain. Later on the Liberal party arose as the political expression of the rising trading classes of the towns, and still later, after the industrial developments, of the manufacturing class of Great Britain. And naturally there arose a conflict of interests between these two groups. The one, the agricultural proprietors, stood in those days for protection; they wished to be protected against the importation of free goods, especially wheat, from the outside. On the other hand, the trading classes wished to be enabled to go into all the world and trade freely, and that was the origin of the free trade policy of the Liberal party of Great Britain.

Here in this country the situation has been entirely different; and to a very considerable extent these old terms, "Liberal" and "Conservative," have designated simply, as has been well recognized, two political groups which were not fundamentally different in policy. It is quite true that the Liberal party has followed more or less the traditions of the older Liberal party of Great Britain. And there are a few very honourable exceptions, of those who are still very firmly convinced that the Liberal principles are absolutely correct, and who try to do the impossible thing, of holding to those principles in an age when the original conditions that produced them have entirely passed away. But we find that it has happened several times in this country that when a Liberal government has succeeded a Conservative administration it was almost inevitably driven to adopt similar fiscal policies. In the past the great masses of the people were very largely without political expression. Of course, up until a hundred years ago in the Old Land, it was an unheard of thing that the ordinary rank and file of workers should have even a vote. The first man who attempted to propagate the idea that the ordinary people should have the franchise was haled before the courts and charged with sedition. Gradually the common people obtained the vote, but it was very slowly that they began to have any opportunity of giving expression to the needs of the rank and file. For a long time they could elect either Liberals or Conservatives, and that was all. In Canada it has been pretty nearly the same. It was only within the last few years that, for the first time, we had, among the agricultural workers in Canada, a certain number of people who understood that the agricultural interests were entirely different from those of the business classes, whether those classes called themselves Liberals or Conservatives. It is in even more recent years that the Labour people, who form a very considerable part of the population of this country, have begun to understand that it is necessary that they too should give political expression to their views, and to realize that their policies are entirely different from those of the business classes which are represented more or less by the Liberals and the Conservatives.

From our standpoint, as Labour people, it seems as if the budget which has been presented to Parliament places the financial interests of the country before those of the common people. I do not intend to enter upon any detailed criticism of the budget, but I want to emphasize the view that the sales tax is inherently vicious in principle. I fancy that the thoroughgoing members of the old Liberal school will agree with me that any tax levied in this way, which falls very largely on the consumers, is essentially vicious in principle. Now, we have had it stated within very recent days by the Minister of the Interior (Mr. Stewart) that we are to have an immigration policy which will bring in large numbers of children from the Old Land. Personally I cannot approve of a policy which contemplates introducing into this country children gathered up more or less from the streets of the cities of the Old Country. I would suggest that we take a lesson from our farmer friends, who are very much more careful about the selection of their seed grain and their stock than we are about the selection of our human stock. But we are bringing in these children from the orphan homes of the Old Land, and at the selfsame time are continuing a policy that makes it impossible for a great many people in this country even to hope to have homes of their own where they can bring up their families.

Reference was made by the last speaker (Mr. Milne) to the fact that this tax bears most heavily on those who are trying to

rear families. Some of us know what it is to buy boots and clothing for children and to provide a family with the ordinary necessaries of life. It is becoming increasingly difficult, especially in the cities, for the ordinary labouring men, who compose a very large proportion of the population, to provide even the barest necessities. I am speaking not merely of those men that work with their hands. I think, as well, of the clerks in the shops and offices, and I think of our own civil servants, many of whom to-day are obtaining smaller wages than the amount which the Department of Labour says is essential for the maintenance of even a minimum standard of living. Some of our civil servants are receiving a smaller remuneration even than the amount paid in my own city of Winnipeg to those who are assisted by the relief department of the city. And yet, with that condition prevailing in this country, we are adding taxes that will have to be paid by these people who are drawing such meagre wages and who to-day are finding it the greatest struggle to make both ends meet. I suppose this fiscal policy is but a part of the whole policy of the present administration. There is nothing here that in any sense will provide for releasing the energies of the people and thus guarding against the unemployment that is so rampant. Rather, we have a reversal to the old policies with which we have been familiar for a great many years. It would seem very much as if the present administration were attempting to carry out the policy which the president of the Canadian Pacific Railway announced about a year ago when he said that it was absolutely essential that we should have a larger immigration to this country for two reasons: First, that we should have people who would help bear the burden of taxation; second, people who would help feed the railroads.

Now, that appears to be the policy of the present administration. They are bringing in people to help us bear our taxes—not a very kind policy for the immigrants—and to help feed the railroads. Surely that has been one of our policies for a great many years. The administration seems to be bankrupt in ideas and incapable of formulating any new policy that will really meet the situation with which we in Canada, in common with the people in many other countries, find ourselves confronted at the present time.

There are no real economic changes proposed so far as I can see. It simply means that we are going to continue a principle which has been followed for a good many years, namely, that of drifting and financing by fresh borrowings. In our ordinary private business affairs if we have to borrow money to meet even the interest charges on sums already owing we think ourselves in a bad way; yet that is precisely what we as a nation have been doing for some years. There is a painting in the Canadian National Gallery by George Agnew Reid, called "Mortgaging the Homestead." Some of us remember how in our earlier days it was considered to be one of the most serious steps that any family could take when it had to mortgage the old homestead. But I take it, Mr. Speaker, that that is precisely what we are doing as a nation: we are mortgaging the old home which our forefathers left to us.

Unfortunately we are mortgaging our home to no small extent to outsiders. Two years ago the Mining and Engineering Record gave the following figures with regard to the ownership of some of our great industries:

> Americans control 95 per cent of the mining investments in Canada; 100 per cent of the pulp and paper investments in western Canada; 75 per cent of the lumber industries, and 75 per cent of the fisheries.

A few years ago all these industries belonged to Canada; to-day from 75 to 90 per cent of them are in the hands of foreign capitalists. On January 28, 1920, one of our western papers, the Winnipeg Free Press, stung by the fact that it could not obtain paper from an American company on terms which it thought equitable, printed the following editorial:

> If there is money in it for the capitalist, ship our coal out of Canada to the highest bidder and let the Canadian people freeze; ship out our lumber and leave the people houseless; ship out our pulp and paper and leave them without newspapers, and so on all down the line. The fact that in all these cases the products are primarily the property of the people themselves would make no difference to the Gazette. On with the business of exploitation! The sacred system by which millionaires are turned overnight into multi-millionaires must not be tampered with.

The particular phrase to which I should like to call the attention of hon. members is that, "the products are primarily the property of the people." Yet they have been sacrificed in the interests of a comparatively small group. Let me quote from a publication recently issued by the Department of Trade and Commerce. The article

is headed, "Canada as a field for British branch industries," and it contains the following:

A significant feature of post-war development in Canada is the part played by the United States. The United States for many years past has entered into the development of Canadian resources, supplying both capital and labour and establishing industries on the Canadian side of the border. The nickle and asbestos production of Canada is largely in the hands of American companies. Many of her timber products and a proportion of pulp and paper production are also American. There are in all over six hundred United States branch factories or subsidiaries in the Dominion, among which may be cited the International Nickel Company Limited, the Montreal Locomotive Works, Limited, the Canadian Consolidated Rubber Company Limited, the International Harvester Company, Limited, the Canadian General Electric Company, Limited, subsidiaries of the International Paper Company, the Ford Motor Company of Canada, Limited, General Motors, Limited, and the Studebaker Corporation of Canada. Canada owes much to American initiative, capital and immigration.

There we have a statement as to how gradually American capital is coming in and gaining control of our great industries. The same is true with regard to stocks and bonds. Let me quote from the same publication:

Stocks, bonds and other securities held by incorporated and joint stock companies engaged in the manufacturing industries of Canada in 1918: Par values: total owned in Canada, $945,443,658; in Great Britain, $153,757,825; in the United States, $554,943,177; total in other countries, $17,221,322.

That is 34 per cent of all these stocks, bonds and securities are owned in the United States. Appended to this statement in this note:

When the compilation of 1920 figures is complete it may be found that the 34 per cent shown in the first table as the proportion held by United States capitalists in Canadian industries has increased to nearly 50 per cent, and that the British percentage has increased little or not at all.

One other quotation in this same connection, which goes into detail in regard to the ownership of the stocks and bonds of our industries. I shall quote only the percentages of these stocks and bonds owned by United States capitalists; they are as follows:

Lumber, 27 per cent; pulp and paper, 24 per cent; agricultural implements, 31 per cent; meat packing, 41 per cent; rubber, 50 per cent; patent or proprietary medicines, 86 per cent; automobiles, 61 per cent; car construction, 59 per cent; artificial abrasives, 99 per cent; automobile accessories, 93 per cent; brass and copper castings, 44 per cent, and so on all down the line.

We may say that we own, or that Great Britain owns this country, but I submit,

[Mr. Woodsworth.]

Mr Speaker, that if our natural resources are owned by great American companies, and our stocks and bonds by American syndicates, our ownership is a very empty possession. I may claim to own a house, but if that house is mortgaged for almost its entire value, my ownership is a very empty thing indeed. A good many of us are reduced to the position where we have to turn over the greater part of our income to the men who hold the mortgages; and it would seem as if in Canada we are rapidly coming to that position where we have to turn over a very considerable amount of our national income to people who live outside of this country. The latest loan placed would seem to be no exception to this rule. We had to negotiate a loan of $100,000,000 on the other side of the line, which simply means that we shall continue to pay interest across the way. If a Canadian should manage to acquire some part of that loan, as long as he remains in Canada he is taxed, but if he establishes a residence in the United States he will, apparently, be free from taxation. That is a point which I hope will be discussed when we come to that particular item.

But I would suggest that not all the mortgages are held outside of Canada. There has been in the past few years a remarkable shifting of the wealth of this country from a large group to a comparatively small group. I wonder if I may be permitted very briefly to run through some of the outstanding stages in the history of this country by which our lands and public resources have been gradually alienated. We remember that when our forefathers came to Canada and carved out for themselves homes here, the whole of this land was owned by the Crown. Possibly we might make exception and admit that there were certain trading rights conceded to the Hudson's Bay Company and that to that extent a private organization had a sort of mortgage on the country. But on the whole, all our resources were publicly owned; and had our policy been a true one, those resources and the organizations which have been built up upon them would still remain in the hands of the public. But what have we done? In the first place, the earlier fur traders exploited the Indians and out of the money they made were able to acquire other natural resources in this country. We all remember the earlier ecclesiastical and feudal grants which were made. It may seem unneces-

sary to review past history, but when we come to study some of the older cities in this country, we find that the present landlords are the successors of those who acquired lands in this way from the Crown in the early days. This was under the French regime. Then, under British rule, there came the granting of huge tracts of land. Lord Dufferin stated that in Ontario almost one-half of the lands then surveyed had been given away. In Quebec over half the lands were given away, and so with the other older provinces. It is not my purpose to enter into a discussion of the alienation of lands as clergy reserves and under the administration of the Family Compact, and, later, the giving of huge blocks of land in the settlement of the Hudson's Bay Company's claims. Why do I recall this past history? Because I would like to show, if I could, that the earlier fortunes of Canada were gained out of the fur trade, out of the grants of Crown lands to the pioneer settlers, and that in this way these resources which ought to have been held in trust for the whole of the people have been secured by a very few of the people.

Then, after that earlier pioneer period, our railway systems began to develop, and we have again the building up of huge fortunes. It would be a comparatively easy thing to enumerate the shareholders or directors or promoters of these earlier railway companies; in a very great number of instances the men who are prominent in our industrial and financial affairs of to-day are descendants of the men who made their fortunes by securing lands and other resources from this country without giving the community any equivalent. I am going to venture to quote a paragraph from David Mills which illustrates the reckless way in which our franchises were given away in those early days:

> "Corruption taints the majority of railway enterprises from their inception to completion," wrote David Mills, a member of the Dominion Parliament, and later Dominion Minister of the Interior. "Charters are sought, not infrequently, for the purposes of speculation. Sometimes they are used to blackmail existing railway lines. However much a railway road is needed, a charter is seldom obtained without difficulty, and stock is bestowed for parliamentary support. The names of wellknown railway men are sought to give credit to the projected enterprise, a number of shares are tendered them for their 'eminent services', and they are seldom declined.
>
> "When a railway scheme is finally launched, it finds a large number of friends—engineers and professional contractors, the owners of rolling mills, and the builders of cars and locomotives. The getters of land grants, and the traders in railway stocks, all come to its aid, and it may be, experience its bounty. These constitute the grand army of a private railway enterprise.
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> "Besides these, there is a numerous band of camp followers, who expect in a variety of ways 'to reap where they have not sown', but about whose special services nothing need be said. It is this numerous host of allies and followers which 'can kill or keep alive' a railway project, and because they have this power, must be paid, that add to the cost of every rival railway undertaking." In his article Mills but stated a further well-known fact when he wrote: "In order to pay interest upon bonds or dividends upon stocks, a road is allowed to deteriorate. Then come accidents, in which scores of passengers are mangled or scalded."

That was the beginning of our railway enterprise; thus we had built these earlier lines which were afterwards incorporated into the great transcontinental systems. I do not need to read at length from the Drayton-Acworth report, but you will remember the immense sums which were given to the privately owned roads. We have been almost staggered during recent weeks in hearing about the enormous amounts which it will be necessary for us to raise in order to carry on our publicly owned railroads. We must not forget the way in which these huge debts were incurred; we must not forget the enormous grants which have been made by this country right along to construct our railroads. The total public assistance direct or indirect, to the Canadian Northern amounted, according to the Drayton-Acworth report, to $298,253,263. To the Canadian Pacific there were enormous grants, as well as to the Grand Trunk and to the Grand Trunk Pacific—and land grants as well. The people of Canada through their government have provided or guaranteed the payment of sums totalling $968,451,737—almost a billion dollars, and upon these huge sums we are asked to-day to pay interest. You may say: Very well; this is past history; we have to start from the beginning. But we cannot start from the beginning; we have no right to start from the beginning. If you really want to go to the beginning, you have to go back to the time when this country was free. In Great Britain you remember there came at one period of her history the enclosure of the common lands, one of the most outrageous proceedings in the history of any country—when certain descendants of the feudal lords who had previously recognized certain responsibilities respecting the rights of their peasant population undertook to fence these lands which had been regarded as common lands

and to appropriate them and their revenue for their own purposes. We have had in Canada, this new, young country of ours, a much more outrageous proceeding than that of the alienation of the common lands of Great Britain. We have had the alienation of millions upon millions of acres of land and of the most valuable natural resources of this country, so that to-day the greater part of these are in the hands of private individuals, and now we are told that the public has no claim upon them. I need not go into the more recent alienation of our public resources. During the last few years I have been living more or less in British Columbia, and any one who knows the conditions there knows how recklessly our natural resources of timber and mines have been forfeited in that province, so that to-day the people practically have no control either of the better agricultural districts or of the mining or timbering properties.

We find here, referring again to the pamphlet which I have already quoted, issued by the Department of Trade and Commerce, a note with regard to the expansion of industry in this country:

> The day of the manufacturer had dawned, and in 1912 the future of Canadian industry was looming large. The growth of the domestic market demanded expansion of domestic manufactures, but this expansion went further and made itself felt in greatly increased export.

Here again the people in Canada and their welfare was sacrificed in the interest of the larger manufacturers who were benefiting by these exports. The document proceeds:

> The era of large business had begun and merger succeeded merger, with resultant increase in production. Industrial capital increased rapidly, from $445,000,000 in 1900 it rose to $1,247,000,000 in 1910; to nearly $2,000,000,000 in 1915, and to $2,787,000,000 in 1917.

Let me ask where did all this great amount of money come from? It came out of the primary producers of this country. There was no other place from which it could come; matters were so arranged that the greater part of this property was acquired by a few individuals. We find that instead of the numbers of establishments increasing, they decreased proportionately. In 1900 there were some 14,650 firms that produced a product valued at $481,053,375. By 1915 there were hardly a thousand more firms, but the value of the product had increased to $1,381,547,225.

We all know without my entering into a discussion of it how in connection with these mergers which have been going on in recent years, there has been considerable of the process which is commonly known as watering stock. We all know how in recent years enormous fortunes have been made out of the rise in real estate values, and we know that these values, which are essentially community values, have gone into the hands of comparatively small groups, and that these enhanced values and this over-capitalization remains a perpetual mortgage on the productive industries of the country.

I can go on to show how gradually our financial organizations have been concentrated. Take, for instance, the banks. According to the statement issued by the Department of Trade and Commerce, we had 18 banks having total assets of $3,091,500,000. I suppose there are only 17 of these banks to-day, but they have these enormous assets. Next in financial importance to the chartered banks are the trust companies, of which there are about 25, either independent in operation or affiliated with one or other of the chartered banks. Their operations do not conflict with legitimate banking as they are almost wholly confined to trusteeship and the management of estates. Few of us perhaps except the financiers themselves realize just how far the banks really control the industrial concerns of the country to-day. As an illustration of this, let me take the grain trade in which a good many members of this House are more or less directly interested. I quote a paragraph from the report of the Winnipeg Grain Exchange for this past year, 1921:

> Owing to the immense volume of grain marketed, and to the fact that practically all of the business is done on credit, banks have a primary interest in the system of marketing. Not many grain merchants or companies have sufficient capital of their own with which to do a large volume of business.

Let me say in passing that this throws a very important light on the real reason why the farmers of this country are asking for a wheat board. To continue:

> All of them have to borrow large sums of money from the banks, or have large lines of credit, to enable them to do business. It is not generally realized that from the moment the farmer sells his wagon-load of wheat, or gets an advance upon it, the wheat is virtually owned by the banks. Indeed, one might go further and say that from the moment the farmer parts with his wheat at the local shipping point, the banks become the owners of it, and the banks remain the owners of it until it is eaten as bread by the consumers. Elevator companies, track buyers, commission merchants, shippers, exporters, mills and bakers are financed by banks, and in their relation to the

grain they are not much more than the agents of the banks that finance them.

That is the point that we must consider here. The capital of this country has become very highly centralized, and this high degree of centralization gives the financial institutions practically the control not only of the commercial and industrial enterprise of this country, but indirectly, of the very life of the labour people of this country.

Now let me go on to the later forms by which the people of this country have been exploited. I come to the war itself. We all know that some fortunes were made even during the South African war, but when we come to the Great War, there was never a more magnificent opportunity for the profiteer. It is not my purpose tonight to say anything with regard to the war contracts scandals. I think that they are fresh in the memory of any man who has ever attended a political meeting during the last few years in this country. We know the huge fortunes which were made during the war time. We know from the revelations which were given to this country by the Committee on the High Cost of Living how certain individuals and corporations were enabled to profiteer even during the time that their fellow citizens were laying down their lives in France. We know that these fortunes were made. Some of them, perhaps, have been sacrificed since; others of them are still held, and there has been no effort made by the incoming government, so far as I can see, to recover from the profiteers that blood money which they laid up during the time of the war. That has been a great disappointment to some of us, because we recognize the opportunities that were granted to the incoming administration. What happened during the war? The administration of that time made it comparatively easy for men to make large sums. Professor O. D. Skelton, of the Department of Economics at Queen's University, is responsible for the statement made towards the close of the war:

> In the four years of war Canada has met only 6 per cent of the direct principal cost of the war out of surplus revenue, as against 20 per cent met by the United Kingdom, while the United States has met the extraordinary proportion of 44 per cent the first year.

Then as to the incidence of taxation, Profesor Skelton shows that in the United Kingdom 81 per cent of the taxes were paid on property and income, and only 19 per cent on consumption. What was the condition in Canada? In 1913-14, nothing in the form of taxation on property and income; 100 per cent paid out of consumption. In 1914-15 nothing paid on property and income; 100 per cent out of consumption. In 1915-16, 1 per cent on property and income; 99 per cent on consumption. In 1916-17, 8 per cent on property and income; 92 per cent on consumption. In 1917-18, 11 per cent on property and income and 89 per cent on consumption. Great Britain is said to be a conservative country owing to the fact that she has such a considerable part of her population who are property owners and who have large fixed incomes; and yet in Great Britain, 81 per cent of the taxes were taken out of property and income, while in Canada, and that only in the last year of the war, 11 per cent of the taxes came out of property and income.

How did we do our war financing? We borrowed and we borrowed more instead of paying as we went as we might have done—for it is a well known truth of economics that we as a nation produce every year almost as much as we consume—we went through the financial jugglery, known as "borrowing". The food, and clothing and ammunition which was needed during the war was produced during the war. The high financing which we did at that time was, after all, a matter of book-keeping by which a comparatively limited group of people obtained a strangle hold on the rest of the country. I think I may obtain confirmation of my statement on this point from a pamphlet issued by the right hon. Sir Thomas White, Minister of Finance from 1911 to 1919 entitled "The Story of Canada's War Finance". I quote two short paragraphs:

> This view overlooks the fact that our War Loans were really subscribed by the public from the savings made during the War itself. There is real truth in the statement that was made frequently by economists that nations pay for Wars as they go along. Productive enterprise is, of necessity, greatly stimulated. This, coupled with the constantly increasing rise in wages and in the prices of commodities, produces an enormous amount of credit, or money so called, which finds its way into the pockets and the savings accounts of the public. This money is available for subscriptions to government loans. On the other side of the national account is the vastly increased public debt representing the money expended for the equipment of the nation's forces, the food consumed by them during the course of the War, and the immense amount of ammunition used in the field. The burden of the debt created is passed on to future generations as a legacy and reminder of the waste of war.

And again:

> From the national standpoint, it is of the utmost advantage that so large a proportion of

our War Debt is held by the Canadian people themselves. I hesitate to think of what our position would be if we had borrowed, and were still owing, externally, even half the amount of our war debt. We should be kept in economic servitude through adverse exchange for a generation to come.

Mr. Speaker, I should like to comment briefly on this passage which I believe is sound economics. Sir Thomas confesses that nations pay for wars as they go along. He confesses that our war loans were really subscribed by the public from the savings made during the war itself. Now, here is the situation which we have to face: We were told that the whole of this people ought to throw itself into the great war. We were told in those days that there ought to be equality of sacrifice. Certain men went over to the front and lost their lives. Others went and gave the very best of their lives. Others stayed at home and put forth their best endeavours for the national welfare at that time; and on the other hand a small proportion of the population stayed at home and made hay while the sun shone—they coined money while their brothers sacrificed. The money that was "made" and put into war loans was made out of the war itself—let that sink into the minds of the people of this country—and we to-day have the right to say whether those people shall, or shall not, retain their ill-gotten gains. I think of some of the men who have returned from the front broken in health, broken in fortune. I think of several hundred of them who are reported to be marching on Ottawa at the present time in the hope that they will be able to present their case to this House. Have these men no claim upon the resources of this country? By the very budget that has been presented to us at this time those men, every time they buy a pair of shoes, or a coat, or a shirt to wear and every time they attempt to support any dependents that they may have, are asked to contribute still further to that war. And where does their money go? The greater part of their money, paid through taxes, goes to the very people who profiteered at the time they were fighting in France. I for one cannot conceive that the returned men across this country are going to tolerate that condition of things very much longer. Sir Thomas White says that it is a splendid thing that this money is not owed to people outside of Canada—that it is owed to the people in Canada. From my standpoint—and I think I can speak for a very large number of the common people of this country,—it does not make very much difference whether the money is held by some great corporations in this country or outside, or by wealthy people in this country or outside, the fact is that the poorer people of Canada are compelled to pay interest on these war loans to others who have not, up to the present, been required to make anything like an equality of sacrifice.

In an article published on April 1st in Maclean's Magazine the writer, Mr. John A. Stevenson, calls attention to the enormous burdens which we have placed upon our shoulders in this country, not merely by the federal taxation, but by this taxation, supplemented by provincial and municipal taxation. He has estimated that the federal taxation amounts to $435,000,000, the provincial taxation to $90,000,000, the municipal taxation to $350,000,000, a total of $875,000,000. That means that we have a taxation burden in this country of $100 per head, or, taking a family of five, which is not a very high average, we have a taxation burden of $500 per family. It seems to me, Mr. Speaker, that we shall have to face in the near future the ultimate and final solution of these huge debts which we have accumulated. Personally, I can see nothing for it but repudiation or a capital levy. Some people do not like that word "repudiation." In the case of those who own large fortunes which were made during the war, I take it that it would be a highly just thing to repudiate. It would simply be the country taking back what the country ought never to have given away or allowed to be taken away. We do not call it repudiation when a man has stolen a large amount and the state comes along and takes it back. I recognize of course the practical difficulty that a certain amount of this money has shifted from one person to another, and that we cannot very well, in all cases at least, lay our hands on the war profiteers, but we can place our hands on those who, to-day, have the ability to give, and a just system of taxation surely ought to be placed on ability to pay. In Great Britain they are already advocating a capital levy. That simply means an extension of the present principle of taxation. It has long been recognized as the right of the state to step in and tax. The income tax is a recognition that the state may take a certain percentage of the income. We have heard a good deal in Canada about what splendid people the labour people in Great Britain are, and how constructive they are in their policies. Let me remind hon. members that in the draft programme prepared several

years ago for the British Labour party it was suggested that the income tax should begin at 1 shilling in the pound and rise to 19 shillings in the pound. This afternoon some figures were quoted that showed that in the case of very large incomes the taxation already amounted to almost half the income. Great Britain—Conservative old Great Britain, as we sometimes call that country—has gone a great deal further than we have in taxing large incomes. We have gone a very small distance in succession dues, in inheritance tax. Why should we allow large fortunes to be passed on by one individual to his heirs? We all recognize the responsibility of a man to provide as well as he may for his immediate dependents, and arrangements could very well be made by which dependents could be provided for up to a certain amount, but I think it is generally conceded that it is no kindness to the heirs to leave them huge fortunes. As far as the public is concerned, since the individual does not pass on the food and clothing to his children, it simply means that, in some way, he passes on to his children the right to collect food and clothing and other necessities and comforts of life from the rest of the community. That is, he passes on to his children a mortgage which the rest of the community has to pay. We shall at some time have to recognize that no man has the right to mortgage a generation as yet unborn. That is precisely what we are doing in allowing huge fortunes to be passed on, as we have done and are doing.

Before passing away from the war loans, I desire to point out another inherent evil of the system. We have been depending on certain standards of value which are not constant. While the war was on and the people obtained their loans, a hundred dollars represented, we will say, 50 bushels of wheat. A hundred dollars to-day, we will say, represents 100 bushels of wheat. This simply means that not only are those war loans free of taxation, but they have to be paid twice over. Is that a proposition which we are willing to accept for ourselves and our children? Sooner or later we must recognize that we are coming almost to a standstill in our industrial enterprises. Our railroads and our banks claim the right to their dividends. People engaged in industries say they cannot get along without their profits. On the other hand, we have an ever increas-

10 p.m. ing number of people on the very verge of starvation. Unless we can in some way alter the system, or introduce another system in its place, we are going to see tens of thousands of our fellow-citizens going down and under. I submit that the Government exists to provide for the needs of the people, and when it comes to a choice between profits and property rights on one hand and human welfare on the other, there should be no hesitation whatever in saying that we are going to place the human welfare consideration first, and let property rights and financial interests fare as best they may. That is the only position we can consistently take. The Minister of Finance (Mr. Fielding) in closing his remarks the other day made reference to labour and he said:

> If labour at times seems to be unreasonable, let us not forget that in the days that have gone, too often the workingman, so called, did not receive a fair share of the wealth which his labour created; too often he saw his employer grow rich and prosperous while the workingman had little more than an existence. There has been a happy change in this respect.

I would like to ask, on behalf of the working man, when this change came about. At the present moment, with nearly 200,000 men out of work, and with some millions, presumably, of dependents involved in this unemployment, is the working man to-day getting much more than a mere subsistence? I speak not merely on behalf of the manual workers, but on behalf of others who are receiving wages, and the lower paid salaried men. Are they getting much more than a mere subsistence? They cannot get anything else, unless we make fundamental economic changes. The Minister of Finance goes on to say:

> But he has duties to perform. Labour has come to a sense of its power. Has it come to a sense of the responsibility and duty which should always accompany power?

Has Labour come to a sense of its power? Well, so long as there are two representatives in this House out of 235 members, I do not think it can be contended that Labour has come to a sense of its political power. When it does there will be a different kind of budget, I can promise you that. When we consider that Labour, of hand and brain, in shop and in office, composes a great proportion of the population of the country, we must recognize that it has not come to a sense of political power; and when we consider the state of labour organizations from coast to coast we cannot very well say that Labour has come into economic power. Rather the position has already come about which was referred to

by Sir Thomas White. He said that if we owed these huge sums to people outside of the Dominion we should be kept in economic servitude for a generation to come. I submit that even although we owe the money to people in Canada the great majority of the people in this country are still subject to what can properly be termed "economic servitude." That is the thing we have to face. There is no use expressing pious wishes that Capital and Labour should get together unless we also say on what basis they are to do so. If the Minister of Finance says that they must come together on the basis of dividends for the railroads, of interest and dividends for the banks, and of big profits for the manufacturing concerns, while the labouring men of the country are on the verge of starvation, then I say Labour and Capital can never come together. I do not like to personify Capital, because it is so impersonal a thing, while the labourer is a creature of flesh and blood. But if those who represent Capital, on the one hand, and the labouring classes, on the other, are to get together with a view to solving the labour and social problems of the country, we must first of all see to it that there are certain minimum standards involving proper conditions of livelihood for every man and woman and child in the country. And until every man, woman and child is so provided for we ought not to talk further about profits and dividends. Before we can get our labour and social problems solved the great mass of the people must have, what they have not to-day, a real voice in the control of their own affairs and of the affairs of the country. Mr. Speaker, I cannot believe that any government, Liberal or Conservative, is going to be able to carry on very much longer in this country and put forward budgets such as that which has been presented by the present administration.

Mr. W. K. BALDWIN (Stanstead): If the concluding remarks of the last speaker, Mr. Woodsworth, were true, it would indeed be a gloomy day in Canada. But the debate, so far as it has gone, seems to me to reflect a spirit of optimism. We know that an appalling debt has been piled up, particularly during the war period, and as stated by the hon. member for King's (Mr. Hughes) in his lucid remarks this afternoon, we must be taxed to the limit to discharge that debt. The worst feature of the situation is that the debt is growing, and I presume that this is what is creating a feeling of despondency on the part of certain hon. members. But the debate is not marked by the same acrimonious spirit that formerly prevailed, and censure is not indulged into so great an extent as was the case in years gone by. The situation calls for the serious thought of everyone, and there is not so great a tendency to indulge in political fighting. No one charges the late government with misconduct, and I will go no further than to say that they made serious mistakes. They certainly made a grave blunder in lending money to European countries that were not solvent; and they made a mistake in allowing the Food Control Board to continue the embargo on sugar, with the result that the people suffered to the extent of some $30,000,000; because the consumers had to pay in the long run. We have had the distinction for more than twenty-five years of having cheaper sugar in Canada than in the United States, and all these things count in the problem of retaining population. The hon. member for Last Mountain (Mr. Johnston) complains that we have not held the immigrants that have come into the country in the past decade. Well, the best way of holding not only immigrants, but the people who are already in the country, is to make the country a cheap place to live in, and if the Food Control Board had lifted the embargo on sugar eighteen or twenty months ago, an enormous quantity of refined sugar would have gone to the United States at 17 to 20 cents per pound, and when it was all gone we would have started on the level and sugar would have been as cheap here as in the United States. Another great mistake the government made was in taking over the railways, an action which even newspapers that always supported the Conservative party condemned. However, we have the railways on our hands now and we must give them a trial. But I see the cloud lifting on the horizon. I notice that there is a 10 per cent reduction being made in the freight rates in the United States as from the first of July, and from four to six millions will be saved in the pay list, beginning from the same date. We have imitated the United States in many ways that were not advisable, but I hope we shall be able to follow their example in this regard. The hon. member for Yale (Mr. MacKelvie), whose remarks I have been reading in Hansard, says that the Liberal party has not consistently adhered to any principle. Let us see what we have done. We promised the people of the country during the election that econo-

mies would be practised in every possible direction; and I said in my own constituency that if the party I supported were returned to power and should spend one dime where the preceding government spent a dollar, I would condemn them. Now the Opposition on the 25th day of April and on every day succeeding, when the militia estimates were brought into the House, beat the drums and put up various speakers in order to have those estimates increased. One of their speakers was the late mayor of Toronto (Mr Church), who had a good deal to say about the navy.

Let me tell you, Mr. Speaker, that after the great Disarmament Conference in Washington the United States reduced their naval and military establishments by many thousands of men and stopped construction of several great super dreadnaughts. General Bliss of the United States army, said that if we had another war that approached the last in expenditure of money and loss of lives the united churches of the world would be to blame. Some one asked him why did he not so advise the President and Congress. He replied, "It is absolutely useless. Public sentiment must be aroused or nothing will be done to prevent another war. All the military men are keen on military training, and they are supported by the profiteers, who are great in number and possessed of vast wealth." Senator Lodge and other prominent public men of the United States have all declared that war is simply slaughter and destruction. Hon. members who favour a big navy and a strong militia force appear to imagine that there is an enemy behind every tree. Therefore, they say, "We must keep up a great war machine." They are absolutely wrong.

What does Canada want a navy for? The only useful purpose that a navy could serve, it seems to me, would be to destroy the icebergs that float down into the traffic lanes of the Atlantic. If by some invention our navy could perform that great service much valuable property and many precious lives would be saved. The United States are our friends, and they have the Monroe Doctrine. Let us remember that. We do not wish to be cowardly, but we do know that no nation upon the face of the earth would dare question the Monroe Doctrine. The United States would not let any nation invade Canada.

Some hon. MEMBERS: Oh, oh.

Mr. BALDWIN: There is a smile on the faces of my friends opposite. I hate to make any comparison between Canada and the United States, but suppose our neighbours should take umbrage and invade this country? In spite of everything we could do, it seems to me they would cut us into about three divisions, and they could do so without making any great effort or spending very much time about it. Some hon. members of the Opposition may say, "The member for Stanstead is a pussy-footed, sissified fellow." I want to tell them that there is not a man in this House who would use cold steel and cold lead quicker than I would to put down riots or rebellion after the Riot Act had been read and ignored. But we do not need a great army for police purposes. There is no better army or constabulary in any country than a happy, contented people. I do not believe in the great labour masses of Canada depending on somebody else. I believe in their using their own ingenuity and industry and becoming home-builders, if it means only a little ten by twelve house on a small piece of land. Those are the people who will uphold law and order, and in this great country there is nobody so poor but should be able to own a piece of land in our rural districts.

It has been said that the twentieth century belongs to Canada. We believe it. For the first decade of this century Canada's career was great and glorious, but then the war came and she got a blow in the solar plexus that paralyzed her. She is rapidly recovering, however, and if we only buckle down and do things this great Dominion will soon regain her former prosperity. It seems to me that we are now in a position somewhat analogous to that of the United States at the end of the Civil War. The people of that country allowed their military machine to go to pieces and set to work to develop their natural resources, and in two decades many of her veterans were wealthy men. We have to follow their example—get to work and develop our natural resources. We should be able to find employment for all our people, and as soon as we get them employed I would empty our gaols and penitentiaries, for I would not feed a single able-bodied prisoner while there was work for him to do in helping develop this great Dominion. As a Canadian I am optimistic. We have wonderful resources. Take our great waterways—the St. Lawrence system, the Great Lakes—and consider their potentialities. Think of the possibilities of the immense resources of which the Assiniboia and Saskatchewan rivers, flowing to the

foothills of the Rockies, are the centre. But these resources cannot be developed in a day; in three or four decades, when the century is half gone, Canada may have a population of fifty millions, while the United States will certainly have two hundred and fifty million people. We have to do big things in this country; we are a vigorous people and we must have an optimistic outlook. It seems to me that we can have a great waterway system from the St. Lawrence and the Great Lakes to the foothills of the Rockies—to the province of Alberta at least; and in my opinion nothing would more surely cement the different provinces together; nothing would make their union more certain.

These geographical differences bring me to this thought, in passing: there has been some difference of opinion on the question of oleomargarine. When I went recently to my constituency I was asked how it was that the farmers in the House voted in favour of the importation and manufacture of oleomargarine, while others who were not farmers voted against it. Well, it is a question of geographical differences. It may happen that some of our hon. friends are not dairymen; and perhaps that is why we differ on these subjects. It is a matter of one taking one point of view, and one another.

The ex-Finance Minister (Sir Henry Drayton) has criticised the present Minister of Finance with respect to promises. Now, it was stated by a prominent member of the Conservative party—I myself heard him say it many years ago—that elections were not won by prayers. But I would remind my hon. friends of the Opposition that Sir John Macdonald had always proclaimed his policy as protection and reciprocity in natural products. That policy was proclaimed up and down the country from 1878; I myself heard it enunciated. And I hay say that if Sir Wilfrid Laurier had not been defeated in 1911 we would not to-day be worrying about the small population of Canada. In September, 1911, large numbers of persons had located lands in the West and were prepared to invest their capital in this country in the event of reciprocity being adopted. But when the result of the election became known they packed their bags and returned to the United States without making any further investments—and I say that they had been cautious enough not to invest very much before the result of the election became known. The ex-Minister of Finance, therefore, in censuring the present Minister of Finance has charged the members of the Liberal party with doing something of which his own party is guilty.

In connection with the criticisms of the ex-Minister of Finance, I may point out that it was he who, when Sir Thomas White found it necessary to retire, took the burden of the portfolio of finance upon his shoulders; and when he came to the House with his taxation proposals, there were more criticisms of his budget from his own side of the House than there were from any other quarter. It can easily be seen that the present minister is not in any such unfortunate position. The ex-Minister of Finance, on the occasion to which I referred, tinkered with his schedules and changed them from time to time until he got them into some kind of shape. I know that in the present budget no one is unfairly dealt with, but I am sure that the minister will be pleased to correct anything that is pointed out to him in that line.

There is but one way for Canada to develop, and that is to impress the sons and daughters of this country with the fact that it is a fine place to live in and that their prospects here are better than they would be in the United States. When young men ask me for advice on this subject I tell them that there are ten or fifteen chances in Canada to one in the United States, for them to be successful. I tell them that if they go to the United States they stand a chance of being servants only, whereas if they stay in Canada they can be their own masters and be amply repaid for their efforts.

The old province of Quebec, the greatest province of the greatest dominion on earth, was at one time deeply in debt, and it succeeded in getting out of that debt not by ousting one government and putting in another, but by the administration of affairs on a sound business basis. The result is that we are developing our great resources; we are making the forces of nature the servants of mankind. We are developing our waterways; we are bringing factories into this country from the United States and are making goods for export to all parts of the world.

Water power development will make us independent of the United States for coal. In developing the deep waterway from Montreal, we would probably not need to go to ocean depth, but we could go to the depth of the Welland canal, and if we have not the whole control of the St. Lawrence

route, we certainly have the whole control of the Welland canal. If this water power is developed, we shall be able to electrify all the railways of Canada, at least so far as Quebec and Ontario are concerned, and have power to supply all our industrial concerns. I know at present of a company that is waiting to come to Canada with fifteen million pounds sterling. They have a factory farther west in Ontario and they are waiting for this power development on the St. Lawrence before opening up a large plant for the manufacture of electrical transmission machinery of every kind from the wheel to the whistle. Let me assure the people of Montreal that I would not advocate any policy that would injure any part of our great country, but I could not imagine that two or three or four hundred million of money could be expended within twenty-five miles of the island of Montreal without practically all of it being spent in and around that city and when the work was completed the population of Montreal would be increased by a million, I believe, and all along the line of development there would be great industrial enterprises.

The benefits of the work would be reflected in every part of the country. My county is 130 miles away from where this great development would take place, but I believe its benefits would be reflected in all the eastern townships as well as in the West. The coal of Alberta would come down that system of waterways and canals to the great provinces of Ontario and Quebec, and the products of the coal and iron mines of Cape Breton would likewise go up that waterway. I go further and say this, although it is somewhat of an accusation against the Opposition: When the powers that were in Newfoundland came to Ottawa to enter Confederation they were turned down through haggling over a paltry sum. The Hon. Mackenzie Bowell was then Prime Minister. Let Canada force her way along and show that she is great—and if you want to know her greatness just go into the United States and see what they think about it; they say, "You do not comprehend yourself. You do not value your country. You do not see your country as we see it"—and then when this work is consummated and we get into closer union with the whole British West Indies, I believe that Newfoundland will enter Confederation. We have to make this a century of great development, and we must not wait for the end of the century before we start.

Now I come to the tariff. Some people seem to be very scared over the budget proposals, but so far as I am concerned, I am optimistic. Suppose the United States do own sixty per cent of the world's gold, and that they do not want to trade with us. It seems to me when we look around our Empire with nearly five hundred millions of people, and then at our allies in the late war, we need not fear if the United States want to fence themselves in with a high tariff. Let them do it, and we will see who will be the winner. I will guarantee that the United States will not put up any tariff so that they cannot trade with the rest of the world, and that it will come down as soon as they see Canada can stand on her own feet. Very soon we shall be able to go to the Old Country again and negotiate loans to develop our country.

We want to teach our boys and girls that we have something to do in this country besides being Boy Scouts and Girl Guides and Cadets. In olden times the boys and girls were used, and used well, and they made mighty good men and women through helping their fathers and mothers, and learning how to do things. We want them to learn to live within their means, and if they want something, to earn it. Then you get them started right. The great trouble with the country to-day is that we are aping to a large extent that great and rich country, the United States. I do not wish to say anything against the United States, but they know that we are aping the fashions of foolishness, and are forgetting to work and be prudent.

I listened with great interest during the first three weeks of this session to those who call themselves the Progressive party in this House, and I must say that I admire their fair-mindedness, honesty of purpose, and willingness to try and build up this country. As I have said it is geographical differences that separate us, and we must not forget it. It seemed to me to-day that the hon. member for Last Mountain (Mr. Johnston) rather accentuated those differences. I hope he did not mean to. Perhaps I misunderstood him. However, it is a fact that when that group of manufacturers came to Ottawa in 1877 and asked Hon. Alexander Mackenzie to give them a higher tariff, and he refused, they went down to the Russell Hotel bar, and Sir John Macdonald was there, and in a spirit of joviality said, "Elect me, boys, and I will give you what you want."

During the war our young men felt a certain amount of independence but it must be remembered that wars bring about very great changes. The young men of Canada were called into factories and there they earned $6, $7, $8 and $10 a day. When these factories were closed down the same young men went out to help the western farmers to gather their wheat. As harvesters they were paid $7, $9, or $10 a day, and you know how independent they got; they had money to blow in and they had a deuce of a time. Down in that part of the province of Quebec where I live the farmers have been having for the last two years just as hard a time as the farmers in the West. Unfortunately for them during that time Providence has not smiled on that section of the country as in former years. There never had been such a noteworthy failure of the hay crop in Quebec as within the last two or three years. Then the farmers who were short of hay had to pay $25, $30 and $35 a ton. The price of butter has dropped to 30 or 35 cents a pound. Let us remember, whether we come from the East or from the West, that our troubles are just about the same. Even the merchant to-day has goods on the shelf that he finds it hard to dispose of. Those goods have declined in value to a greater extent during the last four months than they did in the previous three years. Unfortunately for us the Textile people are now raising their prices; but I hope the time will come when we will be able to import raw materials from British possessions and so be independent of the United States, just as we would be independent in the matter of coal if we harnessed and developed our great water powers. The day will come when we shall be able to develop all our natural resources and waterways, but in order to accomplish that we must remain a united people.

I have spoken about the development of Canada and what I would do to bring it about. I have stated that this great development will take place if every man and woman in the country goes to work. I also stated that I would not feed anyone at the public expense unless such persons went on to public works and earned their maintenance. That is a policy which has been adopted in other countries, and to a certain extent it has been tried in Canada. For example the manufacture of binder twine was introduced in Kingston penitentiary but I understand the labour people objected and the practice was discontinued. Not only are the farmers in the East in the same position as the farmers in the West, but the retail merchants and many of the manufacturers are not to be envied. The last named have to provide for taxes, insurance, depreciation of plant and interest on capital, and their output has been very much reduced. So that industrially almost everybody in Canada is in the same boat. We must therefore all work unitedly to bring back prosperity. If the great railway problem were settled, and our great canal system inaugurated, it would help to greatly alleviate the existing conditions. I am not excepting either the St. Lawrence or the Georgian bay projects, or even the Hudson bay route. All will be of material assistance in bringing about that prosperity which we all look for and desire. The competition of the waterways need not be feared by the railway systems. The great transcontinental railways will always have their hands full in carrying promptly to the seaboard the products of the West.

As to the question of immigration some hon. member said that we did not want in Canada people who come in sheepskin coats with all their belongings tied up in a red handkerchief. Let me say that I have watched in New York, Boston, Chicago and even in Montreal streams of people who came to this continent from south eastern Europe whence more than a thousand people used to depart weekly for the United States. I have spoken with people who have had intimate knowledge of immigrants who came and settled in various parts of the States from Norway, Sweden, Denmark, and Germany. They have thrived and prospered and their children have intermarried with Americans. Until very recent years the United States received practically everybody that was willing to come to its shores. The adults might not easily acquire a knowledge of English, but their children soon learned the language, and were overcome with admiration at the possibilities of the country. In Canada the feeling of race hatred has got to stop; it must stop if the country is ever to become a great and prosperous nation. The yellow peril in the United States is greatly talked about, but what do we find over there? In a Californian city nearly 4,000 divorces were granted last year. A similar condition prevails in the states of Oregon and Washington. With family life such as it is over there is it any wonder that the services of the yellow races were enlisted in order to perform necessary manual labour. Forty years ago wealthy Americans

bragged about their Chinese and Japanese servants. If those people, instead of getting divorces, had been raising families, the white population would have been much greater and they would not have needed immigration from outside. It is a disgrace to this country, and I do not believe these conditions would prevail were it not for the fact that we are living adjacent to a nation which has demoralized us, and they talk about all the freedom they have over there.

We in this country have to build up a national spirit—a spirit that does not fear immigration from other countries. We are always talking about the foreigners and saying we do not want them. If you go to Boston you find the people there afraid of the Irish. In the south they are afraid of the negroes. In the Pacific states and British Columbia, fear is expressed of the people that will work. In the districts this side of the mountains there seems to be a fear of the Doukhobors and the other foreigners that are settling there. If the people who are agitating against the immigration of these people had travelled through the states and made the observations there that I have, they would not have any fear of immigration.

I understand there is an army of men on their way from Toronto to Ottawa. It may be the same kind of aggregation as may be the same kind of aggression as Coxey's army that marched on Washington a few years ago. I have nothing to say against the returned boys but if they had been willing to work for the farmers they might have obtained work en route and probably would not have felt the need of coming to Ottawa. Certainly the farmers want help. Canada has nine provinces stretching across 4,000 miles. While the United States began in New England and gradually the population moved westward settling one state after another. They are not geographically different from us and just as they developed we can develop also.

I hope the people of Canada will see that you cannot get even a budget tax which will be equalized for all. A few minutes ago a member on the other side spoke about his one child, and said that a neighbour of his had seven children. How are you going to get at a thing like that, unless this member gets six children to even up. You cannot get a budget that will hit everybody alike.

11 p.m.

Mr. GARLAND (Bow River): The hon. member agrees that we cannot get a budget that will hit everybody alike. Will the hon. member not agree with me that it will be better to hit at the chap who has all the money rather than the poor devil that has not any?

Mr. BALDWIN: I do not quite catch the question.

Mr. GARLAND (Bow River): The hon. member referred to the fact that we could not get a budget suitable to all people.—An equalized budget.

Mr. BALDWIN: Yes.

Mr. GARLAND (Bow River): In that case would the hon. member not prefer to have a budget brought in to tax the rich and not the poor?

Mr. BALDWIN: That is very good. Of course, the people in this world are not all philanthropists. Your heart may be right and mine may be right, but it is fair to say that the rich have built up philanthropic institutions. They have built homes for old people, hospitals for crippled children and supported schools and churches. Of course, the money must come from them for the sick. I would like to see unanimity of purpose in our Parliament. People speak of the separation of capital and labour. Capital is just accumulated labour. Everything we use, eat and wear is created by labour, and it is wrong to say anything against labour. The late Minister of Interior told us last year, when he was making his speech, what the different members had said. He said the member for Stanstead would allow anybody to come into the country that was law abiding and willing to work, and he was quite right. I even go further and say that I never saw in my life a dishonest, disreputable, thieving person who would stick continuously to work which he was asked to do. It is the same old doctrine "Satan finds some mischief for idle hands to do." If people look at it properly, there should be no disrespect whatever for the labourer who is willing to work. I would let everybody into this country who is able and willing to work. If the people in British Columbia do not want to associate with the yellow people, that is their business and no concern of mine.

It is conceded by all that this is a great country. We have a railway system that is larger than our population warrants, and it is absolutely necessary that more people shall come to the country. We must therefore be united in improving conditions in

Canada so that this country may be advertised abroad as a desirable place for intending immigrants to settle in. We may fight politically, but to the outside world we must present a united front.

Mr. LEWIS: I desire to speak upon the budget, Mr. Speaker, but the hour is rather late; and when we consider that the House will sit on Wednesday evening it seems to me to be setting a bad precedent to continue this debate to 12 o'clock.

Mr. MACKENZIE KING: Does my hon. friend wish to adjourn the debate?

Mr. LEWIS: I should like to do so.

Mr. MACKENZIE KING: By all means.

On motion of Mr. Lewis the debate was adjourned.

On motion of Mr. Mackenzie King. The House adjourned at 11 p.m.

Tuesday, May 30, 1922.

The House met at three o'clock.

ST. LAWRENCE WATERWAY—CORRESPONDENCE

Hon. W. L. MACKENZIE KING (Prime Minister): I beg to hand my hon. friend from West York (Sir Henry Drayton) the correspondence requested by him yesterday between the government of the United States and the Govenment of Canada respecting the St. Lawrence Waterway project.

"GENERAL" MACDONALD'S ARMY

On the Orders of the Day:

Mr. T. L. CHURCH (North Toronto): I wish to call the attention of the Prime Minister to telegrams and letters I have received from those in charge of "General" Macdonald's army which is marching from Toronto to Ottawa. The 200 men on the march are good citizens and they did their duty overseas. Their leader was disabled in the war, and his pension has since been cut off. Here is a newspaper containing a photograph of his wife and family of six children. These men—

Mr. SPEAKER: Order. Will the hon. member kindly put a question to the Government instead of continuing his argument.

Mr. CHURCH: I should like to ask the Prime Minister if any arrangements have been made to receive these men and to send them back to their homes, or to have a committee meet them and go into each man's case? These men hope by a campaign of education to have something done for them.

Hon. W. L. MACKENZIE KING (Prime Minister): The Government will be pleased to receive the deputation to which my hon. friend has made reference as soon as they reach Ottawa. In the meantime I would ask my hon. friend to send me copies of the telegrams and letters to which he has just referred.

THE BUDGET

CONTINUATION OF DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Monday, May 29, the debate on the motion of Hon. W. S. Fielding (Minister of Finance), that Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means, and the proposed amendment thereto of Hon. Sir Henry Drayton.

Mr. A. J. LEWIS (Swift Current): Mr. Speaker, I wish to associate myself wth those who have congratulated the Minister of Finance (Mr. Fielding) on the long and faithful service that he has rendered to his country. It is a record which I think every young parliamentarian might with profit try to emulate, and I only hope that as long as I remain in this House it may be said of me that I have been as faithful as the hon. gentleman in the performance of my duty.

I notice that the hon. member for New Westminster (Mr. McQuarrie) in the course of his speech last night mentioned the name of the hon. member for Last Mountain (Mr. Johnston) about fifteen or sixteen times. The hon. member for New Westminster seemed to be in a very inquisitive mood in regard to where we stand in relation to the budget. Of course, he jumped to certain conclusions as to what we are going to do, and he said repeatedly that we as a Progressive party had always come to the rescue of the government. Indeed, he seemed to be very much concerned about the defeat of the Government. I do not know whether he is afraid that if he had to stand again in New Westminster he would not be returned. As, however, he seems to think that we always come to the rescue of the Government, I thought I would look up the record of the divisions that have taken place this session. There have been seven divisions so far, and this

is how the Progressive party voted on each occasion:

There was a division on March 28 in which we find that the Opposition was opposed by the Government and the Progressives. On the 10th of April another division took place in which the Conservatives and the Government, almost without exception, voted against the Progressives. On April 24, the Conservatives and the Government again voted against the Progressives; and on April 25 the Conservatives and the Government voted together against the Progressives. So that the evidence is ample to prove that every one believes he has the right to vote according to conviction. On the 5th of May there was a mixed vote; the hon. member for New Westminster (Mr. McQuarrie) voted with the hon. member for Marquette (Mr. Crerar) and the hon. member for Last Mountain (Mr. Johnston). On May 8, there was another vote in which we find that the Conservatives were arrayed against the Government and the Progressives. On the 15th of May there was a mixed vote, but a preponderance of Conservatives voted with the Government. So that in the final analysis there have been seven divisions in the House, three in which the Conservatives and the Government voted against the Progressives, two in which the Progressives and the Government voted against the Conservatives, and two mixed votes in which the Conservatives in one of them voted in preponderant numbers with the Government. I think, Sir, that if any one is afraid that the Government is going to be defeated, it is the hon. members to my right.

Moreover, it was said that my leader, the hon. member for Marquette (Mr. Crerar), and the hon. member for Last Mountain, would feel more at home if they were sitting on the Liberal side. Well, every one has the right to his convictions, and the convictions of these hon. members are such that they sit on this side. I will not say there is not a worse side they could sit on than that which is occupied by members of the Government. Let us remember that we have come here not to play politics; we all have the best interests of the country at heart. I can conceive that hon. members to my right have the interests and well-being of the country at heart; but let them also remember that we on this side and those on the Government side also have those interests at heart, although we may view them from different angles.

Now, it was not my intention to enter into any argument with any member of this House. What I wished to bring before the House is matter relating to the budget, with a view to seeing whether a fiscal policy could not be brought forward that would remedy a great many of the evils which exist in our country to-day.

In the first place let me say that it is the easiest thing in the world to attack a budget, involving, as it does, the taxation of the whole country with all its ramifications. We certainly can find weaknesses in any budget, no matter who brings it in. It seems to me, therefore, that the only fair basis upon which a man has a right to express criticism of the budget is to try to place himself in the position of the responsible minister of the Crown, the Minister of Finance, and to realize the great problems which confront him, including the duty of imposing taxation which will be adequate to meet the needs of the country. That is the basis of my criticism. The task of the Minister of Finance is not made one whit easier by the present state of our country, the condition of depression, the crises which are taking place, the unrest which prevails, the lowering of wages which has been proceeding—all these things, in their cumulative effect, do not make the task of the Minister any easier. Moreover, it does not make the task of the Progressive party or any party in this House easier in its support or in its criticism of the budget of the day.

I would like to say a few words in regard to the fiscal policy of this country. Of course, I am a free trader out and out, and I am not ashamed to admit it. But, Sir, this is a democracy, and apparently the majority of the people of this country do not believe in free trade. They believe, perhaps in freer trade than is at present in existence. In a democracy the expressed will of the majority of the people has the right to prevail. When we who believe in free trade shall have educated and reformed the people of this country so far as their views on fiscal policy are concerned, then we shall be returned to power and have an opportunity of putting those principles into practice.

I have carefully gone over the budget speech, and I am unable to discern very much difference between the Liberal policy and the old National policy. I am not saying this merely for effect; that is as far as I am able to analyze it. I believe in a tariff for revenue purposes, and as the Liberal platform expressed approval of a tariff for revenue I was in hopes that the

hon. Minister of Finance would see his ideal reached before he passed the burden of the administration of the finances of this country on to other shoulders. I would like to have seen his ideal reached in regard to reciprocity and freer trade; for I feel that is the ideal which he has in view. But for some reason of which I cannot speak —because I do not know—for some reason, he has seen fit not to follow out that policy in his budget, though there is no doubt that he had a splendid opportunity of bringing into effect a tariff for revenue purposes.

Now, we had this National policy in 1878, and surely forty-four years of the National policy of protection has amply demonstrated to this country the fact that it is based on a fallacy. Instead of bringing peace and prosperity to this fair Dominion, it makes one class of the people rich, autocratic and powerful, and the poor people poorer—so much so that they can hardly exist. To me, Sir, that has been proved in the forty-four years which have gone, and it is quite time, I think, for the Liberal party to put their tariff for revenue into effect. I was wondering as I looked over their record whether they had any faith or any confidence in a tariff for revenue. I was wondering whether it was because they lacked that faith or that confidence that they were afraid to bring it in. I will endeavour to show that if they had brought a tariff for revenue into effect they could have increased the revenue and have brought a great deal of relief to the people of Canada at large.

Before I speak in regard to this tariff for revenue, I wish to say a word about the reductions that have been effected by the present budget. It is the same old tariff, the same old protection, in spite of the reductions that have been made; but it is a step, or half a step, in the right direction—in the direction of freer trade. If the Government remained in power for a number of years and reduced the whole of the tariff by 2½ per cent each year, it would not be long before we had freer trade in Canada—and that is the consummation toward which we are working. Now, I am not speaking particularly from the standpoint of the farmer, but I wish to refer to the 2½ per cent reduction on farm implements. Take, for instance, a commodity coming from the United States valued at $100. Prior to this budget we find that there was a tax of $10.50 added to that price, plus a sales tax of $4.50, making the total price $117.00. Now let us see how much it would cost under the budget that has just been brought down. Suppose the same commodity is valued at $100. The duty is decreased 2½ per cent, making it $10. To that $110 we have to add the increase in the sales tax, which amounts to $6.60, making the total price $116.60. So as far as the Canadian consumer is concerned, this 2½ per cent reduction in the tariff means a reduction of only 40 cents, and on a commodity that cost $117 such a reduction to the consumer is very, very slight indeed.

I have gone carefully over all these items that are to be reduced, and what do I find? As far as the West is concerned, the total reduction on agricultural implements is estimated at $144,660, and when we take into consideration the British preference, we find that the estimated total relief from taxation to the people at large is approximately $500,000. Compare this with the increase in the sales tax which was spoken of last night, and which was shown to bear more heavily upon the family man than upon the man without wife and children. It is estimated that this increased sales tax will bring in from $30,000,000 to $40,000,000. So we have, on the one hand, relief from taxation to the amount of $500,000, and on the other, an increase in taxation of from $30,000,000 to $40,000,000.

Mr. HUGHES: Will the hon. gentleman allow me an explanation? I find that the exemptions from the sales tax are very numerous, and include nearly all the necessaries of life purchased by a family of small or moderate means. I have the list here and will pass it over to my hon. friend, because it gives information that I think would be useful to the House, and I think it would remove about nine-tenths of the objections raised by the Progressives to the sales tax. I forgot to mention this when I spoke yesterday.

Mr. LEWIS: I understand that the sales tax last year brought in something like $60,000,000 of revenue, when there were already numerous articles exempted. As a result of the new Government coming into power, the additional exemptions include alfalfa meal, salt radium, and job printed matter, but that is all.

Mr. HUGHES: The exempted list is already very large.

Mr. LEWIS: Yes, but if the sales tax brought in last year $60,000,000, and it is

increased 50 per cent, it will bring in this year about $90,000,000, which bears out the argument I presented to the House a moment ago.

Mr. HUGHES: The tax does not weigh so heavily upon men of small means.

Mr. LEWIS: It may not seem so to my hon. friend, but if he had a large family he would think differently.

I am going to speak for a few moments on economy. I think the hon. Minister of Finance in his own heart felt that the system of government book-keeping which has been in vogue for a number of years past was not altogether satisfactory. Through some method of fictitious valuing, every government that went out of power showed that they had a surplus—but anyone knows that if we are raising a revenue of something like $350,000,000, and are expending annually at the rate of $450,000,000, whether on capital account or any other account, that deficiency must be raised —some time the chickens are bound to come home to roost. I think the time must soon come when the approximate expected revenue of this country will exceed the expenditure, and thus in a measure overtake the large expenditure of the past.

We heard a good deal last night about optimism about our fair country. Well, the West is always optimistic; we are all an optimistic people, but an optimism which is based on a fallacy does not get us anywhere, and we have no right to be so optimistic that we take authority to place an undue burden on generations to come which will be very hard for them to bear. There are various ways, I think, in which we can decrease our expenditure at the present time. This year, for instance, we are asked to vote $9,000,000 for the Welland canal. I do not think that the vote has passed yet. Surely the time has not yet come when we, a people of less than nine millions, should take upon ourselves great national undertakings of this sort which, when completed, will be a competitor against our national railways. I am glad to find that so far the Dominion Government has not replied to the United States in regard to the St. Lawrence deep waterway scheme, and I hope they will not for another twenty years. I think that so far as Canada is concerned, we have ample provision now for exporting and importing our goods. We are a people of less than nine millions, and we have no right to overburden the populace with taxes. We talk about people going to the United States or other countries to live, but is it any wonder when we place a sales tax on the family man which makes it almost impossible for him and his family to live? We had a discussion on immigration in this House some time ago. I believe that the best way to increase the population of this country is through the family, by increasing the number of children. But people will not raise large families unless they have the same conception as I have, unless they find it easier for them to live. So far as I am concerned, I believe that Canadian children are going to be the salvation of this country—far better than any immigrants we could bring in from any part of the world. I would advise my hon. friends from British Columbia, who are concerned over the Japanese problem, to look at the low birth rate of the white people in British Columbia, and to see to it that their birth rate becomes normal, and that they do not commit race suicide as the birth rate shows they are doing, and then there will not be the menace from oriental immigration. There ought to be a normal birth rate in Canada. It is a healthy sign when the birth rate is normal, and the Canadian race is one of the most vigorous on the globe. Neither the Italian nor the German nor any other nation should be allowed to make up the deficiencies in our own population.

I want to say just a few words in regard to the tariff for revenue, especially in regard to the new tax that has been imposed. Referring to the tax on cigars, in Schedule II, I find that in the year 1920 194,335,000 cigars were consumed in Canada valued at $14,102,399. Now, as regards the imports and exports it is practically negligible, and so for that reason I am not going to say anything about it. At the same time there were consumed, as we were told by the Finance Minister over 2,450,000,000 cigarettes valued at $24,000,000. The duty on those cigarettes was $15,000,000. This year the duty has been increased and the result is that the Finance Minister expects a decrease of 10 per cent in the revenue from this source. Now, I want hon. members to mark that fact: That when you increase the duty on an article, in the opinion of the Finance Minister, you decrease the consumption. That may be true in regard to cigarettes, but is it true in regard to the general commerce of the country? That is a point that my hon. friends to my right ought to consider

very seriously. Now, in regard to the cigars which were valued at $14,102,399, how much do you think we got in the shape of duty? Just a litle over one million dollars; the actual amount was $1,085,866.87. Now, Sir, I am not taking any exception to this, I think that is a duty for revenue purposes only, and the minister is quite justified in imposing it; but I do not believe in the discrimination, that is all there is about it, and I will give you reasons for my belief. In my hand I now hold a cigar, and the value of that cigar is 20 cents.

An. hon. MEMBER: I will take it.

Mr. LEWIS: My hon. friend can take it if he likes; he probably smokes this kind of cigar. But this is a 20-cent cigar, and it costs $200 per thousand, and there is an "enormous" tax upon it of $10 per thousand. What does that mean? It means that when I buy this cigar I pay a duty of one cent. Very good. Now, here is a cigarette which costs 10 cents a package. What do I pay in duty on that? On cigarettes there is a duty ranging approximately from 90 cents to $1.10; but on the cigar the duty is less than 5 cents. Now, Sir, it has been argued by certain hon. members who spoke on the Government side that taxation was being brought in which would be levied on the rich man, who was able to pay, and removed from the poor man. Who are the men who can smoke cigars selling for 20 cents or higher? They are the men who are to be found in the Château Laurier, the Ritz Carleton, the Fort Garry or other hotels of like character. When these men buy a cigar for 20 cents they only pay a duty of one cent, whereas when I buy twenty cents worth of cigarettes I pay in duty 22 cents. If the Finance Minister really wants to bring in a tariff for revenue only let him remove this discrimination. I am not complaining about the duty on cigarettes, I am quite willing to pay duty of one cent on every cigarette I smoke; but I do say that the man who smokes a 20-cent cigar should also pay an equivalent rate of duty. If the Minister of Finance will remove this discrimination and put smokers on an equal footing in this regard I have not the least doubt but that he will increase his revenue from this source to $12,000,000 and that allows for the 10 per cent decrease in revenue which he anticipates as a result of the increased duty on cigarettes.

Now, I want to make a comparison with the duties levied on cigarettes and cigars in the United States. Over there, if I buy one dollar's worth of cigarettes I pay an excise duty of 7½ per cent; if I buy one dollar's worth of cigars I pay a duty of 3½ per cent. In Canada, on the other hand when I purchase a dollar's worth of cigarettes I am subjected to a duty of from 90 to 110 per cent; but when I buy a dollar's worth of cigars the duty only amounts to five cents. Now, I claim, Sir, that the men who smoke these cigars are just as well able to contribute towards the Dominion tax for revenue purposes as the ordinary individual—or the rich man for that matter—who smokes a cigarette. I commend the removal of this discrimination to the Minister of Finance; and if he only acts upon this suggestion he will increase his revenue by at least $12,000,000.

Now as to the matter of cars. Certain hon. members opposite have argued that a car was not a luxury. Well, a Ford car may not be a luxury; but it does seem to me that in the case of cars of a value which runs all the way up from $2,000 to $6,000 an excise tax is justifiable, but the tax should be graduated according to value. In the case of the cars of higher value, which are undoubtedly a luxury, a larger tax should be required in the interests of the revenue. In this way a tariff for revenue would operate beneficially.

I have carefully studied the income tax imposed in this country and compared it with the tax collected in other countries. I must admit that I am favourably disposed towards it because it exceeds the tax in vogue in a great many other countries. At the same time I want to say this: The man who enjoys an income of $10,000 up to $60,000 is almost missed. After the income gets to $60,000 the tax increases by leaps and bounds, until it is tremendous when it applies to incomes of a million. Very few people, however, receive that amount of income; and therefore the heavy tax applies to comparatively few. On the other hand there are thousands of our citizens with incomes between $10,000 and $60,000, and that is where the Finance Minister should apply his income tax and make hay while the sun shines. He can begin at an even earlier stage if he likes. I am quite willing to pay my share of the country's burdens; as long as I help to get Canada out of debt that is all I care about at the present time.

Let me say a word or two about the luxury tax. That tax was repealed some time ago, and why? Because from the very first it was made obnoxious; it was

obnoxious to the women folk and it was obnoxious to the men folk. When you went into a store and bought certain commodities which were considered luxuries, the shopman told you the price and to it he added the luxury tax. That was a thing that stared people in the face all the time and caused a great deal of bother. Politics intervened, I understand, and the thing was removed. Now, Sir, the people who buy luxuries ought to be taxed. If they are able to buy a $300 fur coat, or similar costly garments, I say they have a right to be taxed. There is no reason why the luxury tax should not be collected in the same way as the sales tax. In the case of the latter we do not know what we are paying. We go into a shop to buy a certain commodity and they tell us the price. We have a sort of unconscious feeling at the back of our heads that we are paying a tax, but we do not know how much. It should be the same with the luxury tax; it can be reimposed, I believe, with a great deal of profit.

In conclusion, let me say this: I understand that last year the revenue on imports from Great Britain realized $18,741,531, the value of those imports being $117,134,570. From the United States we imported goods to the value of $516,105,107 upon which duty to the amount of $72,254,714 was paid. Now there, I think, was a splendid opportunity for the minister to have put into effect his ideas with respect to freer trade. When I look at the average ad valorem duty going with the preferential tariff, I find it is 16.2 per cent from Great Britain and other places. When it comes in the general tariff from United States it is 14 per cent. I think it would have been a master stroke of business if the minister had so reduced all these tariffs that it would have brought it down to an average all round of 10 per cent on the general and preferential tariff. As far as our reckoning goes, it would have decreased our revenue to a certain extent, but that could have been easily overcome by the increased revenue on cigars, luxury taxes, a more specific graduated tax on cars, and the income tax. There is no reason why we could not reduce these, because, I think, I have amply shown that, as far as our people are concerned, the reduction in the taxation would have increased the consumption and given them the opportunity to buy, whereas, on the other hand, the people who delight in luxuries, and have the money to smoke expensive cigars and enjoy other things would have still retained that privilege, and they would have more than made up for the reduction of revenue by the decrease of tariff. I hope that before the hon. Minister of Finance (Mr. Fielding) removes the mantle from his shoulder, he will see the great ideal of his life consummated, reciprocity with United States, a 50 per cent reduction with Great Britain, and freer trade all round, with its accumulated prosperity and peace to this Dominion.

Hon. R. J. MANION (Fort William and Rainy River): Mr. Speaker, I can very sincerely join in the congratulations to my hon. friend, the Minister of Finance, (Mr. Fielding) on the fact that he has had the good health and strength to deliver, I think, his sixteenth budget in this House. I am sure that, irrespective of party affiliation, everybody will welcome the fact that he has yet health and strength and wish him a continuation of it. At the same time, I regret that I cannot congratulate him quite so sincerely upon his budget as upon his health.

I should like to deal with the statements which he made regarding the loan made by the present Government. He spoke of it as as a one-hundred-million-dollar loan made recently in New York and compared it with some of the loans made by the former government. I have nothing to say against the fact that recently, in New York city, the Minister of Finance succeeded in selling bonds to the value of one hundred million at 5 per cent, and that the bond issue was taken up in a few hours. That is all to the good, but I notice in the press that the same day on which my hon. friend succeeded in selling that loan, New Zealand, a country of a population of about one-seventh or one-eighth of the population of Canada, and with a debt three or four times as much per capita, floated a $25,000,000, 5 per cent loan, in London, and it was taken up in a few hours. I have no criticism to offer, except that I believe both loans were floated by reason of the fact that the money market has eased down throughout the world.

I do not wish to take up time discussing the Liberal or Progressive platforms and pointing out the discrepancies between them and the present budget. It is sufficient to say, as everybody in the House knows, that in no shape, manner, or form does the present budget carry out either the Liberal or the Progressive platform.

There is one question with which I wish to deal for a moment, and I deal with it

simply because my hon. friend the Finance Minister brought it up himself; that is the question of the resolution which he moved last year in amendment to the budget of the late government. In that resolution, which I am rather surprised that he again put upon Hansard, there are at least four matters which they demanded last year in Opposition, and which they did not put into force this year when they are in power and are able to do so. The first part of the resolution is this—

> That the House is unable to concur in the declarations by the Government that the tariff should be based on the principle of protection.

Well, if the taking off of 2½ per cent from farm implements and 5 per cent from one or two other things, changes a tariff or a budget such as ours from the principle of protection to the principle of free trade, I have yet to learn it. I do not think any of my hon. friends to my left, or any hon. member in this House, would think that that part of the resolution was lived up to. The budget this year is a protectionist budget without any question of doubt, and the Minister of Finance would no doubt agree with that statement. The second statement in the resolution to which I take exception is this:

> The tariff is a tax and the aim of legislation should be to make taxation as light as circumstances will permit.

I have no quarrel with the statement, but as the hon. member who has just resumed his seat has pointed out, instead of lessening taxation, the budget has increased it to a considerable extent. It has taken off one million dollars from the tariff, but has added thirty-five million of sales tax, so that nothing is lived up to in regard to that part of the resolution. The third statement is that—

> Such changes should be made in the customs duties as may be expected to reduce the cost of living.

If there is anything in this budget which reduces the cost of living I should be happy to have some one point it out to me. The budget increases the cost of living by at least twenty-nine million to thirty-four million dollars, because, as the hon. member from Swift Current (Mr. Lewis) has pointed out, the sales tax last year took in something like $60,000,000, and this year, by an increase of 50 per cent, it will take in something like $90,000,000 or $95,000,000. Those taxes come from the masses of the people. Therefore the budget has not decreased the cost of living, but has rather increased it. I might say that the other day I went to a theatre and saw a picture show. In it a pickpocket took from the pocket of a man to whom he owed money the amount which he owed that man, and then paid the man back with his own money. The people thought it was a good joke. But the people of Canada will not consider it a good joke when the Finance Minister takes from the country $35,000,000 and pays a debt of $1,000,000 which has been taken off the tariff.

Then the fourth statement with which I wish to deal in the resolution reads:

> That the House regrets that the financial proposals of the Government are not made with due regard to the economy that is so urgently needed, and expresses the opinion that before resorting to taxation the Government should make a substantial reduction in the proposed expenditure.

The total estimates last year, including supplementaries, amounted to $605,000,000, but out of that amount in the past fiscal year, we spent $495,000,000. The main estimates before the House at the present time amount to $466,000,000 which is nearly equal to the total expenditures last year, and the supplementaries are yet to come. I do not see any economy in that, and I am rather surprised that the hon. Minister of Finance should again put that resolution upon Hansard.

I admit that the Minister of Finance had a very difficult task to perform. He had first to make a tariff which would more or less accord with his own views; secondly, he had to make a tariff which would more or less accord with the varying views on his side of the House, and, finally, he had to make a tariff which would, at least, be partially acceptable as a promise to my hon. friends to the left. He had the hon. member from Brome (Mr. McMaster), for example, who says he is a free trader, to satisfy; and the hon. member from Brantford (Mr. Raymond) who got in on a high-tariff platform, who complained that the lowering of the duties on agricultural implements was going to hurt the city of Brantford. Then he had his own view, which, I believe, is a moderate tariff view, the same as my own view and that of my right hon. leader (Mr. Meighen). He had various others in his own party to satisfy, to say nothing of my hon. friends to the left, who, as my hon. friend from Swift Current pointed out, are free traders, but are quite satisfied with a protectionist budget when it comes to a vote. There is nothing in this budget to satisfy the farmers of the West, though it seems to be satisfying their representatives in this House.

I was in the lobby the other day, and one hon. member of the Farmers party, who has a very good fund of American humour, said "what we make on the peanuts we lose on the banans." I rather agreed with his statement, and I rather admired his ability to see quickly just what had been done to the farmers. There is certainly, in this budget, no relief for the farmers of the West. While the Minister of Finance (Mr. Fielding) has, on former occasions in this House, shown a very nice vein of humour, I think at the present time he is laughing in both sleeves at the way in which he has put it over the farmers of the West in this budget, because there is no doubt that this budget has not relieved the farmers of the West; and, in fact, while farmers throughout this country are relieved to the extent, as my hon. friend says, of $500,000—(let us say $1,000,000)—by the removal of tariff duties to a certain extent on farm implements; but $35,000,000 is added—

Mr. GARLAND (Bow River): If the statement has been made in this House that $500,000 is the amount of relief received under the customs tariff, why does my hon. friend raise it to $1,000,000?

Mr. MANION: I like the Government opposite, and I wish to give them the benefit of the doubt. Let us take it at $1,000,000, so that I cannot be criticised for underestimating the amount. As my right hon. friend (Mr. Meighen) beside me suggests, that takes in everything. But, supposing that relief amounting to $1,000,000 has been given to the farmers of this country, an amount of $35,000,000 has been added in taxation. Supposing the population of the prairie provinces amounts, as it does, to about 2,000,000, that is about one-quarter of the people of this country. Thus the Minister of Finance has added to the expenses of the people of the prairie provinces something like eight, or nine or ten million dollars for the million dollars which he has taken off the shoulders of the people of the country in general. Therefor, if there is anything in this budget that the farmers have any reason to cheer about, I for one, fail to see it.

In this budget there is no sign except one of free trade. There is, by virtue of the exchange situation, free trade with Germany. I am not a flag waver; I am not a German hater; and I am not one of those who believe in stirring up hatreds amongst nations; but at the same time, if I have any favours to give, I prefer to give them to my friends. On an occasion like this, I would prefer to favour the people who fought with us, the British, Americans, French, Italians, or some other nations which fought with us.

Just to show conditions that exist in Germany at the present time, let me read three brief extracts from literature which I have read recently, and such instances can be multiplied indefinitely. Mr. J. M. Keynes, a short time ago, wrote a book called "A Revision of the Treaty", and in that book he pointed out that up to the end of 1920, Germany was supposed to send coal to the Allies at the rate of about two million tons per month, and upon this the Allies were to pay a small amount towards the cost of production, this amount to be in proportion to the cost of coal production in England and France. But, due to exchange, this small amount not only paid Germany for the production of the coal, but gave her a good profit upon it. That illustrates the condition of exchange at the present time in Germany.

Mr. FORKE: Is Mr. J. M. Keynes not, at the present time, the foremost advocate of trading with the German people?

Mr. MANION: That has nothing whatever to do with my argument. I am not discussing him; I am giving this quotation from his remarks as a quotation on the exchange situation between Germany and other countries. I do not care what he advocates. He might be the Angel Gabriel or the reverse; that would not matter at all as regards my argument. In an article in the English Review for October, 1921, Mr. J. Austin Harrison, an Englishman who is not advocating trade with Germany, says:

> Germany is doing a brisk trade, is industrially prosperous, has few unemployed and has a growing export which, to the consternation of the Allies, threatens to grow more real and valuable as the depreciation in the value of Germany's currency increases. This will still further close British markets, increase unemployment, because Britain is forced to buy food at a great loss to herself and cannot compete in Europe with countries whose currency is depreciated.

The final quotation that I will give is from the Literary Digest for November 26, 1921, just six months ago. It says:

> Returning travellers report Germany humming with industry, her workers well paid and well clothed and fed, with taxes the lowest in Europe and a promising export trade stimulated by her cheap money which permits her to under-bid England, France and America on foreign orders. Thus the cheap mark helps Germany and hits everyone else.

That shows the condition of trade in Germany. It shows that Germany requires no favours; and yet, by virtue of the fact that the Minister of Finance has removed restrictions which have existed and which he says are not perfect—I admit probably they are not—he has, on account of the low value of the mark, virtually given free trade to Germany. The restrictions that existed on the foreign exchange did not apply to the French franc or to the British pound, because they had never decreased to a value of 50 per cent. I know the Minister of Finance had a difficult task to perform in making his budget; but at any rate, to my mind, he should not have removed those restrictions without in some manner attempting to put the Canadian producer on a par with the German producer. The Americans live in a country which is one of the richest and one of the most highly developed industrial countries in the world; but they have found it necessary—or at all events they have performed the act—to put restrictions upon German trade. I have a synopsis of some acts which were brought in recently, one in March, 1922, only two months ago, with that purpose in view. This is a synopsis of what they have done in that regard:

4 p.m.

If the President, upon investigation of the differences in conditions of competition in trade in the markets of the United States of articles wholly or in part the growth or product of the United States, and of like or similar articles wholly or in part the growth or product of competing foreign countries, shall find it thereby shown that an industry in the United States is being or is likely to be materially injured by reason of the importation into the United States of foreign merchandise, that in such cases and upon the proclamation by the President becoming effective, the advalorum duty, or duty based in whole or in part upon the value of the imported article in the country of exportation, shall thereafter be based upon the American selling price.

Further down in the same act, a regulation is given which permits the President to exclude any merchandise from the United States where extreme unfair competition exists, or he may assess such additional duties as he thinks fit.

Mr. FIELDING: Will my hon. friend add that that is not the law of the United States to-day, and that it may never become the law of the United States?

Mr. MANION: My hon. friend may be correct, and I should not like to cross swords with him on that point; but I am informed that that is the law in the United States at the present time.

[Mr. Manion.]

Mr. FIELDING: My hon. friend, I am sure, is mistaken. I think it is part of the legislation which has been proposed, but which has not yet been adopted. That is my recollection.

Mr. MANION: I will accept the statement of the hon. gentleman. I do not know whether that is correct or not; but I have no doubt that he is as sincere in his statement as I am in mine. But supposing that this is proposed legislation, it bears out my argument just the same; it shows that the American people understand the necessity of bringing down legislation such as this.

Mr. FIELDING: That does not deal with the question of depreciated currency, but with the question of American valuation, which is a different question.

Mr. MANION: That is true, but any unfair competition on the part of foreign countries can be dealt with under that law. Germany is not mentioned at all; but I understand that Germany is aimed at and this legislation would apply to Germany just as to any other country. Before I go further, I had better say that I do not and would not for one moment think of implying that my hon. friend was any more pro-German than I am. Such a thought never entered my head, and I do not wish any misunderstanding in that regard. My hon. friend is as good a patriotic Canadian as I am, and, perhaps, better. I am simply saying that I think he made a mistake in permitting such restrictions to be removed. As I said before, if we have favours to give, we should not give them to the men who fought us recently in the war, to the men who invaded France and who took advantage of France as the Germans did; we should give them to our own friends. What is the use of barring out by our immigration law as it does, mechanics and artisans of other countries, if we permit their goods to enter Canada without any restrictions and to compete with goods of Canadian artisans?

I know some of my friends to my left will say that these are cheap goods, and that to remove restrictions is in accordance with their ideas. "We want cheap goods" will be the cry of a great many people. Well, Mr. Speaker, I do not agree that cheapness alone should be the absolute desire of any nation. I consider that it is much more important to have our people employed in earning good wages

than it is to merely ensure them cheap goods. For example, supposing to-day you could buy a suit of clothes or a pair of boots for a shilling, those cheap clothes and boots would be of no use to the army of returned men who are marching to Ottawa, and who were mentioned in the question which my hon. friend from North Toronto (Mr. Church) put to the Government this afternoon. Cheapness is not what those men want; they want employment. And if men are employed in making dear goods, it is better for them than that they should be idle although goods are cheap. That is my attitude upon the question. The real test of a country's social and economic standing is the average wages earned by its working people, not the cheapness of its goods. One can go to China, or India, or southern Italy, and get cheap goods, but I do not think we want reproduced in this country the conditions that obtain in those countries.

It is true that this tariff may be made to suit the names that have been given to it at various times. I notice that the last speaker (Mr. Lewis) used one of the names which were applied to the tariff in the last election. For example, my hon. friend the Prime Minister (Mr. Mackenzie King) used various expressions throughout the country, his favorite expression being "a tariff for revenue"—repeated to-day by my hon. friend from Swift Current. But what is a tariff for revenue, anyhow? My hon. friend from Marquette (Mr. Crerar) has on a number of occasions this session spoken of a tariff for revenue. I asked him once or twice to explain what he meant, but so far he has not given an explanation which I think is correct. A tariff for revenue is a tariff such as England has, or had, under free trade. Under a tariff for revenue you may have, first a tariff on luxuries—you may have that under any system. Secondly, you have a tariff upon non-competing articles, that is, upon articles which are not manufactured or produced in the country, and therefore not competing with those imported. Thirdly, you may have a tariff upon goods which are produced in the country, but you must then have a corresponding or equivalent excise tax to take away the protectionist feature. That is a tariff for revenue; in other words, a tariff under free trade system, a non-protective tariff. But that is not the way my hon. friend the Prime Minister used the term throughout the country during the election. He spoke of a tariff for revenue—to attract votes I presume—implying thereby that he was in favour of bringing in something different in the way of a tariff. As one of my friends beside me remarks, although the Prime Minister spoke in that way, he was not in favour of anything of the sort.

Mr. CARROLL: Will my hon. friend permit me a question? Does that quite exhaust my hon. friend's knowledge of a tariff for revenue purposes?

Mr. MANION: It may exhaust my hon. friend's knowledge, but I do not think it exhausts mine. I do not quite know what my hon. friend is aiming at. Perhaps he will enlighten the House with some of his brilliant knowledge when he takes part in this debate.

The Prime Minister also used to speak of "a tariff for producers and consumers"; that was another of his favorite phrases during the campaign. I think he is the only member of the Government who used that phrase. I know the Minister of Finance (Mr. Fielding) never used that or similar phrases, even though he does laugh in his sleeve at the present time at the idea of a tariff for producers and consumers. Every one knows that producers and consumers are the same people. We are all producers and consumers in this country, with the exception of those unfortunates confined in our asylums and gaols. Perhaps they, and children, do not come within the description, but outside of them every man and woman in this country is a producer and a consumer. Therefore, I say that this budget may have been made with the thought of trying to suit it to some of those titles, but it is certainly not a free trade budget, and it is certainly not made with any thought of its appealing to the farmers—or rather the thought is there, but the budget contains nothing that will commend it to them.

In my opinion there is no possibility of our ever becoming a free trade country. I do not believe it is possible to have free trade here. The free trade cry, it seems to me, is entirely sectional, proceeding from certain interests in the Prairie provinces who are thinking only from their own standpoint—and quite rightly perhaps—believing that it will lower their cost of living, but they are not worrying if free trade injures our industrial sections. The demand for a compulsory wheat board is another sectional cry, for such a board

would put the grain trade out of business. I am not saying whether a compulsory wheat board is good or bad; that matter will come up for discussion later. The demand for a continuation of the Crowsnest Pass agreement is another sectional cry along the same lines, that is, to benefit one section of the people possibly at the expense of the rest. The objection by the province of Quebec to the building of the St. Lawrence canal is also sectional. My hon. friend the Prime Minister mentioned yesterday that the Government are not going to take up this question with the American government at the present time. In fact, I take it that every piece of legislation will naturally appeal more to one section of the country than to another; but some of these measures—and free trade to my mind is one of them—appeal only to one section and would be ruinous to all other sections of this country. There is this to be pointed out, that it does not matter much what the Government does apparently in response to the demands of my hon. friends from the West, if we may judge with how little they are satisfied on the tariff question. In view of this satisfaction I presume there is no necessity for the Government to worry what their views are on the Wheat Board and the Crowsnest Pass agreement.

Mr. SPEAKMAN: My hon. friend has referred several times to the cheers with which the members in this corner have received the budget and their satisfaction with it. He has even ventured to prognosticate how we of the Progressive party intend to vote. I wonder just how much knowledge he has of our intentions, and where he got his knowledge?

Mr. MANION: The only knowledge I could have, Mr. Speaker, is derived from the speeches that have been made by hon. members of the Progressive party. I did not say anything about their cheering the budget; my hon. friend is putting those words in my mouth. What I implied was that from the speeches which had been made by hon. members of the Progressive party no one could draw the conclusion that any of them have any intention of voting against the Government on this budget. That is what I said.

An Hon. MEMBER: Hear, hear.

Mr. MANION: My hon. friend opposite says "hear, hear." I suppose that is a sort of prelude to his hopes that the Progressives are going to vote that way. To my mind a country cannot be governed sectionally; it must be governed in the interests of the greatest good to the greatest number. Let me point out to my hon. friends from the West what perhaps many of them already know, but at any rate it may be of interest to refresh their memory. The cotton growers of the southern states were, as my hon. friends know, among those who demanded a free trade policy in the United States in 1880. At that time they were growing 3,000,000,000 pounds of cotton and were very insistent in their demand. But to-day they are not so insistent, because, although they are producing twice as much cotton as in 1880, with that greater production must be coupled this important fact, that their home market is using more cotton to-day than was produced in 1880, and there is being exported nearly as much as was then produced. In other words, I am pointing out that the building up of a home market is the important policy in any country. All my hon. friends from the Prairie provinces know that in dealing with foreign countries for your grain and other productions you are dealing more or less with an unknown quantity as compared with the home market, such as it is; and the home market, while not being satisfactory, of course, to hon. gentlemen who grow wheat, because there is too much of that commodity for the home market to absorb, yet furnishes to tens of thousands of our farmers to-day a very satisfactory outlet for those products which they are able to sell in the industrial centres in their immediate neighbourhood. Therefore I consider the policy of the United States whereby the cotton growers of the south have to-day a greater market in their own country for their cotton than their whole production in 1880, is the policy which we should follow so as to create the same conditions. We should develop as far as we are able on broad national lines, and so provide a market for a greater proportion of the products of my hon. friends from the Prairie provinces. In the United States to-day 90 per cent of its wheat crop is sold in the home market.

Now, Mr. Speaker, another point in connection with the tariff proposals of my hon. friend the Minister of Finance is the fact that he has reduced the duties on a number of articles to the extent of 2½ per cent—reduced the customs revenue, we will say, to the extent of $1,000,000—and he has increased the taxation by 30 or 35 times that amount, roughly speaking, in the sales tax, to make up for it. That

is always the result of cutting down the tariff; if you reduce your revenue in one way in a country such as this, you have to raise it in some other way. I submit to my hon. friends who represent the farmers of this country that if you take away the tariff the farmers will pay in other taxes a greater proportion of the revenue than they are paying under the present tariff system.

Mr. SPENCER: Is it not a fact that the hon. member voted for reciprocity in 1911?

Mr. MANION: Well, if it will please my hon. friend—yes, I voted for reciprocity in 1911. I do not see, however, what bearing that has on the present discussion. Reciprocity was not free trade.

Mr. SPENCER: May I ask my hon. friend if he would vote for it now?

Mr. MANION: I do not expect I will have a chance to vote for it; the United States has attended to that. But let me tell my hon. friend this: I voted for reciprocity in 1911, and I have no apologies to make for doing so. Sometimes people change their minds; the man who in ten years never changes his mind on any subject has not any mind to change, in my opinion. The United States is raising its tariff against this country, on practically all articles and commodities, and she is not going to give the Minister of Finance or any other minister of finance in this country an opportunity to negotiate along reciprocal lines for some time to come. However, I will come to that again in a moment.

Mr. McMASTER: Before the hon. gentleman passes from that phase of the subject, does he consider that the reduction of 2½ per cent is likely to reduce the revenue from the classes of goods coming in under the lower rate?

Mr. MANION: I only take the suggestion made by the Minister of Finance that it probably will. The minister said it would probably reduce them by a million dollars.

Mr. FIELDING: No; my hon. friend is mistaken in that. My own impression is there will be very little if any reduction. It is even possible there will be an increase.

Mr. MANION: I admit all things are possible, but it seems to me that this change will be likely to bring about a reduction.

Mr. CASGRAIN: Oh, no.

[Mr. Manion.]

Mr. MANION: I am sorry I misunderstood the minister; I thought he stated definitely that the result would be a loss of revenue. I remember his mentioning $1,000,000 in some way, and I thought he said that the taking off of the 2½ per cent would reduce the revenue to that extent. My right hon. friend (Mr. Meighen) suggests that if the revenue is to be obtained just the same, the minister might well have removed more of the duties and thus pleased to a much greater extent the hon. gentlemen to my left.

I was pointing out, Mr. Speaker, that you cannot take away revenue with one hand without raising new revenue with the other—that is, if we are to pay our debt; and unfortunately in this country to-day we have debts that are very large. The interest on the national debt is a very large item. The pensions bill, soldier settlement, soldiers' re-establishment, the general carrying on of the business of the country—these are all very large items, and we must raise sufficient revenue to cover them. If you take off the revenue which you are receiving by way of customs duties, then you must raise the necessary moneys in some other way. The minister has indicated that he finds it necessary to raise more revenue. I notice from the very mild complaints of my hon. friends to my left that they are not altogether pleased with the sales tax which, they think, is going to bear more or less heavily on them. The hon. member for Last Mountain (Mr. Johnston), who spoke yesterday, stated that our increased national debt was one of the reasons why taxes are high in this country and that this increase is our fault. Well, he might just as well have blamed us for beginning the war; to my mind, that would have been just as reasonable.

Even free trade England raises large amounts of money in the form of tariff revenue. I made it my business to look up the figures, and I found that in the fiscal year 1919-20—these were the latest I could obtain—free trade England raised by customs tariff $750,000,000, and, by excise, $675,000,000; these were the estimated figures. If you take that $750,000,000 and divide it by the population of England you get about $20 a head. If you take the amount raised by way of customs taxation in this country, I doubt if it would amount to as much as that. But free trade England raises her revenue on goods which the masses of the people use—sugar, tea, coffee, cocoa, tobacco. I submit that the

taxation of these commodities hits the ordinary masses of the people much harder than the present system which we follow in this country. Under a protective system you can raise your taxes upon luxuries to a greater extent, and you can lower your taxes to a greater extent upon the necessaries of life. The taxes in England under free trade—of which she raised the vast amount I have mentioned—are largely direct taxes upon the necessities of life.

I have said that, to my mind, free trade is impossible to this country—not impossible to put into effect, but impossible to carry out successfully. I wish to give a few reasons, in brief, why I hold this view. In the first place, there is the matter of revenue, with which I have dealt. We require a large revenue. I know some of my hon. friends say that you cannot have both protection and revenue. But you can have it and you are having it in this country; you have had it in the United States for many years. In the second place, the industries in this country cannot compete with those in the United States or with those in England, and in the future they will not be able to compete with the industries of Japan, unless you have protection of the working man of this country from the competition resulting from the lower standards of living in Japan and other countries. Even John Stuart Mill, who was a free trader, admitted on a number of occasions that the imposition of protective duties might be the very best way of building up young industries in a country.

Then, there is the standard of living, which I have mentioned. If you have not tariff protection, how are your working men to compete with those countries where the standard of living is very much lower than it is in your own? If you have free trade those working men must compete with working men in other countries where the standard of living is much lower, and that competition they are unable to meet. There is another argument which I look upon as a very strong one; and it is this: Truth usually prevails. Nearly eighty years ago, in 1846, England adopted free trade. At that time Cobden made the statement, which is very frequently quoted, that all the other countries of the world would have free trade within ten years. Well, nearly eighty years have gone by, and not one of the other countries of the world has adopted a free trade policy. Even England itself is to-day coming back more or less to the protectionist policy. England, even in her palmiest days of free trade, imposed certain duties against imports. She had the cattle embargo, of which we have heard a good deal on the floor of this House—that was the most stringent kind of protection, in fact, it was prohibition of the importation of cattle. Then she had the ship subsidies, and in 1915 she applied a number of what they call key industry duties, amounting to 33 1-3 per cent on many lines of goods. These duties were designed to protect the English producer from the competition of the foreign producer. If you have free trade in Canada to-day or in any country it is a one-sided bargain which you are carrying out: you are giving free trade to your opponents and allowing them to impose a tariff against your goods.

Finally, there are two other arguments. One is that with regard to bargaining or negotiating power. The Minister of Finance in his speech said that so long as the United States held a high tariff against us, they could not expect any favours from us. In other words, he was using the bargaining or negotiating power which is possible only under a protective system. But under a free trade system you could not use that bargaining or negotiating power, because the other country concerned could laugh at you; their goods would come into your country free, without restriction, and they could do as they pleased with regard to yours. Why, what was the reciprocity agreement, concerning which my hon. friend (Mr. Spencer) asked me a question a few moments ago, based upon? My hon. friends to my left liked the reciprocity agreement; they would jump at it to-day if they had the chance. But that agreement was based upon a bargaining and negotiating power which would not exist under a free trade system. You cannot have any reciprocal agreements under free trade, because you have given away your weapons; you have placed yourself in such a position that the other fellow can do what he likes with regard to your trade.

My last argument—and I do not wish to go into the matter in detail—is this: under a protective system you build up the industrial life of your country and you get a broader national development. No class of young men in this country have profited more by that broader national life, the result of a protective system, than the sons of farmers. If they do not wish to stay on the farms or go into the mines or the lumber camps they can go into industrial life. They have gone into the cities and made good there.

At the same time, while we have a tariff system, we should endeavour to make our tariff as fair as possible to all classes. We should have a tariff that will build up so far as we can the industrial life of the country in all lines of production, but it should be, so far as possible, a tariff fair and square to all classes of the people. To-day I admit we have a tariff which perhaps is not fair in many of its aspects. It is more or less of a hodge-podge. I presume that the Finance Minister when he was making the changes in this budget did not look at the scientific side of the tariff, if there is such a side, but rather at the political side, and changed a few items that might look good to the farmers of the West. If we had a proper body to make a thorough investigation of the tariff, an advisory tariff board or commission who would make it their life study, we would get the facts. It should be a non-partisan board, able, efficient, and well paid, who would get the facts upon which a proper tariff could be based. Such a board, of course, would be advisory only, because you cannot remove from a government responsibility for making a tariff. You cannot take the tariff out of politics. It is the duty of the Minister of Finance and the Government, and lastly of members of Parliament to decide what the tariff policy of the country shall be; but at the same time such a board as I have suggested could get the necessary information, on foreign manufacturing costs, for instance, on methods, labour conditions, production, and so forth. You could get information from such a board upon the exchange situation and its bearing upon present conditions, for example; information as to transportation costs both exterior to the country and internal, as well as comparisons of prices at home and abroad. That board could give advice to the Minister of Finance himself, to the Government, and to members of Parliament, better than we can possibly get under present conditions. A board of that kind would give us information based upon facts. What does the ordinary member of Parliament know about the details of the tariff that is in existence in this country to-day? What do I know about them? I admit frankly I know nothing of the details as to whether a certain article should have fifteen, twenty, or thirty per cent protection, and the ordinary member of Parliament will frankly admit his ignorance on that point. I would even go so far as to assert that the Finance Minister himself, cannot have knowledge of these details. But if you had a proper advisory board to tell you that a certain industry needed 20 per cent protection, giving the reasons for it, you would be able to base your law-making upon actual facts, and not upon theories or imagination. I submit that if an industry requires 20 per cent protection, it should not get 40 per cent. That is what I call a moderate tariff, a tariff sufficient to put our industries on a basis where they can compete fairly with similar industries in other parts of the world. At the same time, there should be something in the shape of a dumping clause. Foreign manufacturers may in certain years over-produce, and in consequence be left with large stocks of goods on their hands, and rather than carry them, they dump them here, if we have no dumping clause, and thus put out of business our manufacturers producing those goods. Then the following year, or a year or two afterwards, when they have put our manufacturers out of business, they raise the price to suit themselves. That is why a dumping clause is necessary. In speaking of the tariff board, I wish to make it plain that I am speaking for myself. It is an opinion I have had for many years, but which I do not think I have ever stated before in this House. It is my personal opinion that we should have an advisory tariff board to make, as far as possible, a scientific tariff. A scientific tariff is really an impossibility, but you can make a tariff sensible in all its details, and I doubt if we have ever had such in this country.

There are two items to which I would draw the attention of the Minister of Finance before I close. I do not suppose he will pay any attention to my advice, but at any rate I am going to offer it with the best intentions in the world. The cheque taxes which this budget imposes, I think are unfair for larger cheques. I believe the tax should be graduated, not because I write many large cheques myself, but because there are in this country large corporations which pay their wages by cheque at the end of the month. The day after this budget was brought down I was in a bank in Ottawa and I was informed by the accountant that he has a number of cheques of $25,000 and $30,000 to pay every month when wages are being paid. I think that the stamp taxes should be graduated for the larger cheques, and I hope that when the resolutions are considered in committee the Minister of Finance will take that into consideration.

There is a tax which I think might be imposed to replace the loss. We are sometimes accused of not offering anything constructive. I am going to suggest the imposition of a tax which I think the Minister of Finance has forgotten to include in his budget, and which could make up for what might be lost on the cheque taxes, and that is a receipt tax. Anyone who has travelled in Europe knows that you cannot pay an hotel bill and get a receipt unless it is stamped. The man who receives the money is the man who should pay the tax, and that is the man who does pay it in the case of a receipt tax, but in the case of the cheque taxes, the man who pays the money pays the tax also. Most of us when we receive an amount of money that is owing to us would be quite willing, I think, to put a stamp on the receipt. I think it would be a very good tax and would bring in a fairly large amount of money. It is in vogue in practically every country in Europe, and was before the war.

In closing, I just wish to say I shall have no hesitation in supporting the amendment of the ex-Minister of Finance (Sir Henry Drayton). The amendment is not an amendment demanding free trade. It is not an amendment that hon. gentlemen opposite shall carry out their pledges, but it is an amendment condemning the practice which has been followed too much in this country in the past, and certainly followed by hon. gentlemen opposite during the last election, of making promises that they had no intention of ever carrying out That is the amendment, and so far as I am concerned, in the interest of honesty in public life, I have no hesitation in supporting it.

Mr. L. J. LOVETT (Digby-Annapolis): Mr. Speaker, I am going to trespass on the good nature of hon. members for a very brief time in the few remarks I propose to make. I am a new member of this House, and as such, have felt I had much to learn of the proper method of conducting parliamentary business. I must say I have been bitterly disappointed at the way in which up to the present much of the time of this House has been wasted, costing the taxpayers of this country thousands and thousands of dollars. Wasted by the Government? No, but by the many members who have taken hours to express opinions which, presented in concrete form, would have taken only minutes, and been far more forceful in effect.

[Mr. Manion.]

Are we, a collection of business men entrusted with the serious business of this country, to waste the time of this House in useless discussion merely for the sake of some little personal advantage or of venting some sectional grievance? Is it not our duty to devote our time and energy to assist in passing such legislation as is in the best interests of the country as a whole, in the shortest possible time consistent with its importance?

Yet, Mr. Speaker, while holding this opinion I would feel I was not performing my duty if I did not at some time during this session, place before this House some of the needs and aspirations of the people I have the honour to serve. I am well aware, Sir, that the House has had the opportunity of hearing members from the eastern part of my province who have outlined the views of the people regarding the Intercolonial railway and the restoration of its management to the Maritime provinces. Let me say right here I am heartily in accord with much that has been said by the hon. gentlemen in this respect, but they have largely, if not entirely, urged the claims of the eastern part of the province. So I am determined hon. members of this House shall not get the impression that the important counties of the province of Nova Scotia are all east of the county of Hants, and that we in western Nova Scotia are merely the tail end, as it were, without any special rights and privileges of our own. Let me say to hon. members that no finer part of this Dominion exists than that section of the beautiful and fertile Annapolis valley which lies in my own constituency, which constituency also embraces a part of Digby county famed for its fishing, lumbering and beautiful tourist resorts,—a combination I believe, Sir, unrivalled in importance, because of its diversity of interests, either by the agricultural districts of the west, or the mining and manufacturing sections of the eastern and central provinces.

Now, Mr. Speaker, in what I am going to say I do not want to be misconstrued or regarded as disloyal, but no one who considers the prosperity of Nova Scotia before Confederation, and her present standing, can dispute my statement, that this province has not benefited commercially from her union with the other provinces. For instance, to give you some intelligent idea of just how slowly Nova Scotia has made progress, the census figures show us that during the last 50 years her population

has only increased by 136,000 in round numbers. Surely with Nova Scotia's great natural resources there must be something radically wrong, and I am asking this Government to devise a policy that will remove trade barriers, open wider and more profitable markets, lessen freight rates, and remove all those forces which are at present throttling and strangling our industrial life and by so doing restore to her the same prosperity that characterized her before Confederation. It is a fact, an unpleasant fact, that Nova Scotia has not expanded commercially nor has her population increased in the proportion that her great natural resources would warrant. There must be, and there is, some reason for this lack of progress. We men of the Maritime provinces believe that one of the chief forces which has a strangle hold on our commercial expansion is the exhorbitant freight rates that prevent shippers and producers placing their products on the markets of Canada, and elsewhere, at a reasonable profit. There can be no incentive to production if the producer cannot sell, and sell at a reasonable profit. The natural market for Nova Scotia products as far as lumbering, fishing and agriculture are concerned, is undoubtedly the United States, and to our sorrow we know that market was closed to us by the defeat of reciprocity in 1911. I do not believe, Sir, that any province of this Dominion suffered so severely from the defeat of reciprocity as did the province of Nova Scotia. Again, I do not believe that this province has had the advantages of a proper immigration policy; and I would say to the present Government that we are looking to it to give greater publicity to our natural advantages, and greater inducements to prospective settlers in this extreme eastern part of the Dominion. There is no reason why Nova Scotia, with her mines, forests, fisheries, and agricultural, fruit producing and grazing lands, should not attract and support five times, yes ten times her present population. Remove trade barriers, open wider and more profitable markets, lower freight rates, grant inducements to settlers, give publicity to her natural resources, and I do not hesitate to state that Nova Scotia would become one of the most prosperous provinces in the whole of this Dominion.

Mr. Speaker, I am not, however, one who is sectional in his views, nor do I claim concessions for my province that would be detrimental to any of the provinces of this Dominion. For, Sir, I believe if we are to have a prosperous Canada it can only come about by a policy of fair play and justice to each and every province, and not by special advantages to any one of them. I am broad enough in my views when making a plea for my own province to likewise make a plea for Canada as a whole, for it is only by the prosperity of every province that we can ever hope to place this great Dominion of ours in the forefront of the great nations of the world. I believe we have in this country of ours—rich beyond measure in her vast natural resources, with a people frugal and industrious—the opportunity, if sanely and wisely governed, to make her one of the greatest countries in the world. Therefore we must in this parliament sink our sectionalism and unite on the broad principle of using every effort to promote the welfare of our country, so near and dear to the heart of every true and loyal Canadian.

We have listened to our Progressive friends, one after another, place before this House the deplorable conditions prevalent in western Canada, and asking that relief of some kind be given to tide the people over their period of depression. We should, and do, deplore the condition that exists, and should be glad to join with them in measures that would alleviate present conditions and place the farmers of the West on a prosperous basis, providing they do not ask for those things which would be detrimental to the other provinces of the Dominion. One can quite understand that in a country such as Canada, with its many complex problems and the many different interests that are demanding recognition, it is rather difficult for any government to satisfy the people as a whole. So I say, let us be reasonable in our demands; let us foster a spirit of give and take; let us put Canada as a whole above sectional interests. When we reach this broad viewpoint—and the sooner it is reached the better—we will justify our existence here as a parliament, elected by the people of Canada—a parliament trying to do things from a national and not a selfish standpoint. The solid delegation sent from Nova Scotia to support the present Government is evidence that the people of this province have faith that the Liberal party policy is best fitted to stimulate our commercial life, and right the wrongs she has been suffering through the policy of the late administration. Like Quebec and Prince Edward Island, Nova Scotia has

given a strong rebuke to the arrogant and extravagant administration that has cursed Canada for the last ten years. The people of eastern Canada thoroughly understand who is responsible for the crushing load of debt under which our Dominion is staggering to-day, and has been one of the strongest factors in establishing a government whose object we believe is to restore some sort of order out of the present financial chaos, mitigate the crushing load of taxation, and again place Canada on a sound economical basis. Nova Scotia has done more than this. We are unique in the gift we have contributed to this Parliament, for is not the present Minister of Finance, the Hon. W. S. Fielding, a Nova Scotian? —the man to whom all Canada is looking to extricate us by his ability and integrity from our present financial difficulties; and that we have not looked in vain is evidenced by the remarkable budget which was presented to this House a few days ago—a budget the provisions of which, I believe, will be recognized by the people of Canada as the nearest approach possible under our present financial situation to lessen burdensome taxation. Now, here is our opportunity to show to the people of Canada that, as their representatives, we will give our support to the efforts the Minister of Finance has made, to raise the necessary funds to meet our gigantic obligations by a tariff that will bear as lightly as possible on the bread winners of this country commensurate with raising the necessary revenue. Taxes there must be, we all acknowledge it, with the incubus of debt placed upon us by our extravagant predecessors.

We have been accused by the hon. members of the official Opposition of broken promises in the proposed budget taxation. I maintain we have not broken faith with the Canadian electors. There has been an honest effort on the part of this Government to lessen expenditure shown in the reduced estimates of the different departments. If the tariff reductions are not as far reaching as some had hoped, our hon. Minister of Finance has given a lucid explanation of the reason for this, and it ill becomes those whose mismanagement and extravagances heaped up financial obligations and left this Government to pay the piper, to criticise, accuse and object to every honest effort made to mitigate our present financial difficulties. I would ask the hon. members of the official Opposition if they do not think the attitude they have assumed of great anxiety for economy, and anything that would look like not carrying out election platform pledges, must make them seem the wolf in sheep's clothing to the Canadian people whom they, for so many years, misgoverned and who plainly showed them at the polls what they thought of their brand of government. I would say to these hon. members that the people of Canada take their remonstrances and fervid protestations for economy as a huge joke, and have no faith in their sincerity. It is said comparisons are odious, but Mr. Speaker, there is a handsome little animal well known in all parts of Canada good to look at and innocent in appearance, and do you think those who have once suffered from its hidden and obnoxious all prevailing odour would readily turn to it again because of its innocent look and actions? No. They would know they were liable to get the same dose repeated. I tell you, Mr. Speaker, the people of Canada have not had time to forget what they suffered under Tory rule, and could the hon. members directly opposite by hook or crook force the amendment moved by the ex-Minister of Finance (Sir Henry Drayton) through this House and face the country again at an early election, there would not be enough fragments left to call itself a party. Let them beware and try to regain some measure of confidence from the people of this country by giving support to those who are honestly trying to govern Canada well, and who have back of them a record for honest administration.

Mr. Speaker, in conclusion, I wish to reiterate my belief that if this Government is given a fair and reasonable time it will again restore to Canada the same commercial prosperity and national harmony that characterized her during the golden era between 1896 and 1911.

Mr. J. D. DRUMMOND (West Middlesex): I do not know that I would have anything to say in this debate, if it were not to endeavour to bring before the House one thing in connection with the budget which more especially affects some of the people in my constituency. Before proceeding with that question permit me to say a few words about one or two other matters that have been brought to the attention of the House. Some hon. members to my right seem to be very much concerned about how the Progressives are going to vote. If it is any satisfaction for them to know, I am quite willing to tell them that I am not any too anxious to vote for either the

budget or the amendment, but, if they will content themselves, their curiosity will be gratified when the time comes, and they will find out how the Progressives will vote.

I wish to refer for a moment or two to some statements made yesterday by the hon. member from King's (P.E.I.) (Mr. Hughes) in regard to our national debt. The Finance Minister in his budget speech does not give us very much encouragement as to what is going to happen in the near future in connection with paying any part of our national debt. He says we must soon begin to consider the question of reduction of our public debt, rather than the increase of it. According to the last report that I have been able to obtain from the Dominion Bureau of Statistics, the national wealth of the Dominion of Canada is estimated at $19,002,778,000. The national debt of the country is about two billion and a half. That is the federal debt; if we take into consideration the provincial, the municipal and the private debts in the Dominion of Canada in addition, I think I am safe in saying that the total debt of the Dominioin of Canada will reach four and a half or five billion dollars, or, in other words, the total debt of the Dominion of Canada will reach about one quarter of our national wealth. I ask hon. members of this House if they consider that is a good position financially for the Dominion of Canada to be in, or, without even looking to the near future, if the time has not already arrived when we should provide some means to retire, at least a portion of our national debt. There re those of us who have been identified with municipal work for many years, and we have found it impossible for a municipality to increase its debenture debt over and above a certain amount, unless by consent of some higher authority than its own. If a municipality increases its debenture debt past a certain amount, restrictions are put upon it by the province or some other authority, which restrictions will immediately bring it to time. If it is right that a municipality should have to make provision for retiring its debenture debt, either by a sinking fund or by making provision in those debentures that, at the end of a certain number of years, the debentures should be retired with an added amount of interest and principal, is it not equally true that in the Dominion some means should be taken, before the time comes when we are upon the verge of financial disaster, to provide for the payment of at least a part of our national debt?

I wish to approve the words that were spoken by the hon. member for King's, P.E.I., (Mr. Hughes) and to go considerably further. I wish to ask hon. members if they consider that we are carrying out the provisions of the heritage that has been given to us by our pioneer fathers, when we are drifting continually year after year into eighty or ninety million dollars more of debt. I am well aware that, according to the manner in which the finances of the Dominion of Canada are—I was going to say, juggled, if, Sir, you will permit the word without calling me to order—an apparent surplus is shown in some way of $73,000,000, in one year, and in other years of a somewhat larger amount. I feel that I cannot for one moment take that into consideration when the ultimate end of the year's work is an addition to our nation's debt of eighty or ninety million dollars. That is the only standpoint from which it is proper to judge, if it is right to judge at all.

The main reason which prompted me to rise to my feet is that I might protest against the excise duty that has been placed upon the beet sugar factories. It has been inferred by the Minister of Finance that that excise tax of 49 cents per 100 pounds will be met by the sugar factories. I do not at the present time recollect a single instance in which a tax has been placed against any industrial incorporation where that industrial corporation has not by some means transferred that tax to the producer or the consumer. We are told that this tax of one per cent that is imposed upon bank circulation will be met entirely by the banks. I mistake very much the influence or the intelligence of those who comprise the bankers' association, if they do not find some means of transferring this tax to the people with whom they are doing business. If it be possible for the Minister of Finance or for this Government to prevent that from being done, I should certainly be very glad. But as regards this tax of 49 cents per 100 pounds that has been placed upon the sugar refineries, there is no question that that tax will revert to the beet grower. I am not a sugar beet grower myself, so that I have no individual interest to speak about; but in the southern part of the riding which I represent, there is a considerable number of sugar beet growers. I should like to

ask why an excise tax is imposed in such a manner that it places a burden upon sugar beet growers, and not upon any other agricultural production. Is this only a start towards imposing an ex-
5 p.m. cise tax upon the whole of agricultural production; or are the sugar beet growers especially marked out for this particular tax? I think if the Minister of Finance would consider that the application of this excise tax is a direct blow at the sugar beet growers, he would reconsider this tax; or if it is going to be continued, then I think we have every reason to ask that every other line of agricultural industry and every other line of industry in general shall also be subjected to an excise tax. I believe this country would be better off to-day with an excise tax than with a protective tariff. I go further than that; I believe that if upon every commodity that could be taxed, a reasonable excise tax were placed, it would be a very few years before the whole of our national debt would be paid. Allow me to say, in conclusion, that I do not consider that any great bouquets are handed out to the farmers by the 2½ per cent reduction in the duty on agricultural implements. Mention has been made that this 2½ per cent reduction is going to reduce our revenue. I cannot see that. A reduction in any tariff that affects the protected industries in this country does not reduce the revenue, for the simple reason that that revenue does not go into the coffers of the Dominion. I am not making any special plea for the beet growers; I am not making any special plea for the farmers; I stand before you to-day and I say on my behalf and, I hope, on behalf of the whole of the farmers amongst whom I am sitting, that we are not asking for any special privileges, but that we are asking for the right to stand upon the one broad platform of equality with every industry in the Dominion of Canada.

Mr. H. A. FORTIER (Labelle) (Translation): Mr. Speaker, my first words on this all important question of the budget will be that of congratulations to the distinguished statesman, who for the sixteenth time has delivered, in this House, the Liberal Government's budget. The whole country applauds the Prime Minister's achievement in having gathered within his cabinet, such eminent colleagues from all the provinces of the Dominion. No epoch can be compared to this present one, if we may except that memorable time of 1896, when Laurier surrounded himself with so many illustrious statesmen. At that time, the province of Nova Scotia was possessed of one of these eminent men, in the person of its Prime Minister. After fifteen years of judicious and faithful services to his country as Minister of Finance, this distinguished statesman, highly respected by all members in this House, once more returns, notwithstanding his advanced age, to take up his share of work and his post of honour. At a time when the country is greatly in need of its very best brains, he comes forth to place his intellectual powers, his experience and his patriotism at the disposal of his beloved Canada. In reviewing our present political history, I cannot find a more noble example than that which is given to the present and rising generation, by this veteran in political life, by this unrivalled parliamentarian, by this distinguished statesman, the present Minister of Finance (Mr. Fielding).

Mr. Speaker, I approve the Government's policy. In this budget speech, I see the fulfilment, as near as circumstances will permit, of the liberal party's programme; this policy is for the welfare of the country and its beneficient effects are already being felt. I shall just add a word touching the amendment moved by the official opposition. The country is but little interested in the object aimed at by the Conservative party. This attempt to embarrass the Government by taunts for not accomplishing that in which one has no faith or takes objection to, is but to seek party advantage against the country's own interests. In my opinion, it is poor strategy and the Progressive party soon discovered the weak point. Is the Conservative opposition sincere when they reproach the Government for not having sufficiently cut down the tariff?

If so, what has become of their platform, their vaunted national policy, so called? What has become of their recent political declaration which the country has just heard and which was spurned by the people at the last general elections?

We must acknowledge facts and meet the necessity of the moment. The revenue demands the maintenance of adequate taxation; the lowering of the tariff must be accomplished by degrees and the first step taken as shown by the budget is in the right direction. The increase in taxes is justified by the duty we are under of clearing our national debt. These taxes have

become necessary to meet our obligations. War has gobbled everything. Our fate, for generations to come, is to pay war pensions and to shelter under our guardianship the returned soldiers.

We, of the Liberal party and especially those who were opposed to certain measures which have dragged the country into expenditures far too great for a young nation, did not wish to overstep the just limits which our obligations called for; however, the majority demanded it, the debt has been incurred, it would be dishonourable to repudiate it; and if we are not permitted to disavow the obligations that Canada has contracted, it is absolutely necessary that the taxes be increased.

There is, Mr. Speaker, one tax in particular that I wish to refer briefly to. It is the income tax. If there is an assessment which may be looked upon as loathsome, it is certainly this one. It is a heavy burden carried by the ratepayer, and what is most depressing is that we cannot entertain any hope of relief in the near future. We have perhaps, within these last years, lost the opportunity of throwing the whole burden on the profiteers who amassed wealth during the war. However, we should endeavour to relieve the workman and the small trader and to make up for such losses by imposing a higher tax on luxuries. It seems to me that the people we should spare, should be the heads of families. I therefore beg of the Government to reduce the tax which the heads of families have to pay. In my opinion, a father having five children should not be called upon to pay income tax until his revenue reaches $5,000, and if he happens to be the father of eight children he should not pay income tax until his revenue reaches $10,000.

Our vast country, abounding in natural resources of all kinds, has not the necessary population for the so much desired development of our commercial, farming and mining industries. What we are in need of, is a greater increase in population. Not being able to obtain the desired increase from our countrymen, we are forced to seek it in immigration. What can we expect from immigration? The European countries have been desolated by war. France, whose population has been decimated by this awful war is encouraging repopulation by granting a bonus to parents of numerous children. Parents under 30 years of age, having five children, receive from the state a grant of 10,000 francs, and those who have eight children receive 25,000 francs. It is true, we are not in a position to make such gifts owing to our present financial state of affairs. Nevertheless one of the statesmen of my province, who played an important part in the progress of old Quebec, and whose memory the people still cherish—Mercier—had legislation passed, granting 100 acres of land to the father of twelve living children. It is by giving a better interpretation to the benevolent laws of that province and of this country which is dear to us, that we should, it seems to me, consider the possibility of reducing as much as we can the income tax, taking also into consideration the obligations which devolve on the heads of families. The present expenditures are not all an outcome of the war, for the budget has also to reckon with the yearly deficit of the railways acquired by the state. It is a sad legacy inherited by the Government which the people chose in December last. Let us hope that these statesmen will not fail in their duty and that under their able administration, the present sad plight of our railways will be followed by a new era of prosperity. To my judgment, one may discuss the question of nationalization of railways indefinitely and never come to a lasting solution. I shall therefore not undertake to discuss this subject. France itself has administered five industries with more or less success. To-day its economists are still discussing without any satisfactory solution, the expediency of the management of railways by the state. For my part, without leaning one way or the other in the controversy in which those pro and con are thus engaged, I cannot help thinking that the greatest objection to state ownership is that, while a private company has always the profits in view, the state very unfortunately has at its disposal a tax to cover the deficits; however, I rather think that in a new country like ours, colonization is of primary national importance and for the success of which, we must uphold our railway policy. A private company has no interest in investing its capital in uninhabited regions or of investing such capital without being certain of an immediate return. We must not depend on private companies to further our policy of settling this country. History teaches us that privately owned companies have never answered to the needs of colonization. It was the provincial governments that built the railways

across the desert prairies or through the virgin forests when the Dominion government failed to do so or did not furnish all the means of accomplishing such a task by its grants in money or land. When the railway had paved the way into those regions and had become a paying proposition, it was eagerly sought by some large private concern that very readily annexed it to its system as a source of profit. I am pleased to see that, owing perhaps to unforeseen circumstances, most of our railways are now managed by the state. Perhaps the time has come for us to press our just demands, so as to forward the settlement of our newly opened districts, as I intend to do for the county of Labelle which I have the honour to represent in this House. Private companies have already built lines up to the borders of the county, but on account of financial difficulties—which are the cause of failure in operating a railway in these new settlements—the work of construction was discontinued. I am pleased to see that the Canadian National Railway is now the property of the state. This railway extends from the metropolis of Canada into the Laurentians, reaches the borders of the county of Labelle, at a place called Huberdean, and I still hope, for the sake of the people of the county, that this railway will penetrate to its very centre. Natural resources abound in that part of Canada. The settlers, not without great sacrifices, have cleared the land and have established parishes which are at a great distance from the railway. They appeal to the present Government to further extend this railway into the county, not only to the benefit of the railway system itself but also in the hope of settling these parts. I insist again on the necessity of extending these lines to the centre of the county of Labelle.

My last word will be one of well deserved praise to the Government. The present Government is carrying out a good and sound economical policy. The decrease in the expenditure of the state is laudable and necessary during this present period. From the outset of this session we have witnessed a considerable reduction in all the departments of the Government. This may have perhaps shocked some of the heralds of imperialism and militarism, but it has brought joy to the great majority in this country and I may add that it has specially pleased the people in the county of Labelle. However, where this decrease is most in evidence, to the satisfaction of everybody, it is in the militia expenditures. I hail with pleasure this new policy which will second the efforts of the country in reducing to its right proportion its standing army.

Let us return to peace pursuits. Let us economize and pay our debts. Such must be the motto of the Liberal party which the people have called upon to administer the affairs of the country, such must be the all designated goal towards which all our statesmen should tend, so as to save us from ruin and lead us on to great and nobler destinies.

Mr. L. J. LADNER (Vancouver South): Mr. Speaker, some sixteen years ago I happened to be a student of the University of Toronto, and I remember picking up the evening paper of the 30th November, 1906, and reading the budget speech of the present Minister of Finance (Mr. Fielding). All will remember in those days the dominant figures of the Liberal party were their distinguished leader, Sir Wilfrid Laurier, and the then and present Minister of Finance. It is interesting to observe in this newspaper, which I hold in my hand, that in that budget speech certain changes not of a substantial nature, but, on the contrary, of comparatively minor importance, were made. In place of the general 33⅓ discount on British goods, there was substituted a special discount on each article, with some increases. Duties were slightly reduced, chiefly on agricultural implements, such as reapers, mowers and binders, and also on confectionery, gasoline, oranges, and lemons; duties were increased on hats, canned meats, beans, peas, and other vegetables—and it is wonderful to behold in those days the duties were also increased on horses and cattle.

Before proceeding further, I desire to tender my sincere wishes for the long-continued health and happiness of the Minister of Finance. We younger members look with respect and admiration on his distinguished career. Sixteen years ago his ideas were advantageous to me as a young man studying our fiscal policy, and they are equally advantageous to me to-day when he has become in fact the anchor of his party. Of course, now and again we see the ship of state blown hither and thither by the gentle winds from the West which, zephyr-like, blow upon the nervous brows of many hon. members of the Government. We may find some day that those zephyrs will develop hurricane force, which will again divide this country on those great

economic principles of free trade and protection. If I were a prophet, I would suggest that the political thought of Canada to-day is moving in that direction and that the present partnership of the Liberal and Progressive parties is not destined to be permanent, that sooner or later the economic questions which differentiate them will rise up and overthrow all those unimportant considerations which now hold them together. In this newspaper of 1906 it is interesting to note the headlines in respect to the estimates. For instance, we find the following:

> Estimates are $105,000,000. Reach stupendous figure.

It is an interesting observation in psychology to see what really is in men's minds in considering the relative importance of the great questions confronting the country. Our friends on the prairies are making a great fuss for the reduction of duties on agricultural implements, but when you come to examine the effect of that reduction upon business and upon the operations of our commercial enterprises, you find that it really comes to practically nothing. In 1906 it was considered that $105,000,000 was a stupendous figure for the estimates; what would the same people think of to-day's estimate, which is really stupendous, reaching a figure of $425,000,000 or more? It shows that the people are capable of doing more than they sometimes believe they can do.

Mr. McKENZIE: Does the hon. member mean 1896 or 1906?

Mr. LADNER: I mean 1906. It is the Mail and Empire, I must confess, but the date of publication would hardly be wrong, though many other things in it might be.

Mr. McKENZIE: If it is the hon. minister's (Mr. Fielding's) first budget speech, it would be in 1896.

Mr. LADNER: No, it is not the minister's first budget speech; it is the speech of 1906. As I hold the paper up the hon. member may see the headlines of the article from where he sits. But the point I am anxious to make in that connection is that the proposals brought forward in these various budget speeches are very different from the promises made in the preceding elections. In 1893 it was free trade just as they had it in England. In 1896 more mature judgment prevailed—I do not doubt but that the soundness of the judgment of the present Minister of Finance was the cause—and the national policy of Sir John A. Macdonald and the Conservative party was adhered to, as was obviously necessary in the best interests of the country. Then we come again to 1906, and notwithstanding all the preachings with respect to free trade, the straight and narrow path in the best interests of the country was followed; the national policy was continued, with some slight deviations, to which I referred a moment ago. Then, coming to 1919, we find another splurge for free trade—a promise of reduction on nineteen specific articles and a substantial reduction on all others. But in 1922, with the present Minister of Finance at the helm, the good old Conservative policy is adhered to, because the minister knows, and responsible men charged with the administration of the affairs of the country know, that they cannot safely depart from that policy. I venture a prediction that my hon. friends of the Progressive party would not, if they were called upon to form a government, deviate from the policy which the Minister of Finance announced to the House a few days ago. The change from opportunity to criticise freely to responsibility for government brings about also a change of attitude at the last moment with respect to these matters. Now, these doctrines have been enunciated not only in political platforms, but in campaign speeches and literature up to the very moment of the election. I have before me the speech of the hon. Prime Minister delivered in Vancouver, in which he lays down the same Liberal platform, viz, substantial downward revision of the tariff which had been long overdue.

I propose to give to the House a few words uttered by the Minister of Finance at the great Liberal convention in August, 1919. These are golden words, and I hope the Minister of Finance is listening with one ear as I repeat them. I quote from the Globe of August 8, 1919:

> Sincerity is a great thing in politics. It should be. Politics is not a mere game and should not be a game; and it is a poor, miserable game when they do things merely to win power.

Now, I say that these are golden words, and they should be inscribed over every entrance to this chamber. I am not suggesting for a moment that the minister himself has deviated from the principle enunciated in these words, but I fear there are forces about him which have swayed

the ship of state from the course which might otherwise have been followed. I say, Sir, that these words should be treasured in our memory and written in our hearts. But it is not only the Minister of Finance who discusses this doctrine of sincerity and who utters these philosophic words. There were other persons at this convention, some of whom are now members of the Government, while some have been passed on to the Senate. Senator Pardee said to the convention:

> If we are to succeed; if Canada is to succeed, it will not be enough to enunciate policies. They must be brought into operation. They must be rightly administered with earnestness, sincerity, efficiency and honesty.

The same theme, Mr. Speaker, was the subject of the remarks of the present Minister of Agriculture (Mr. Motherwell). This is what he says:

> Whatever the decisions arrived at here in regard to platform, we should go forth to our respective homes prepared to stand by them to the last ditch.

I might observe, Mr. Speaker, that the Minister of Agriculture lately got into a ditch himself on the oleomargarine question—and it was a chilly day among Cabinet ministers on that occasion. We have also an editorial from the Toronto Globe. Before passing to that, let me say that these ideals were put forward with a view to convincing the people that the policies formulated would be carried out. They were preached from pulpit and platform; they were embodied in philosophic utterances; they were stated with apparent sincerity and earnestness. It is, therefore, the course of consistency on the part of hon. members on this side to move the amendment which they have proposed in connection with the budget. The Globe newspaper on the 8th of August, 1919, carried the following editorial under the heading "The Promise of Liberalism".

> Liberalism has made a covenant with the people of Canada. The delegates to the national convention have pledged the Liberal party to certain specific reforms should the electorate entrust the government of the Dominion to the Parliamentary representatives of the party under its new leader, the Hon. Mackenzie King, who will doubtless be provided at once with a seat so that he may again take a place in the House after an absence of almost eight years from the political arena.

The article continues:

> The pledges concerning tariff reform and the efforts to be made to reduce the cost of living are much more specific than political conventions usually make. The country will expect that the promises now made shall be implemented if after the next general election a Liberal ministry is formed. There was no truer word spoken at the convention than the statement of Premier Norris of Manitoba that the time has arrived in the history of Canada when the people will make the politicians keep their promises.

Here in this chamber are the people's representatives from the Prairie provinces possessed of those high ideals; and to-day we on this side of the House have moved an amendment. Here is the opportunity of my hon. friends to my left to make these politicians keep their promises. I have stressed that feature considerably because it is pertinent and relevant to the amendment which we are moving, and because I believe that as a young member of this Parliament, I should proclaim my own opposition to a species of election campaign extending from one end of the country to the other in which promises were given that are not fulfilled, and in regard to which no explanations are forthcoming. Instead of the Government making a frank admission that they could not do these things, but had to take some other course, we find evasions and the digging up of long-forgotten speeches, and we are told that after all there were "charts" which will lead the Government forces from the promises they have made. I suggest, Mr. Speaker, that these same charts are minus a compass, because they do not enable a straight course to be steered.

There is not a great deal of change in the tariff under the present budget. There is a reduction of from 2½ to 5 per cent, but little tendency shown to carry out the policies enunciated at the Liberal convention of 1919. There is no substantial reduction at all, and I am glad that no important changes have been made. For the benefit of my friends to my left and some of our eastern friends sitting opposite, I should like to give the situation in the city of Vancouver. There is a city which has developed very rapidly in the past few years, and its outlook is one of industrial and maritime expansion. We have in the city of Greater Vancouver, 687 factories, employing nearly 19,000 employees, and there are some 60,000 souls dependent on these industries. If the protective tariff were taken away, it would be a death blow to the development of that city and to British Columbia, because their outlook must be one of industrial and commercial development. Nearby we have the great

nation of Japan. With its cheap labour and low standards of living, Japan can send its goods to Canada manufactured at one-fifth the labour cost prevailing in this country, and how is it possible for the industries and the workmen of this country to compete with those goods, or with the goods that are made by cheap German labour? It cannot be done. I say again that once our friends on my left became charged with the responsibilities of office, they themselves would not advocate many of the ideas which they advocate to-day. The hon. member for Swift Current (Mr. Lewis) said that our national policy was based on a fallacy and experience had proven this to be so. I would like to put to him and to others what the real objects of protection are. In my opinion, they are to diminish as far as possible the importation from foreign countries of goods which can be produced at approximately the same cost at home; to facilitate the importation of raw material which cannot be produced at home; to encourage the manufacture of Canadian materials into the finished product, and their exportation; to make Canada self-contained by encouraging and developing within her borders all the legitimate activities that will give occupation to her people; and lastly, to secure revenue.

What have been the results of this policy? When you compare what this country was in 1878, or even at Confederation, with conditions now, you will see the great development that has taken place in this country under the protective policy, under a policy of reasonable protection such as sixty-three of the civilized countries of the world have retained since the war—and many of them have increased their tariff. In the light of their experience we can hardly pursue a different policy. In the year 1867 we had a population of 3,000,000 people; to-day we have a population of 9,000,000. Then we had a railway mileage of 2,280; to-day we have a mileage of about 39,000. In 1867 we had 123 branch banks; to-day we have 4,500. We have now 800,000 farms comprising over 53,000,000 acres of land, according to recent statistics. We had in 1867 3,800,000 head of live stock; in 1921 we had 15,500,000 head. There was invested in manufacturing business in this country in 1867, $78,000,000; to-day there is invested over $3,000,000,000. The public revenue at Confederation was $90,000,000; to-day it is in the neighbourhood of $425,000,000 or $450,000,000. Our exports at the time of Confederation were $52,000,000 worth of goods; our exports to-day amount to about $1,250,000,000. These are the results of the policy of reasonable protection which as been followed in this country. It is all right to stand up in this Chamber and say: Oh, it is a bad policy; you should not follow a policy of that kind; if we had free trade, we would get cheaper agricultural machinery, and this, that, and the other thing cheaper; but I submit, Mr. Speaker, that the test of a policy is its results, and the results of protection in this country cannot be denied. They may be argued, but they cannot be denied. The other course has not been followed in this country, but we have the experience of a number of other nations to determine whether or not it would have been a wise policy for this country to follow.

In concluding my remarks I would like to point out what I consider to be the two chief weaknesses of this budget. The first is that provision which enables German goods to come to Canada in large quantities with practically no restriction. In my opinion that is an unsound policy. It is unsound because of the cheapness of labour over there, and because of their lower standards of living forced upon them by their own iniquities in their outrage on civilization. To-day they are in the position of having committed these iniquities against civilization, and now we are putting them in a position to ship their goods here. I submit that that principle is unsound. I say that you cannot by logic eliminate sentiment in this country. I maintain that men who will look with real perspective across the Atlantic will not raise their eyes from the thousands of crosses in Flanders fields across over to the Rhine where the Hun holds out his bloody hand. I believe the people of this country do not want us to grasp his hand just because we could make a good deal with him. The people of this country do not want to save the last cent by the complete abnegation of all sentiment and sympathy and regard for the 56,000 men who lie over there, and who gave their lives for other things than trade. It is repugnant to the finer sense of the people of this country, and the Government will find that out before they have followed this policy very long. What will the men in the military hospitals, who are incapacitated for life, think of it? Picture them picking up their newspapers and reading that the Government of Canada have, a little over three years after the war, broken down the barriers against German goods, and that their baskets and toys and their

things of that kind that they are making will have to compete with German toys and other goods sent over here. You may say it is all sentiment. Of course it is sentiment. But it was sentiment that brought about a successful issue of the war, and it is sentiment that will keep Canada united and will preserve our Empire. The Government should think carefully before it enters upon this course and should not allow itself to be swayed by the words of the Minister of Finance when he says it is humbugging the world to pretend that we are protecting ourselves against Germany. Those are high sounding words but they do not constitute an argument sufficient to override the policy which was adopted in the past of keeping German goods out; and if you ask the people of this country whether they would admit those goods or keep them out ninety-nine out of every hundred will express themselves in favour of a policy of exclusion.

Another objection I have to the budget is in connection with the sales tax. We have here the introduction of a principle of direct taxation which appeals strongly to our Progressive friends. The indirect taxation which was found in the former protective tariff has been eliminated, but the substitution of direct for indirect taxation will not only prove unpopular with the mass of working people of this country but will be a positive injury to them. It would have been far better to have secured revenue by the old-time method, than to raise it by a form of taxation which imposes a burden upon many of the people who are less able than others to pay it.

Before concluding, I would like to say that in my opinion the fruit industry of British Columbia and Ontario is going to be seriously affected by eliminating the anti-dumping regulation enforced in the past. The hon. member for Yale (Mr. MacKelvie) went into this question in considerable detail and there is no necessity for me to speak upon it at any length. I would, however, like to say this: The condition of the markets in the United States, the big production there, the early crops they raise—and from which they derive their profits—enable them to dump subsequent crops in competition with our growers. This undoubtedly works against the best interests of the Canadian fruit industry; and practical common sense would convince one of the necessity of having an anti-dumping regulation for the protection of our own fruit growers. The tariff legislation of the United States protects the fruit growers there to the fullest extent, but there is no hindrance to their dumping in Canada, and our fruit industry accordingly suffers. To allow the United States growers to pursue such a policy is both unsound and unwise.

To-day I received a letter from a little storekeeper in the suburbs of Vancouver. The writer is a returned man, and he deals in his letter with the sales tax. I shall quote briefly from the communication because the writer expresses the idea in a far better way than I could myself. He says:

> I did not complain at the luxury tax during war time, but I do now strongly protest at a 5 per cent tax on what is the children's delight, the poor man's meal—a five cent box of chocolate. Why tax candy and leave jewellery free?

I do not know whether jewellery is left free, but if such is the case I think this man's objection is well founded. There is no reason why confectionery, which is used to a greater extent by the majority of people than articles of luxury, should be taxed while jewellery is left untouched.

I conclude my remarks by reminding our friends on the Government side that we must judge the future by the events of the past. The history of Canada is before us. It rises like an immense column on which we may see inscribed the soundest maxims of political experience. We must take wisdom from the examples of others; we must derive encouragement from their success and learn caution from their misfortunes. We must look back upon the history of the nations that have gone before, we can look back upon the history of our own country, and from the lessons we learn we may be guided for the future in such a way as to avoid pitfalls and make the people of this country a happy, prosperous and contented nation.

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

Mr. D. F. KELLNER (East Edmonton): In continuing this debate, I would like to congratulate the Minister of Finance (Mr. Fielding) on the very able way in which he presented the budget. There was a tone in his voice which suggested finality and almost the last word that might be said on this matter. Before proceeding further, I desire to deal with the amended amendment suggested by the official Opposition,

and to draw the attention of the House to what I concede to be a kind of rubbing-in process. Some hon. members are continually calling the attention of the House to the fact that the Progressives sometimes support the Government, and they seem to think on that account that we should be subjected to a great deal of criticism. I will remind hon. members that on some occasions during this session they themselves have voted with the Government, and I think that if we are deserving of criticism they also are probably deserving of it. In the part of the country from which I come, the province of Alberta, we feel pretty much the same in regard to both parties. When the Conservatives were in power the Liberals used to tell us we could not put any confidence in anything the Conservatives promised, and we used to say "you are right." Now that the Liberals are in power, the Conservatives tell us that we cannot put any confidence in anything the Liberals promise, and again we say "you are right"—they are both right. I might add that we are not very much interested in which party gets the best of the debate, or, to put it in another way, we are not much interested in which makes the best batting average in the contest.

In regard to the budget, I can see little real change from what was in the last budget. We have about the same kind of taxes, and they expect to raise about the same amount of revenue, in just about the same way. There is an apparent reduction in the tariff, which, I think, will be amply made up by the increase in sales tax, so that I cannot see where the consumer can hope to obtain any relief under this budget as compared with the old one. There is going to be an attempt, at least, to try out some new methods of taxation; for instance, we have the tax on cheques suggested. Just how much revenue will be obtained from that is hard to determine at this time. Some institutions will probably change their system of banking to a certain extent, and the revenue will probably be affected in that way. Then there is a suggested tax on soft drinks and, judging by the number of telegrams that I am receiving from my constituents, I am quite well convinced that the people are objecting to having to pay a tax when they want to wet their whistle, in that country at any rate. A tax is also suggested on bank circulation. Candidly, I think it is a tax which is, at least, levied on a just, or more just, principle than our ordinary taxes. I desire to call attention to a change that took place in the minister's tone when he was telling us about the inauguration of this tax. If hon. members will refer to his speech, they will find he said "we will do thus and thus," until he came to that particular tax; then he said "last but not least, we are going to ask the banks to bear some share of these burdens," and I could not help but think that in his voice and manner there was a little change, the air of finality was less apparent, the pleading and the decisiveness seemed almost to give way to doubt, and I think, Sir, that there was a suggestion that this Parliament or this Government is subservient to the will of the banks.

We, in the past, have had a few taxes levied on what might be called the system of paying according to ability, and I am very glad to hear so many hon. members recommend this system of taxation. I hope they will live up to their recommendations and have the courage of their convictions when it comes to inaugurating these taxes. We have tried some of these taxes, and in fact one of them, our income tax, is in force at the present time. Another tax which we have had, and which is now discontinued, is the business profits tax, and I am a little surprised that this Government did not restore that tax. It was a good revenue producer. I think in 1920 we got some $40,000,000 from it. It was a tax that was tried, and no doubt the machinery could very easily have been re-established to again place it in operation. Then the luxury tax might have been included in that class, but, for some reason or other, this Government, whom I am frank to say, I believe the people had a good deal of confidence in, have ignored these systems of taxation. They have established two principles; one is that it is the intention to collect as much money as they can by taxes on the necessities of the producers, and the other principle is that special privileges will still be continued by way of the tariff.

In order to understand how this budget will be received by the country at large, it is necessary, Sir, to have an idea of the state of mind the country is in, and this House has had a very clear outline of conditions in western Canada; so that I will not dwell on these conditions longer to-night than to make one brief remark. If you were to take a financial survey of the farming industry of western Canada and strike off a balance sheet; if on the

credit side you were to place the sale of every bushel of grain that was grown out there last year and on the debit side you should put down the cost of growing, harvesting, threshing and delivering the grain to the elevator, having no regard to the time the farmer spent in the work and forgetting entirely any money which he might have invested and on which he might expect some dividends, and if you were simply to deduct your cost price from your selling price, I do not believe you would have enough money left to buy one Massey-Harris binder.

If the people throughout the country are in a more or less feverish state of mind and if, during the last year, we have had labour troubles and numbers of unemployed men, many of whom no doubt have known what it was to suffer the pangs of want, we have also a large mercantile class who are feeling the pinch of poverty just the same as the farming and labouring classes, by reason of the fact that their business is depressed, and I think they were justified in expecting some relief when we had this new Government elected. I am a little afraid that that relief is not forthcoming in this 2½ per cent reduction in the tariff and the 50 per cent increase in the sales tax. The budget can, to my mind, give them little encouragement.

I should like briefly to allude to the final appeal of the Minister of Finance, who in his concluding words called upon labour and capital to get together. I could not help thinking that probably there was, on the part of the Government, a desire which they found it impossible for them to implement and that probably the unseen hand which controls governments and the destinies of nations was at work when the budget was being drafted. Our need to-day is a government that is big enough, strong enough, and fearless enough to try to lessen the gulf that exists between our social classes. We have on the one hand a display of social exclusiveness and on the other a display of want and suffering. Our people are fast being divided into two classes, one paying interest and the other collecting it. Having in mind these things, the condition that our people are in and what they might naturally expect, I cannot recommend this budget, as brought down by the Government, as being worthy of their best attempts.

The other evening the Minister of the Interior (Mr. Stewart), when speaking in the House, laid stress on the fact that in 1892 this country was in a similar or worse condition in comparison with that of to-day. I believe he sought to argue that because we had got out of that depression all right, there was no reason to think we should not get out of this one. The hon. gentleman is on very dangerous ground. Surely it is not well to argue that because we have got into deep water and come out all safe, we are safe in bobbing up and down in deep water perpetually and at will. Conditions at that time were altogether different from what they are to-day At that time we had little or no national debt. Now we have a federal debt of about $2,500,000,000, and added to that we have our various provincial and municipal debts. Therefore, every citizen in Canada can feel that on him devolves the necessity of paying interest on three separate debts, outside of what he may owe himself, and unfortunately many of us owe money. I maintain that the interest on these debts and the cost of civil government—and by the way that is another cost which is rapidly mounting up; I think probably at the present time our bootlegging industry is costing the country as much as our entire civil government did twenty years ago—must all be charged up against our production and against what we can develop from our natural resources. I believe the time is very near at hand when we shall find that it will take our entire production to pay the interest on our debts, and when that time comes we shall be facing absolute bankruptcy as a nation.

This Government, if it hopes to avoid such a catastrophe, will have to evolve something that is more fitting to relieve our depression than the present budget. I might say further that I am thoroughly convinced that before we can hope to re-establish our national standing and to get our country back to a prosperous condition, we shall have to change our credit system. I am thoroughly convinced that it is absolutely unworkable for any length of time, and unless we change our credit system, I cannot see where we have any possibility of lessening this huge debt.

Mr. HAROLD PUTNAM (Colchester): Mr. Speaker, this afternoon the hon. member for Vancouver South (Mr. Ladner) gave me and, I believe, the House, to understand that the country in its last verdict had voted that the tenets of the Liberal platform, upon which he harped so much and so carefully, should have been

carried out literally, fully, promptly, perhaps instantly and even with this budget. If he be correct in that conclusion, he was evidently obeying the behest of the leader of the Opposition (Mr. Meighen), who pronounced that the tariff should be the prime issue in the late election. I have heard the right hon. member dispute that he ever said it should be the sole issue but there is no doubt at all that he said over and over again that it should be the chief issue, or he used words to such effect. If the hon. member for Vancouver South is right in reading the recent verdict, then we must conclude that it spells very bad in its omen for the disciples of high protection, whose disciples the group of hon. members to the Speaker's left continue very frankly to be. If he be right, the only regret I have, as a believer in the two-party system of Government, is that it spells almost the complete extermination of the historic Conservative party in this Canada of ours.

Now, Mr. Speaker, I think the question as to who or what won the last election is almost as futile as the classic poser, "Who won the war". There did come a time when all the respectable nations of the earth became possessed of the will to win, and thencefrom the doom of Germany was fully assured; and long before the formal counting of the ballots in the last campaign there did come a time when the opponents of the late administration had the will to win, and thencefrom its doom was assured. Perhaps now it is rather a useless effort to analyze the different causes that compassed its defeat. There is this, however, to be said, that when, elected as a union government, our friends began to take upon themselves functions for which they were not elected, the people rose in their might and in their unity said: Democracy must be restored and the head of the serpent of autocracy must be crushed beneath our heel. That is what happened.

The hon. gentleman from Vancouver South (Mr. Ladner) is entirely welcome to say that it was a pronouncement sealing the doom of high protection. He reminds me of the story of an old gentleman, a clergyman apparently from his dress, who was riding in a London bus when a rather bumptious young man thus accosted him, "Sir, do you know that I can prove to you there is no such place as Heaven?" The old clergyman took no notice and continued reading his newspaper. Again he was interrupted by the young man who exclaimed: "Sir, you appear to be a clergyman and therefore a Christian. I challenge you that I can prove there is no such place as the Kingdon of Heaven." Still the old gentleman read on, and the impudent challenge was repeated in almost the same words. Finally he laid down his newspaper with a slight expression of disgust and said, "Well, well, young man; if you must go to Hell why make such a fuss about it?" And if the hon. gentleman from Vancouver South is convinced that the result of the verdict of the last election was the doom of the doctrine of high protection, my only sorrow is that he is making such a fuss about it.

I was in some doubt, Mr. Speaker, whether it would be worth my while to try to add anything to this discussion, but as a Nova Scotian I would not think of letting the opportunity go by without associating myself with all the kindly things that have been said of the author of this budget, the Finance Minister (Mr. Fielding). Those congratulations have come from every member who has spoken, irrespective of his political affiliations. Perhaps it is an example of the lingering death of party spirit that the budget itself has not been received with the same unanimous acclaim and enthusiasm, but we on this side of the House are in hopes that with the presentation of a few more consecutive budgets by our distinguished Minister of Finance we may have that happy consummation.

Down in Nova Scotia the people perceived, long before the declaration of the polls, that the late administration was doomed to defeat, and I may tell the House that we formed a little plan to celebrate this occasion. We knew that the hopes of the people were centred on the man who in years gone by had turned the chronic Foster deficits into the chronic Fielding surpluses, and recognizing him as the one and only outstanding choice for the position of Minister of Finance in the new Liberal administration, the people of Nova Scotia decided to celebrate his sixteenth budget by sending here one Liberal representative, including his distinguished self, for every budget that he had presented to this House and to the country. We carried out that scheme, and our only regret is that we could not do more, because our efforts entailed no self-sacrifice; on the morning of the 7th December the men who had tried to stand in the road of that tremendously popular movement woke up to find that

they had lost their deposits. And, Sir, we congratulate the country that for the sixteenth time the man whose budgets were such a pronounced success for fifteen consecutive times is to-day the man who has been chosen to bring down this budget to Parliament and the country at a time of the most critical financial stress that we have ever experienced.

There is no doubt in the world that some hon. members are disappointed that the tariff reductions are not greater. One thing we on the Liberal side promised the country, and I think our Progressive friends also made the same promise, that whatever our ultimate views as to the tariff, whether it should be high or low, in this time of recovery from the staggering blow of the war, from the amazing deficits that the railway policy of the late government had imposed upon our young country, this was not the time to attempt any drastic tariff changes that would dislocate the business of the country. Therefore when some of us are disappointed that the tariff reductions are not greater, I would ask them to remember that promise.

Our hon. friends opposite would have us believe that the country was looking for the full and literal translation of the Liberal tariff platform of 1919. Well, I was struck with the remark which fell from the right hon. leader of the Opposition the other day, when he pointed out that freight rates which might be relevant and useful two or three weeks ago might be entirely useless and irrelevant two or three weeks after. I would remind every reasonable man in this House that the Liberal platform of 1919 was laid down a few years before the general election, and those were years of crowding events, those were years when the financial situation of the country was becoming worse at a faster ratio even than we had feared. Consequently there is every reason to believe that the people took a sensible view of the issues that were addressed to them in that long campaign which preceded December 6th last, when it is to be remembered the Liberal platform was two or three years old, which is a long time as events move these days. But to say, as did the hon. member for Vancouver South, that the people were deceived by the Liberal platform, when the right hon. leader of the Opposition himself avowed that he was going to have a long campaign for the express purpose of permitting a propaganda of education of the electorate, is a trifling with the plain facts of the case and with the intelligence of the people. In that long campaign it so happened that the three parties presented the issues to the people fully and fairly, and the verdict shows that the people did not expect any sudden change in the tariff at this critical juncture. Therefore I believe the tariff as a whole is eminently satisfactory to the country, even though perforce private interests here and there feel the pinch of taxation that perhaps they think cannot be justified as entirely equitable.

It is common ground that we have a very hard country to govern. We look to Canada's north, and we have the plains of the eternal winter. Our Lady of the Snows will cast her smiles in vain in that direction if she expects to find her true destiny or her true affinity there. We look to the West, and almost in the extreme portion of it we find the barrier of the Rocky mountains—beauteous as God ever made; so beauteous that the tourist goes in there and gladly pays liberally for his enjoyment of them, incidentally affording us a small fraction of our revenue, something for which we are truly thankful. But those mountain ranges, unfortunately, are a barrier to traffic, and when we go to the Pacific coast and find the glittering waters of the Pacific ocean leaning against those mountain ranges we realize that the Pacific ocean herself is a jealous mistress, because she says to the inland Canadian: You may not bring your steaming trains westward to load freight on the ships that float upon my bosom. You may not send your steaming engines eastward, hauling trains with freight from those ships—this you cannot do until you have passed my outer guards, which are comprised in the sharp grades in those very mountains. Mr. Speaker, those grades are austere; they are hostile to traffic, as every man knows who tries to bring about complete interprovincial trade between East and the extreme West.

Mr. STEVENS: Will my hon. friend permit me a question? Is he aware that the grades on the Canadian National from Edmonton to the Coast are better than from Edmonton to Winnipeg?

Mr. PUTNAM: I suppose there is a large body of traffic which is dependent upon the Canadian Pacific Railway.

Mr. STEVENS: I asked the hon. member if he was aware that the grades on the Canadian National from Edmonton to the Coast were less than the grades from Edmonton to Winnipeg?

Mr. PUTNAM: I will answer my hon. friend's question fairly, for I think he meant it fairly. I did know that, but for the moment I had forgotten it. I suggest to my hon. friend, however, that that is only a partial disposition of my objection in view of the grades of the Canadian Pacific to which only I alluded. Mr. Speaker, we look away to the east and we have the Atlantic ocean. But it so happens that the Atlantic coast of Canada is a very irregular coast, and it is immediately rivalled by a more regular Atlantic seaboard stretching at once to the south and coming soon to bays and harbours and great cities whose names are on the lips of all the world and which are so situated, climatically and otherwise, that the major part of the traffic of the ocean is directed through them. When the St. Lawrence is an ice-field, St. John and Halifax, instead of getting the share of the traffic which one might expect, have it abstracted from them and passed through the American ports. But, Mr. Speaker, when we look to the south we may well exclaim: What a South it is! There is a nation easily conceded to be one of the very greatest nations of the earth. With them we have enjoyed for one hundred years the blessings of happy peace. It is a country stretching from the Atlantic to the Pacific, a country whose people are largely of our own blood, of our language, of our own traditions, of our own national ideals. If an impartial observer came to look the situation over, would he not say: You have your difficulties on your north and your west and your east; why as people of common sense are you not trading in a free and unhampered way with your great kinsmen to the south?

I do not wish to detain the House by going into history which is just as well known to every hon. member as it is to myself. But we know that there was reciprocity in the old days, and that it was entirely profitable. We know that it was revoked as a result of the international jealousies, misgivings and distrust which unfortunately followed the Civil War. We know that efforts were made to revive that reciprocity agreement, and that there came a time in 1911 when we heard news so good that we could scarcely believe it. That news was in line with the historic tradition of the Liberal party. The present Minister of Finance was able to say: The bigger nation has come to the smaller nation and has offered us this large measure of reciprocity just for the taking. We know the negotiations that went on and we know the tragedy of the defeat of that measure. Now, the other night the hon. member for New Westminister (Mr. McQuarrie) told us that we must not suppose for a moment that any hon. member from British Columbia was favourable to the Reciprocity pact, and he challenged any member from that province to stand up and say so, if he were. Well, that was not a very bold challenge, it was a very harmless one. It was a very easy challenge. I am glad to see the hon. member now in his seat; we have met as neighbours, one from the far West and the other from the far East, and I have found him a splendid neighbour. But if he became aware that every province except British Columbia was in favour of reciprocity, I wonder what his attitude would then be. That, Mr. Speaker, was just the logical and final step he did not take in his altercation the other day with the hon. member for Last Mountain (Mr. Johnston). He said: Oh, you people on the prairies need not think that you are the only pebbles on the beach—as the phrase goes; British Columbia is all opposed to you on this question. I take it that the hon. member is convinced that we in this country are trying to make a success of Confederation, that we are trying to accomplish the greatest good for the greatest number. If he were convinced that all the rest of Canada wanted reciprocity and that only British Columbia was opposed to it, it would be interesting to know whether the members from British Columbia would consider it their duty to bow to the wish of the majority and say: Yes, even at that local cost we shall have the greatest good for the greatest number. But that is the step the hon. member did not take. I do not think the most ardent advocate of reciprocity ever contended that it would be universally for the good of the whole people. I believe there were interests—the hon. member from Toronto (Mr. Hocken) laughs. I do not know what he is laughing at, unless it is his own misconception of the whole question. But, Mr. Speaker, Toronto would be the last place to which I would go to look for any carrying out of that motto—the greatest good for the greatest number in this Canada of ours.

Mr. HOCKEN: Oh, you had better keep away from Toronto.

Mr. PUTNAM: Well, that is pretty nearly an indication of the true spirit prevailing there, especially if a man hails from Nova Scotia.

Mr. HOCKEN: We do not want your class up there at all.

Mr. MARTELL: He is too broad-minded.

Mr. PUTNAM: I am willing to leave to the judgment of the House what your own class is, in view of that remark. I have frequently been there, and have seen no superior class. Now, I was pointing out—and I do not know whether the hon. gentleman wakes up to the fact for the first time—that it was never contended that reciprocity would literally be popular in the minds of and beneficial to all Canadians. What measure under Heaven could be propounded that would have that happy result? Here is the stand the Liberal party took with respect to reciprocity. They said: Inasmuch as we believe that it will be good for the far greater majority of the people of this country, it is our duty to sink whatever differences of opinion there may be in our own party, and to bring down such a measure, not as the consummation of the perfect good of all, but as getting as near as we can to the greatest good for the greatest number.

Mr. HOCKEN: Is the hon member in favour of reciprocity himself? I cannot gather from his remarks.

Mr. PUTNAM: Are there snakes in Ireland? Am I in favour of something we cannot now get?

Mr. HOCKEN: Is the hon. member in favour of reciprocity?

Mr. PUTNAM: Does the hon. gentleman mean, if reciprocity were again offered to us as in 1911 would I favour it?

Mr. HOCKEN: I could not gather from the hon. gentleman's remarks whether he was in favour of reciprocity or opposed to it. He is wandering around in such a desultory manner that I cannot gather his attitude, and I am asking him the straight question. Does he approve of the reciprocity treaty between the United States and Canada?

Mr. PUTNAM: It is really complimentary to have the hon. member come back and seek information from a humble Nova Scotian after his recent remark. If the hon. member means, if reciprocity were obtainable on the same terms as it was offered in 1911, should we accept it? I would say a thousand times yes. We know the campaign that defeated reciprocity at that time. We were told, and told especially by Toronto, from which city the hon. member hails, that to trade with our good neighbours to the south would be prejudicing our loyalty to the flag of old England, and they told us to have no truck or trade with the Yankees. It was a flag-waving campaign, entirely apart from the merits of the question. If the hon. gentlemen on the other side would just take the converse case, I would have no complaint. Does not the hon. member remember that when in 1897 the present Minister of Finance brought down his budget proposing very drastic reductions in the duties on goods coming from England, every member on his side of the House voted against it? If we were disloyal to want a lower tariff with the United States, surely the converse holds true, and it would be loyal to give a lower tariff to Old England. Yet none of the gentlemen now sitting in that corner of the House, nor any of their predecessors, ever gave us any credit for loyalty on that score, when the case was exactly the converse of what happened in 1911 on the reciprocity issue.

Some of these reductions in the tariff may be disappointing in that they are not more drastic, but we on this side of the House promised over and over again that we would not disturb the existing business of this country, and in view of the terrible debt left by the war, and the enormous deficits produced by the railway policy of the late government, we would have been to blame in every sense of the word had we brought about any drastic dislocation of the business of the country at this particular time.

I have not followed all the things that have been said in favour of this budget, but I have tried to follow everything that has been said against it, on its merits. As one hon. gentleman put it, the Minister of Finance has access to avenues of information that are not open to the ordinary member, and for myself I am willing again to trust the old financial pilot who brought us through those former fifteen budgets so successfully. Reasoning from analogy, I would expect the best possible results from this his sixteenth budget. I have heard very little in this debate in criticism of the budget on its merits. The ex-Minister of Finance (Sir Henry Drayton), who I am sorry is not in his seat to-night, in what seemed to me a rather cheap sneer at the expense of Germany, beaten and

stricken as she is, said that to him this budget appeared as free trade with Germany and a 2½ per cent reduction in favour of the United Kingdom. That statement was made for only one purpose, and a very demagogic purpose, a purpose, I submit, unworthy of any man who so recently occupied a seat as minister of the Crown in this country. The leading statesmen of England are saying that one of the greatest hopes for the restoration of international trade is that Germany shall be brought as quickly as possible into the trade orbit in which she moved before the war. When we come to South Africa, our sister state in that self-governing galaxy of nations that stands around the British throne like strong sons around a mother, South Africa, which came into this family of nations long after we did, and is therefore a member to whom we might rather be giving lessons in all that is judicial and proper, has actually sent a man to Germany to promote trade between the two countries. It remained for the ex-Minister of Finance to throw an unworthy sneer at trade with Germany, and he exaggerated unworthily the step which the Minister of Finance is proposing, which is simply that in importing goods from Germany we should be able to base the duty on approximately the real value of the goods.

Mr. LADNER: Does the hon. member suggest that it is in the interests of this country and of fair competition to permit the entry of free goods from Germany, where the men work for $3 a month, the same as they do in Japan? That is the figure which comes from authoritative sources, and it is a well known fact. The Minister of Finance himself showed how the mark had depreciated something like thirty-six times.

Mr. PUTNAM: I am not averse to answering specific questions relating to specific facts, but I am averse to answering academic questions. Does the hon. member suggest that under this budget German goods will come in free? That seems to be his implication.

Mr. FIELDING: They said it was free trade with Germany.

Mr. LADNER: My question is this: In view of the fact that German workmen manufacture these goods for $3 a month, and have a lower standard of living than we have in this country, does the hon. member consider it fair that the industries of this country should be brought into free competition with German goods, as they will be under the present budget proposals?

Mr. PUTNAM: I do not accept the hon. gentleman's premises. We have a tariff against Germany, and no German goods will come in free. I am not going to waste time in answering academic questions.

I listened to the thoughtful address of the Progressive member for Last Mountain (Mr. Johnston), who made some criticism of the sales tax. I confess that several of his observations have impressed me. There is an important industry in my own town and those identified with it have written to me along the line that they consider that the sales tax on certain of their finished products is unfair. I have laid their representations before the Minister of Finance, and he has promised the matter careful reconsideration. If there are possible inequalities in this tax it will be the duty of hon. members here to point them out—I had almost said to follow my example, but I will not say anything so egotistical. I presume there are features of the budget which affect their own industries, and of course it is our duty to lay all such matters before the Minister of Finance. Even this budget, with all its details and its figures, is not necessarily a finality, and in respect of the worthy institution in my own town—the condensed milk factory, a branch of the Borden Company—I only hope that the sales tax may be to some extent ameliorated. But after supplying what data we can we shall have to leave that once again to the serious consideration of the Minister of Finance and his associates.

Now I think it was the duty of the leader of the Opposition to have discovered, if he could, what, on its merits, was wrong with this tariff. Perhaps I should not anticipate him, I have no doubt he will speak yet; but I will say this: There is nothing in the amendment itself which mentions anything whatsoever as wrong with the merits of this budget. The leader of the Opposition and those surrounding him are supposed to be the critics in this chamber. In addition to his regular indemnity the leader of the Opposition gets a substantial, and some would think a handsome, allowance for the purpose of being a sort of attorney to watch all the legislation that is brought down by the government. We all know the weakness to which the attorney

for the defence is prone whose only resource, during the progress of the trial, is to abuse the attorney for the plaintiff; and it does seem to me very much as though the attorney for the defence, in the person of the leader of the Opposition, by setting up in the amendment this empty cry about lowering the standards of public life—by hurling that general accusation at those who have propounded this tariff—has resorted to the old device of merely abusing the attorney for the plaintiff.

Now is there anything so terrible about the violation of this platform for 1919 even to the extent which hon. gentlemen opposite have suggested? As I have pointed out, that platform was laid down in other times and under conditions not nearly so bad as they are revealed today. Why, Mr. Speaker, it is not unknown that the full intent and purpose of a promise may sometimes be very honourably modified, or the execution of the promise may sometimes be very honourably deferred, or sometimes the promise may very honourably be dropped out of sight and out of recollection altogether. Do you remember the last general election in England—and I suppose we are British enough to admit that the leaders of the political thought over there are men of honour—do you remember that that great leader of thought, Lloyd George, and his great associate in the Union government, Mr. Bonar Law, and all who surrounded them in that campaign, promised categorically and in specific terms that it was part of their platform that the Kaiser would be pulled out of Germany altogether and given a trial before the courts of England? As a matter of illustration, and just to show how specific that promise was, let me read the actual words of Lloyd George at that time:

> We have decided that the man who undoubtedly had the prime responsibility for the war, in the judgment, at any rate, of the allied countries, should be tried for the offence he committed in breaking Treaties which he was bound in honour to respect, to which he was a party, and by that means bringing such horrors upon the world. The allied countries have decided quite unanimously that the tribunal shall be an Inter-Allied one, and that it shall sit in London for the trial of the person supremely responsible for this war.

I suppose that if the little group to your left, Mr. Speaker, were over in England to-night, and elected to the great legislative body there, they would have some amendment denouncing the honour of the public men of England for not having tried the Kaiser before this. But, Mr. Speaker, is there any complaint on the part of the best public spirit and the best public opinion in England because that promise was dropped? I have never heard of any; it simply faded away in the light of second thought and of subsequent events. It is a promise which can never be kept. The Kaiser is growing old; it becomes more and more inhumane to think of carrying out that promise now. But the citadel of protection is still arrogant, is still impudent; and when we get out of the financial stress of this war, as we hope to some day; when we get through these dark hours of the railway deficits, as we are still hoping to do; there will come a time when all the promises of the 1919 Liberal platform can be revived; and if the hon. gentleman to whom I allude is right that the verdict of a few months ago was a verdict against high protection, a verdict in favour of the 1919 Liberal platform, it will not be a very courageous course one will have to take to try to implement all those promises.

Now referring once more to promises: Hon. gentlemen opposite have called themselves, within recent times, by several different names; and I heard the genial member for Fort William (Mr. Manion) the other night stand up and say that he declined to be called a Tory any longer. Now I have not had much experience in the art, the delight and the exhiliaration of playing cards, but I do believe that among the devotees of the games of the card table—especially among some of the more standard games—it is a rule that a good loser should stop while he is still losing. The man who quits while he is still losing is supposed to be a good sport, and on that principal I congratulate the hon. member for Fort William upon having the proclivities of a real good sport. But whatever the name—and perhaps it is none of my business—by which that group should be called, there is this about it that in years gone by they did seriously set themselves up as having the major part of the political wisdom of this country, and they persisted in that claim until the great Laurier came on the horizon in 1896 and gave Canada her fifteen golden years. Then that same group—whatever their name then or now—persisted very seriously in the claim that they had a monopoly of the loyalty and of the imperialistic spirit in this country; I am sorry to say they persisted in that claim right down until the time of the war when the Liberal blood was mixed in equal volume with the Tory blood which flowed into those horrible

trenches in Flanders fields. Since then they have been driven from that absurd position, and I wish to prophesy that they will never take up that position again. Well, they are now looking for a new position. They are fresh from defeat under a government which was the most conspicuous failure that Canada ever knew and, Mr. Speaker, they say "Oh, we found our new province; we are going to be the guardians and the wardens of the honour of the public life in this country"; and that view is embodied in their amendment.

Now, I think, that even in present times, and without waiting for any sequel or any of the verdicts of history, we can say that they are in a very poor and very inconsistent position, to say the least of it, when they pose as the defenders of the citadel of public honour. These are the guardians of the honour of the nation! These are the men who tell us by their amendment that they are the guardians of the public life of Canada. Does that not sound fine from the authors of the Wartime Elections Act? Does that not sound fine from the party under whose recent premier a commission on the tariff was set afloat at enormous expense to this country, with the specific promise, made from almost every platform from which he addressed an audience—and I refer now to the leader of the Opposition (Mr. Meighen) in the late campaign—that the people could depend upon a scientific study of this tariff, that, taking all the particular items one by one, the people, as the result of the scientific study, would be told just the digit, just the figure, to which the protection would be raised for the common good, in regard to each article, and that, having regard to the common good, they would be told just the figure and the digit to which that tariff would be lowered on every and any article? That is the categorical, the specific and the ambitious promise of the leader of the Opposition with respect to that question. When it was known the campaign would be a long one, we were told, with all the show of frankness, that it was to permit that drastic and searching campaign of education to impress itself upon the people, and to produce its proper fruits, before a vote could be taken under any spirit of hysteria, or under any spirit of ill-considered judgment in a matter of such importance. We all remember that. Did we ever hear from that scientific commission? It was promised. It was dearly paid for. Was that promise ever carried out? These are the men who tell us to-night that, by their amendment, they are the special guardians of the public life of Canada.

I could tell you certain promises I had to put up with down in my own county from no less a person than the ex-Minister of Public Works, the then colleague of the present leader of the Opposition. He told us in his literature, which I have under my hand, and from nearly every platform from which he spoke, particularly in or near Truro, that when the Meighen administration was returned we would get back the Intercolonial with headquarters at Moncton. When I came to this House, and before I had scarcely got settled in my seat, I was amazed to find that the leader of the Opposition not only repudiated that promise—and there is your collective cabinet responsibility—but sought to throw the dart of his sarcasm at the futility and absurdity of any such promise. He sought to pillory the hon. member from Pictou (Mr. Macdonald), the hon. member from Cumberland (Mr. Logan) and my humble self in terms of derision, for ever having held it out to the people. It was a specific promise given by his own ex-Minister of Public Works in the cabinet of the present leader of the Opposition, and these are the men who are setting themselves up on a pedestal to-night, as the guardians of the honour of the public life of this country. Moreover, another promise from the then hon. Minister of Public Works was circulated in printed form by the thousands, if not by the tens of thousands, in my county, and the little document was headed with the word "danger" in big black letters. But the people fully appreciated the value of the document, and appraised it with reference to the source from which it came. They knew there was great danger in allowing these gentlemen to trifle any longer with the affairs of the country, and they voted against them. But look at this nugget, in this particular piece of campaign literature issued, and taken advantage of, by the hon. ex-Minister of Public Works. One paragraph reads as follows:

> Should Meighen fail to obtain a clear working majority Crerar and King will combine to destroy the fiscal policy that has made Canada industrially great, business stagnation would be sure to follow, and the country would be set back twenty years.

Whatever may be the ultimate aim of the leader of the Progressives as to the doctrine of a low tariff for Canada and whatever the aim of my honored leader the Prime Minister as to the ultimate efficacy and benefit of a far lower tariff,

those two gentlemen told the country over and over again that, for the immediate present, it could not expect any drastic reduction in the tariff as it now stands; yet the ex-Minister of Public Works, setting at defiance the pledges and words of those two honoured leaders, declares that if Mr. Meighen should find himself without a clear majority over both other groups in the House, the tariff would be submarined without warning and all fiscal policy destroyed. It happened that, instead of the right honourable the leader of the Opposition having a majority over both groups, he failed to get a majority over any single group in the House. Have hon. members seen anything to justify that sort of promise of the ex-Minister of Public Works? For my own part, I have not.

In addition to reading the lesson of political morality to us, speaker after speaker on the side of the official Opposition has been giving to our good friends the Progressives many a little side lesson, many a little moral quip, much gratuitous advice, upon the duty which rests upon them of making the Grits keep their promise. I am not going to tender any advice. My opinion of the Progressives is that they are abundantly able to be the guardians of their own intelligence and their own consciences in this House.

I intend, Mr. Speaker, to vote against this amendment, because it does not deal with the merits of the case. The hon. member for Last Mountain (Mr. Johnston) very properly stated in very mild language, that it was a political manoeuvre. I can well understand the Progressives, young in their career in this House—and I represent hundreds of them in my own county—who came out out from the Conservative party, who elected two men to the local legislature there, who unsuccessfully ran a man against the Minister of Public Works fourteen months before the general election, who said to me "We think your views and policy as a Liberal so nearly approximate the Progressive viewpoint in Colchester that we are going to throw our lot in with you", I have the honour to represent hundreds of them as well as the straight Liberals of the county of Colchester. I can well understand the Progressives in this House refusing to be a party to the political manoeuvre of the Tories embodied in this academic amendment. I say that the hon. member from Last Mountain was right, and he could have gone further when he said this amendment was a political manoeuvre designed to catch the Progressives off their guard, but was not successful. The Progressives are young in their career here. They are entirely honourable, and I do not know how they are going to vote, it is none of my business, but I appreciate the stand they have taken whereby they are not going to be caught with the empty chaff of any such amendment as has been proposed to the House. I cannot help characterizing it as a piece of political pedantry, not without a large admixture of hypocrisy.

Mr. J. L. STANSELL (East Elgin): Mr. Speaker, the previous speaker (Mr. Putnam), in common with a few others on that side of the House, evidently thinks one of the most effective means of criticism of hon. members who form the official Opposition is to hurl the word "Tory" across the floor of the House. It surely has been apparent to many hon. members that, although this has happened on many occasions, not once, so far as I have been able to observe, has any hon. member on this side of the House stood up and yelled "Grit".

Mr. MARTELL: We are not ashamed of that.

Mr. STANSELL: Certainly not, and neither are we of the word "Tory". I can remember some years ago when I was a boy at school we always recognized that, in a time of dispute, the boy who got on top of the fence and proceeded to call names, did so because he lacked the necessary material to get down and put up a real argument. As long as hon. members opposite think criticism consists in throwing this word across the floor of the House, we in this corner may feel comparatively safe. But if the time should come, in the dim and distant future, when it is necessary for us to get up and apply epithets across the floor for lack of criticism, then they may well consider that they have reached a height of statesmanship that puts them above criticism. I am not a prophet, nor yet the son of a prophet, but I have grave doubts whether the ship of state will, with its well known chart, ride sufficiently long until they attain that high position.

The previous speaker also in his closing remarks addressed himself to the Progressive party, and he called attention to the fact that he owed his election to hundreds, I think he said, of Progressives who supported him, for the very simple reason

that the Liberal platform and the Progressive platform were so nearly identical. I believe that is a fairly correct statement. So far as I was able to observe in the last campaign, the statement was made repeatedly that there was practically no difference between the two platforms, and that the Liberal party, if entrusted with the Government of the country, would prove equally the friend of the farmer and the labouring man as the Progressive party. I am sorry to say, however, that speeches so far contributed by members of the Progressive party show that in the present budget, they are not able to see the close resemblance.

Many complimentary things have been said in connection with the presentation of this budget by the present Minister of Finance (Mr. Fielding). I am sure they are well deserved; and it certainly is a distinction to be able to present in this House one's sixteenth budget. Possibly, however, this budget has presented greater difficulties than any of the preceding fifteen, so that, in attempting criticism of it, I, and I believe other hon. members as well, realize the difficulties confronting the Minister of Finance in the production of this budget and in our criticism we shall endeavour to be fair and courteous. I once heard a remarkable compliment paid the Minister of Finance by an old admirer of his, a gentleman who has been a life-long supporter of his party and who is an intense admirer of the minister personally. In discussing old times, this gentleman, who is well past the allotted span of life, said: "I consider that the present Minister of Finance is one of the most capable men in Canada."

Some hon. MEMBERS: Hear, hear.

Mr. STANSELL: Hon. members opposite say "hear, hear", but let me tell the House the rest of it, please. He said: "Actually in 1896 his party was elected on a free-trade platform, and he was able after that to maintain and even increase the duties in some respects and get away with it." For that reason he considered him a great man of great ability. The same speaker said to me: "On platform after platform at that time I preached the free-trade doctrine and, though I never believed a word of it myself, it was a great thing as a vote catcher." Now in my opinion, the minister to-day has a more difficult task than he had in 1896 to clear himself entirely in this regard.

I must, in passing, refer to a speech made this afternoon, and as it is in common with a number of similar expressions made in this House, I think it is worthy of reference. The hon. member for Digby and Annapolis (Mr. Lovett) referred to a great waste of time from which this House had suffered. He deplored the fact that practical business methods were not adopted in the performance of our duties here as representatives of the people. What kind of a practical demonstration did he give us? He proceeded to give us a practical demonstration of sound business principles by delivering a treatise on the Annapolis valley and skunks. I do not know just how these two are related, but as I am not as high an authority as the hon. member on these two important national subjects, I shall have to waste the time of the House in my own way by endeavouring to direct a few remarks to the budget.

It was said by a former speaker that we in this corner have offered a considerable amount of gratuitous advice to hon. members to our left. I presume I shall have to live up to his description of our course, and therefore I should like to direct just a few words in that direction. As a new member of this House, I have been intensely interested in the problems that have been brought forward by hon. members from the Western provinces. I believe they will give me credit for sincerity when I say that I sympathise to a great extent with some of the difficulties that they have, and to a great extent also I am willing to contribute my share to the solution of those difficulties. The extent, however, to which we contribute to that worthy cause might be influenced a little by the attitude of a few members who, no matter what the occasion or what subject is under discussion, feel it is necessary to direct a few shafts at what they call their "friends on the right." This, I believe, was expressed by one hon. member in the following words: "Should we at any time get into trouble, or want any help, we will never go to our friends on the right."

I noticed also a few remarks by the hon. member for Last Mountain (Mr. Johnston). Apparently, he was not entirely pleased with the budget in its present form; but he did not think that it was sufficiently clear to his "friends on his right" where his former allegiance had been, and he found it necessary to show by the tenor of his remarks that there was a slight hankering after the flesh pots of Egypt. I think he stated by way of comparison, that the Liberal platform was like a beau-

tiful menu card. He might have said that he had tasted the fare and were it not for the price, he would still be willing to shove his feet under that table. He said that it was a beautiful menu card, and that when you had tasted, you felt like going back to the same place. He did not say, however, that though the menu card was beautiful, very little was put on the table through the budget to correspond with it. I am quite in accord with the hon. member when he criticises increased sales tax and also when he lauds the income tax.

With regard to the income tax, if there are reasons for congratulation as to its advantages, I would point out that it was originated and put in practice by his much-criticised "friends on the right". Apparently he might have exclaimed: Oh, Liberals, with all thy faults I love thee still.

We in this corner of the House have been told that our criticism is not constructive, and that we should offer an amendment of real constructive value. Well, we are not in authority, but I venture to say on behalf of my esteemed leader and of my associates that if the Government will say they are in need of, and will accept our advice we will tender it with the very best intentions. While possibly we may not feel free to offer advice on every occasion, I would remind my hon. friends opposite that we in this corner have, even this afternoon and on other occasions offered constructive criticism of the Government's proposals. Especially was that true in connection with the militia and naval estimates. But what was the result? One of the most influential members of the House, my hon. friend from St. James (Mr. Rinfret) in referring to our criticism and the plans we suggested in relation to those estimates said, "May I be permitted to add that the criticism and suggestions of the official Opposition only strengthens my purpose in asking for a reduction in the vote." Surely, Sir, in the face of such discouragement we have the interests of this country too much at heart to prejudice them by offering suggestions to such unsympathetic ears.

In the last election if there was one thing more than another the Liberal party claimed was nearest to their heart it was the welfare of the great masses, the common people. In looking up the debate on the budget last year I find that in a speech occupying about two hours and a half the present Prime Minister (Mr. Mackenzie King) stated in effect that while the Conservative party might be thinking of the big interests and the specially privileged classes who were benefited by a protective tariff, he and his party were thinking of the welfare of the common people. I have not his speech at hand, but it may be found in Hansard of last year, commencing at page 3607.

Well, let us see how this budget bears out his professions. The effect of a protective tariff upon the public was never better described than in the words of one who at least was noted for his sympathy with the common people and his ability as a statesman; I refer to Abraham Lincoln. He said: When we purchase goods in a foreign country we get the goods and the foreigner gets the money; when we purchase goods made at home we get both the goods and the money. No one has yet put the matter in a more practical form; no one yet has ever offered any conclusive argument against the truth of his view. But, Sir, it is claimed that under a protective tariff abuses will grow up. This may be so, but we also know that abuses creep into many of the good things of this life. I am perfectly frank in saying that I believe in a protective policy, and I also believe that that policy is best adapted to the needs of this country to-day, although sufficient care should be exercised in tariff revision from time to time to see that it is closely adjusted to the needs of the day, for in five or ten years' time conditions may alter and therefore necessitate a revision.

Some hon. members in the course of this debate have complained that where our revenue is raised by a tariff the full benefit does not accrue to the treasury, a considerable portion of the duties going into the pockets of the manufacturers or protectionists as they are termed. I am quite willing to grant that, but I think hon. members will also agree with me that it is in the best interest of this country to as far as possible purchase commodities that are produced at home. I am sure those who are familiar with farming will not dispute me when I say—and this applies especially to mixed farming with which I am familiar—that the successful farmer does not purchase what he is able to produce on his own farm; but as far as may be practical produces his own requirements. The contrary policy leads to one result—bankruptcy. Of course, we cannot produce everything we require, but the country as a whole might be compared to a great big

farm, and surely what is good for the unit is good for the whole. We should have a policy that encourages as far as possible the production of goods at home, and in so far as that is practical and compatible with good judgment we should support such a policy.

In this connection it is obvious that we should encourage the maximum production of goods at home to meet the wants of our people, and this can only be accomplished in a practical way by a customs tariff. I am not a particular friend of any manufacturing industry, but surely it is a good policy to do something in a national way to encourage the investment of capital for the development of our own country, because then we have the opportunity to tax that capital to meet our national expenses; but it is absolutely impossible to obtain revenue in this way from foreign corporations who export their goods to this country. In this way the operation of the tariff accomplishes both purposes: it encourages the investment of capital in domestic enterprises, and it also increases our national revenue.

But the budget is wrong in this respect that while it reduces the tariff, thereby of course making a bid for the support of the working men and the farmers, at the same time it increases the sales tax by 50 per cent, which tax applies to practically everything the people require. The great masses of the consumers are the working men and the farmers—the common people, and they are compelled to contribute more than their share to the revenue of the country, although they are less able to do that than those classes who by reason of their smaller consumption of the necessaries of life are able to escape with a lighter share of the burden. Therefore this Government which professed to have so much at heart the interests of the masses have failed to live up to their professions, for undoubtedly working people with large families and small incomes are compelled by this increased sales tax to pay more for the necessaries of life, and in that respect in my judgment the budget is a serious mistake. Those who studied carefully the Liberal platform—the farmer, the labouring man, or any other class of the electorate who hoped for relief from taxation from that source—will derive little comfort from a budget of this character. In replying to a question this afternoon the Minister of Finance said he expected that notwithstanding the reduction of the tariff he would get an increased revenue. Now, we know that if there is an increased revenue it can only come by increased purchases in a foreign country. If we are to deal with the problems which face the farmer and the workingman by building up the big interests in foreign countries, increasing our purchases there and thus adding to the unemployment in our own country; if we are to do that and then offset the reductions in the tariff by the operation of a sales tax to secure the money from the pockets of our own people, I say it is a serious mistake and one not in keeping with the promises and platform of the Liberal party before they attained power.

Mr. BIRD: How does the hon. member suggest that the farmer, especially the western farmer, could sell his products abroad without buying abroad?

Mr. STANSELL: How do you sell your wheat, may I ask? I have understood from the discussion arising out of the application for a wheat board that the market for wheat was largely in Great Britain. We have never had any trouble in getting a market for our wheat there. It is true we are shut out of the American market, but that is due to the action of our neighbours to the south and not to tariff barriers on our part. Now, I did anticipate the asking of this question: How do we get the revenue from the protected interests, if we must call them such?

Mr. BIRD: Would the hon. gentleman permit me another question? He says that our market for wheat is in Great Britain. Now, if he could prevent Britain from exporting manufactured articles, would our market in Britain for our wheat continue?

Mr. STANSELL: I would answer that question if I had ever suggested anything of the kind, but I have not, and so far as I know, the suggestion has not been made by anybody in this part of the House.

Mr. BIRD: Did the hon. member not suggest a few moments ago that it would be to the advantage of this country to buy our goods in Canada and not abroad?

Mr. STANSELL: So far as practicable, yes. Does the hon. member not believe that that is a good policy? I was saying that the question I thought that might be asked was this: How will we obtain the necessary money, if we do not obtain it through the increased sales tax? By the very plan I spoke of a while ago,—a plan that was first put into operation by this party when

in power, and one that I believe to be the best system yet devised; a system that I hope will be continued by whatever party is in power—that of income taxation. By that method alone can we compel the man who gets more than his share of this world's goods to contribute a proper share to the revenues of the country. My policy, Mr. Speaker, would be one that would encourage the investment of capital in this country and the taxation of wealth where it is found rather than one that would encourage the building up of industries in a foreign country where we have no power to impose taxation. Under the latter condition we must obtain our revenue largely from the pockets of the poor man, of the labouring man and the farmer. In this respect the present budget fails. I offer that criticism, and I believe it can safely be called constructive criticism.

The question may be asked, why has the sales tax been increased? I think I can safely say that in a time like this, when revenue is so necessary, there is sure to be some objection to almost any form of taxation. But there is one large section of our people who have no means of audibly speaking for themselves, no method by which they can present their case in this House. I refer to the great mass of the consumers. This sales tax, no matter on what it is applied, is handed on from one to another until it reaches that class of the people, and for the reason that they are less able to offer objection, it is the special form of taxation which is easy to enforce, and easy to collect. But it is pernicious in its form and effect and utterly fails to provide a solution of the pressing problem presented by our numbers of unemployed and because it does not fulfil the pre-election pledges of its party I propose to vote for the amendment.

Mr. JOHN MILLAR (Qu'Appelle): Mr. Speaker, before addressing myself to the budget, I would like to offer a word of congratulation to the Finance Minister (Mr. Fielding). I feel a pride in realizing that we have a finance minister who is able at the age of seventy-three to perform such a difficult task with such signal success.

In discussing the budget, I think it is recognized by every one in this House and out of it, that vast sums of money are necessary in the administration of the country's affairs. We ran into heavy debt during the war. I have one criticism to offer of my hon. friends to my right, and it is that during the war years more of the cost of the war should have been raised. I have seen the statement—and I believe it is correct—that only six per cent of the cost of the war was raised by Canada during the war years, while Great Britain and the United States raised upwards of thirty per cent—in fact, I am not sure it was not over forty per cent. Those were years when money was fairly plentiful in Canada. Those were years in which the farmer was receiving good prices for his products, in which contracts were being let for war supplies. As I say, money was plentiful, and I believe money could have been raised more easily then than it can now. I see no reason why thirty or forty per cent of the cost of the war could not have been raised by Canada during those years. I do not think many of our people were benefited by the easy money they received. We fell into expensive personal habits; these habits still cling to our people, and that is one obstacle that stands in the way of our getting back to normal conditions. Once we acquire these expensive habits, both business and personal, we come to believe we cannot get along without them. If the late government had levied quite a stiff tax at that time and had taken in a considerable quantity of the ready money then available, they would have stabilized income and conferred benefit all round, and we would not now have the enormous national debt under which we are labouring.

I think we all realize that the time should soon come when our receipts should equal our outgo, when we should be paying our own way and bringing a stop to the increase of our national debt. I have, therefore, no objection to make to the vast amount which is proposed to be raised by the Finance Minister. A budget should be so framed as to encourage basic industries. It may be otherwise in industrial Great Britain, but in Canada I am sure that the money that is lavished on the cities will not have the effect of making the agricultural interests or classes prosperous. But the reverse is true. If you make the agricultural interest, the mining and lumbering and fishing interests prosperous, you bring prosperity to the urban centres as well; it cannot be otherwise. During the years that have passed I think all will realize that the agricultural industry has been bled white. That is the condition now, whether we realize it or not. How has that been accomplished? Let me go back for a moment. I can remember the time many years ago when some industries believed that cut-throat competition was

not in their interest, and wanting to get rid of it, they got together and held meetings and made agreements, which sometimes held and sometimes not, but there was the first attempt to form a monopoly. As the years went by, they succeeded better, and now the time has come when from the barber to the banker we have monopolies, small and large, in every industry. If you go to the barber he has his price list, and he must not charge less, though he may charge more. It is the same in other industries, even in the noble profession of medicine, and if I were picking out one profession as a noble one I would pick out the doctors, yet even they have their price list, below which they must not go, although they may charge more.

Mr. ANDERSON: Is that done in the West?

Mr. MILLAR: It is certainly done in the West.

Mr. ANDERSON: It is not done in Ontario. I belong to that profession.

Mr. MILLAR: As it is now, when we purchase goods we purchase from small monopolies. The agricultural interest has progressed in the same direction for the reason that a large part of our product must be sold on the world's market. We must compete against Russia, the Argentine, India and other wheat-growing countries of the world, and no act of this Parliament can raise the price of wheat more than perhaps a fraction of a cent. That being the case, when overhead charges are piled up on the agriculturists they must either go out of growing grain for export—in fact, they are forced to go out of grain growing so far as export is concerned. I believe that during the past ten or fifteen years if Russia had been as proficient as we are in our methods of agriculture, and had had the same efficient transportation system as we have in this country, Canada could not have exported one bushel of wheat; we could not have competed with her. It is only because of their crude methods that we are able to export wheat. However, that is another matter.

I have spoken of small monopolies, and while it seems to me that Parliament should have done something to check the small monopolies, it has really done something to encourage them. But our greatest monopoly is caused by the customs tariff. Before coming to that, let me say that I make no objection whatever to the various industries of the country forming their unions. I believe it is well that Labour should have its unions. They have done much to advance the welfare of the labouring classes and to win for them greater consideration, but when they arbitrarily fix the remuneration they shall receive from the rest of society for the contribution they are making to society, I believe it is wrong. I believe it is wrong for other industries to have that privilege. I have been struck by this during the discussions on the Wheat Board. Some strong advocates of protection have been greatly alarmed lest the establishment of the Wheat Board should lead to co-operation between the various nations so that they would be able arbitrarily to fix the price of wheat. That is, they are very much alarmed lest the policy they themselves advocate should be carried to its logical conclusion. We know what would happen if that should ever come to pass. Those who were able to control foodstuffs would starve the rest of the world, and in a small way that is what is being done by small monopolies at the present time.

I had hoped that this new Government when formed would be able to match its ingenuity against the ingenuity of man. During past years various corporations and individuals have found a way of circumventing legislation and of extracting large profits from the consumer. They have found a way of getting around the law, and our Parliament has not kept pace. I had hoped that when the new budget came down we should have had some evidence that the present Government had the initiative and the ability to cope with those who have been thus evading the law and extracting profits from the consumer to which they have no right, and I am sure that undue profits are being taken. A financial expert speaking to the Manufacturers' Association in Toronto a short time ago said, in effect: Quit breaking the Ten Commandments, and then you will have prosperity. I believe that when the various interests in Canada give a little more consideration to other interests, show a little more sympathy, and are willing to help not merely their own constituencies first but all parts of Canada that need help, we shall be taking a step towards prosperity. We have been following too much in the past the rule of give and take—give as little as possible, and take all you can get.

I had hoped that the reduction in the customs tariff—it is not the whole remedy for the depression that is burdening Canada at the present time, but still it is one of the remedies—would have been much greater than it is. A reduction of 2½ per cent is not sufficient to place agriculture on its feet. On an article where the duty is 30 or 35 per cent, a small cut of 2½ per cent means very little. It is some relief certainly; it is a step in the right direction, and if it had been twice as large and was to be followed up next session by another similar cut, I would have had no complaint to make, because I think it was understood all through the country—I know it was in the constituency I represent—that it would not be wise to make drastic changes all at once, and that industry should be allowed to adjust itself to the changed condition.

Just one word more about the conditions in agriculture. I look upon the law of the survival of the fittest as quite sound. Under normal conditions, if an occasional man engaged in farming or any other business is a misfit, not the most capable, and is compelled to make an assignment and drop out and find some other occupation, it keeps that industry in a fairly healthy condition. I have no complaint with that, but it is quite a different matter when a whole class is being crushed, and I assure you that that is the condition at the present time with agriculture in most, I will not say all, parts of Canada. In some parts of Canada where mixed farming and fruit growing are carried on the markets are fairly satisfactory. Some parts of Canada may be said to be fairly prosperous but throughout the greater part of the Dominion agriculture is languishing. In the case of small monopolies the remedy, I believe, is largely in the hands of the people themselves; and so long, and so far, as the people can themselves, by co-operation, remedy the grievances under which they are suffering, they have no right to come to any government and ask for assistance, and as far as possible governments should not interfere. But there are times when it is necessary for governments to do so. In the case of such national monopolies as the Imperial Oil Company, for instance, what can the people of Canada do if they are not given some support and assistance by their legislators either in the Dominion or provincial House? Many people have asked during the last few years why it is that gasoline, to give a concrete example, should be retailing in Canada for 50 cents a gallon, when the retail charge on the other side of the line is only 25 cents a gallon. True the American gallon is not quite as large as the Canadian gallon, but the difference is very trifling. We have a country very rich in oil, immensely rich, to be accurate; and yet during the month of March last, and I suppose the same condition exists to-day, we were paying at the retail stations twice the price for gasoline that they were paying on the American side of the boundary. In the case of such monopolies as these, the aim of a budget should be, as far as possible, to so direct industry as to prevent such abuses.

I am now going to read extracts from the utterances of three of our public men on the tariff. Two of these statesmen have passed from this life; the other, I am very pleased to say, is still with us. The late Sir Richard Cartwright said in speaking of the tariff:

> The moment you introduce the protective system you create a class whose interests are essentially different from those of the people at large and who become ready contributors to corruption funds sharing with their masters the plunder which they have been able to take from the people.

In 1893 the late Sir Wilfrid Laurier said:

> One of the evils of the National Policy has been here as everywhere else, to lower the morale of public life.

And again he said:

> If you want to purify the political atmosphere not a cent must be levied except what is necessary to carry on the legitimate expenses of the government economically administered.

Now I think perhaps hon. members to the right will listen to the next extract quite attentively. Speaking before parliament on January 18, 1922, the right hon. gentleman who now leads the Opposition (Mr. Meighen) said:

> It is that restraining, guiding principle, I claim, that this Government has entirely overlooked, and as a consequence they have allowed, in the respect which I am discussing this afternoon, protection to run rampant, and they have, for reasons that are only too obvious, become the slaves of those who helped them into power and who now maintain themselves behind ramparts of gold.

Mr. KING (Huron): Do I understand the hon. member to say that the right hon. leader of the Opposition (Mr. Meighen) made that statement in January, 1922?

Mr. MILLAR: That is my understanding.

Some Hon. MEMBERS: The date is wrong.

Mr. MILLAR: I am told I have given the wrong date. I suppose no one will raise any particular objection to that, but I

would like to have the correct date inserted in Hansard. I would therefore like to ask my hon. friends to the right to state the correct date.

Mr. McKENZIE: I think my hon. friend will find that speech was delivered in 1912.

Mr. MILLAR: 1912? I accept the hon. member's statement.

Mr. McKENZIE: Somewhere about that date.

Mr. STEVENS: In the absence of the right hon. gentleman whose remarks are being quoted with such uncertainty, I think it should be stated, before the record goes on Hansard from what my hon. friend is reading—what speech he is referring to, where it was delivered and the subject to which it had reference; whether to protection of the tariff or protection in some other form?

Mr. MILLAR: Unfortunately, I cannot state all the circumstances under which the speech, from which this extract was taken, was delivered.

Another objection to the customs tariff—the National Policy as we have known it—is that it leads to mergers. Here is an instance; it is an example, I suppose, that has been cited many times but there are some things that will bear repetition, "lest we forget". The Canada Cement Company, organized in 1909, swallowed up eleven concerns having a total capitalization of $17,750,000. It was itself organized with a capitalization of $38,000,000. In July, 1909, the city of Winnipeg purchased 25 thousand barrels of cement at $1.77. Five months later, after the merger had taken place, the best offer they could get from three tenders from different agents of the Canada Cement Company was $2.24, an increase of 47 cents per barrel. In 1917 the total domestic production of cement in Canada was $7,007,000 and the importation was $26,000. This means that, at the retail rate of $2.50 per cwt. as a unit there were 3,000,000 units locally produced and about 10,000 units imported, so that the sum of $300,000 was paid as a bonus to the Canada Cement Company. Not only this but only a thousand dollars went into the public treasury as duty on $26,000 worth of cement. An examination of the facts in regard to other articles would lead to a similar conclusion.

Now let me say a word in regard to the tariff of 1906-1907. Within a week after they were afforded protection, the three companies who manufactured print cloth in Canada advanced their prices, and while the Customs Act was still awaiting the Royal Assent a statement appeared in the Globe of Toronto which showed the conditions prevailing at the time when the increase was made. The article in question stated:

> With regard to the ability of the mills to keep up to the demand, wholesalers declare that in the case of Canadian prints and domestic cottons, the situation is growing worse instead of improving, and that with prices steadily advancing it is becoming harder than ever to get deliveries.

In 1905 when the duties on white lead were increased from 5 to 30 and 35 per cent, the manufacturers were so eager to take toll from the Canadian people that telegrams were sent to their commercial travellers to add these percentages immediately to their price lists.

Now I would like to say a word in regard to the sales tax. I was very sorry indeed to see the sales tax increased because it certainly hits the poor man. Taxes that are imposed should be in proportion to people's ability to pay. In the eleven months up to end of April, 1921, during which it was in operation, the sales tax brought in $40,898,-383. As a producer of revenue it failed most when money was most needed. In October 1920, when business was good and retail prices were still high, the collections were $5,020,476, but in April they fell to $2,873,219, and were still falling when the tax was increased. In the six months that the luxury taxes were in operation they brought in $2,000,000 more than the sales tax realized in the whole eleven months. I do not know just why the luxury tax was taken off. There may have been good reasons, but I think it would have been much better policy to tax luxuries than to tax those things that are necessary for the poor people, which all poor people must have, if they are going to live. The sales tax is not equitable, for no other reason than that the poor man, who must spend practically all he earns, pays the tax out of what should go for necessaries, whereas the rich man pays it out of surplus. The rich man who spends several months out of Canada escapes this tax, whereas the poor man, who cannot have any holiday, must pay it all the time.

In regard to the free food plank, the official statement of the Customs Department for 1917 shows 205 separate classifications of dutiable goods, and that 20 classes paid four-fifths of the customs, or $89,000.

000 out of $109,000,000. These twenty classes contain four food items, the revenue from which was $16,000,000. If food were placed on the free list, the $16,000,000 could easily be produced by lowering the tariff on other articles, because lowering the tariff will greatly increase the buying power of the public. Our domestic consumption in 1917 in boots and shoes was $49,000,000, while the importation was $2,709,000, or about one-eighteenth of the consumption, and the revenue produced was less than $1,000,000. Enormous toll was paid to the manufacturers for having those institutions located in Canada. If the total amount of the customs duty on the homemade article went into the manufacturers' pockets, the sum would be $17,000,000. Take one million dollars off that, and the amount would still be about equal to the amount I referred to above, that would be lost on the free food articles.

During the campaign that is past, as in every campaign in which a discussion of the national policy takes place, we heard considerable about the high wages that would be obtained by the working classes. I will give some figures in regard to those wages. The situation in respect to agricultural implements shows that, in one year alone, the protection of this industry cost the people of Canada $7,000,000. The average earnings of the men employed in the agricultural implement industry, including executive heads, according to a survey of ninety establishments in 1917, was only $838. The figures were lower in those days than now, but hon. members can readily see that the men were not receiving high pay when they consider the fact that the heads of the departments are included in the list. If the home market provided for our product is gauged by the ability to buy, those statistics add little to our confidence in it. The 1920 income tax returns show where the profits of industry have been going. The following is the average income tax paid into the treasury in that year by the following classes of persons:

Agrarians	$ 36 74
Professionals	136 45

Mr. RYCKMAN: On what basis is this?

Mr. MILLAR: It is the average of those agrarians who paid income tax.

Mr. ARTHURS: How many paid?

Mr. MILLAR: I have not those figures here, but it really makes little difference, because of all those who paid income tax, that is the average amount that each man paid. This is not the average number that pay.

Mr. STEVENS: Can the hon. member give the figures upon which he bases that statement? Tell us how many paid, and how he arrives at the figures?

Mr. MILLAR: They were arrived at from figures in a statement given out by the income tax office, showing the number of agrarians, the number of professionals, and the number of salaried employees who had paid the income tax, and the total amount they had paid.

Mr. STEVENS: Could the hon. member give us the number, so that we could compare it?

Mr. MILLAR: I could not at this moment. I believe hon. members will find these figures are correct.

The next classification is:

Salaried employees	$ 101 25
Merchants	34 08
Manufacturers	2,517 70
Others	627 00

Manufacturers, I suppose, would include companies and would not necessarily be individuals. Another comment I have to make on the national policy is that it confuses two functions of government that should be entirely separate and distinct. Without making any personal application either to the present Finance Minister or any past Finance Minister, I wish to say that when we find a man in Canada who is so highly trained along the lines of finance and most capable to handle the financial affairs of our country, we will seldom find that that same man is most highly trained along the line necessary to develop and foster industry, and yet we have combined the two. The same individual is expected to perform the two functions. Then, again, at present it is impossible for the people of Canada to know how much it costs them to foster those industries. Is that sound business? Would you find any business man following such a policy in his own business? He wants to know what part of his business is paying, and what part is not paying? In this case we cannot tell. We can only make a guess. The question arises, if this protection is swept away, what are the manufacturers to do? I believe there are a few that should be swept away, but not very many. We want the manufacturers, as far as we can have them, but the people of Canada should know what it

is costing them to have those manufacturers. If it cost the country $10,000,000 to have a certain article manufactured in Canada and it is worth only $3,000,000 to Canada—if Canada is reaping only $3,000,000 because it is here—it is about time that such a manufacture should cease.

The hon. member who preceded me (Mr. Stansell) said that he thought it was a good thing for a farmer to grow all he could and not to have to buy. When a farmer can buy from his neighbour for $5 an article that it costs him $10 to produce, it is a far wiser thing for him to buy. His neighbour, on the other hand, may want to buy from him an article that the first farmer referred to can produce much more cheaply than the other. I think we will agree that what has made the United States prosperous has been the free interchange of commodities or free trade amongst the different states.

Mr. STANSELL: I am well aware that, owing to the nature of some soils, one farmer can produce what another cannot. I said that, so far as was practicable, it was good policy for a farmer to produce as much as he could on his own farm.

Mr. MILLAR: Following that argument, let me state that other nations, because of their different climates and conditions, can produce some articles very much more cheaply than we can. A few days ago I noticed in the paper where a cutlery firm in the city of Kingston stated that Germany could place in Canada for 69 cents a dozen knives that it cost this firm $4 to produce. I would like very much to know just what it is costing Canada to keep that industry going. I am inclined to think where there is such a difference as that, if the people of Canada knew what it was costing them to keep that industry going, they would cease paying, and that industry would have to go out of business. I agree with my hon. friend to my right that, so far as possible, we should give some consideration to the different conditions, and to cheaper labour in the Old Country market. But I would far rather see Canada resort to the principle, objectionable as it may be, of paying bonuses, so that the people of Canada might know exactly what they were paying, than have the present system of protection.

The last speaker claimed credit, and I think rightly so, for the late government for the introduction of the income tax. Let me add that I believe that income tax was introduced by the late government under considerable pressure from the organized farmers. I believe it is correct that the then Minister of Finance, Sir Thomas White, rather objected when the suggestion was first made; but at a later date he acceded to the request. I may be wrong in this, but I believe not.

Mr. STANSELL: By whom was the request presented?

Mr. MILLAR: I believe, if my memory serves me aright, the request came from the Council of Agriculture. One suggestion I would like to make to the Minister of Finance (Mr. Fielding) is this. I do not know what control this Government has over the loan companies, nor to what extent they fall within the jurisdiction of this Parliament; but there is a place where there is a large amount of money that should pay a considerable tax to the provincial government or the Dominion Government. It would be hard to estimate the amount of money loaned on farm lands even in the three Prairie provinces of which I know much more than I do of the other provinces, but I would estimate it, at least, at half a billion dollars loaned at 8 or 9 per cent. I do not know to what extent the income tax touches those people that are advancing money on loans. Those who are lending the money may be small monied men in some cases, and in such cases the income tax would not be very severe on them; but it might be possible to reap some profit from that source. During the last few years they have had a regular harvest in the West. The crops failed; loans were maturing which could not be met, and I know of some cases where they were renewed at 9 per cent.

I am not going to detain the House longer than to make this suggestion. The present Government has been criticised somewhat for listening too much to suggestions; but that is one thing that has made me somewhat hopeful of the future. When a government is ready to listen to suggestions that are good, no matter where they come from, then we are getting nearer to democratic government than we have been in the past, and I hope that in the future we shall be able to get closer together. The Golden Rule is very good in business, just as it is in religion. If we practice more of that; if we have greater sympathies, one part of Canada for the other, and if we put forth a united effort to solve the difficult problems that confront this country, I am sure that we shall make

some headway. The task is very great, but it is not hopeless.

Mr. W. F. GARLAND (Carleton): Mr. Speaker, I do not intend to take up the time of the House to any great extent; but I must first offer my congratulations to the Minister of Finance (Mr. Fielding) upon being able to bring down his sixteenth budget. I have nothing further upon which I can congratulate him than on being in that position.

Before dealing with the budget, I wish to make a few remarks in regard to what has been said by the hon. member for Qu'Appelle (Mr. Millar). I know he does not want in any way whatever to create any false impression in this House. He first said that six per cent of the war expenditure was paid out of the revenue of this country. The late government, in the last year of its existence, paid $553,000,000 of the war expenditure, or a little over 20 per cent, or roughly, about 22 per cent. There is quite a difference between that and six per cent. The hon. member also referred to the Canada Cement Company. This was a merger which was effected under the regime of the Liberal government in 1909, and the duty was reduced by the Conservative government in 1912. He also said that the income tax was adopted at the suggestion, or on the advice, of the United Farmers or the Council of Agriculture, which did not happen to be in existence at that time, but for argument's sake, we will say that it was. The party, however, to which he refers, if they were able to gain anything at that time from the Conservative government, have not so far been able to gain very much from the present administration.

The hon. member for Swift Current (Mr. Lewis) this afternoon dwelt at some length on the 2½ per cent reduction in the tariff on agricultural implements. He compared the cost of an agricultural implement costing $100, plus duty under the old budget of 12½ per cent and sales tax of $4.50, making a total cost of $117, with the cost of that same implement under the present budget, which reduces the duty to 10 per cent and increases the sales tax to $6.60, making a total cost of $116.60, or a saving of 40 cents. But we might reduce that saving by the four cents which the purchaser will have to pay on his cheque, leaving him a net advantage of 36 cents.

The increase in the British preference is to my mind a step in the right direction as it will encourage trade with the Old Country. In this connection I noticed that the Minister of Finance (Mr. Fielding) was not very successful in his trip to Washington to secure closer trade relations with the United States. Since that occasion the Fordney bill has been before Congress, and as hon. members are aware it practically prohibits the sale of our products to the United States. For instance, American wheat can come in here free of duty, while we have to pay 35 cents a bushel on our wheat entering the United States. On American eggs we impose a duty of three cents a dozen, as against a duty of eight cents a dozen on our eggs entering the States. Various other commodities might be instanced on which there is a similar disparity in the respective duties. If any sane person would continue to do business with any one who treated him in that way I should be inclined to question his sanity.

We have been advised through the press of the various measures of economy which this Government from time to time was supposed to be introducing. But I believe that the economy effected will not in the long run save the country any money, on the contrary it will prove to be false economy. For instance, according to the estimates we find there is an increase of $51,256.18 for civil government. At the same time we know that there have been about five hundred dismissals from various branches of the civil service. That is an instance of the kind of economy the Government is practising.

And along with these dismissals comes a reduction in the bonus to civil servants. To my mind the bonus should have been left as it was or if altered at all it should have been in an upward direction. Civil servants without dependents are practically stripped of the bonus. It seems to me appropriate to remind the Government that a little while ago the sessional indemnity was increased from $2,500 to $4,000, and I suppose that it will be the policy of the Government to see that all private members and Cabinet ministers without dependents shall revert to the old indemnity. I think that is only fair if the Government are to be consistent in the policy they have adopted towards the civil service.

I am sorry that neither of the members for the city of Ottawa is in his seat tonight. I do not want to take an unfair advantage of them, but I fully expected that they would have expressed their views on the bonus long before this. The Citizen of November 8th, 1921, reports the senior

member for Ottawa (Mr. McGiverin) as follows.

With respect to the Civil Service, whose battles he had always fought, Mr. McGiverin stated he stood for salary revision; for the bonus being replaced by a permanent increase; for the establishment of superannuation and for the establishment of Whitley, or more properly, King councils, because it was Mr. King who had introduced the system in America.

He referred in a complimentary way to his colleague, Mr. Chevrier, and concluded amid cheers, by saying that the Liberals were coming in, that they have an honest policy and an honest leader and would bring contentment and prosperity to the country.

The junior member (Mr. Chevrier) is quoted in the Citizen of November 29th as follows:

Mr. Chevrier, who did not speak long on account of the lateness of the hour, retorted to Mr. Fripp's claim that there had been no scandals during the regime of the government, by unearthing a number of land deals which took place before the war, he said.

He confirmed Mr. McGiverin in his Civil Service attitude and said that he himself had been in the service before he entered the legal profession.

He promised a superannuation system which would be instituted in collaboration with the service itself and revised salary schedules rather than the present cost of living bonus.

He promised power to the employees to name their own representatives on Civil Service Councils to be established for dealing with matters pertaining to the service.

He complained they were not privileged to have newspapers spread out at great length reports of their meetings. He claimed that contrary to Mr. Fripp, who had said he was not looking for votes from the Civil Service, or Mr. Meighen, who said he was not looking for Civil Service cheers, that they did want Civil Service votes as a mark of confidence in the party for which they stood.

He said their hearts were in the right place anyway when people charged them with suffering from enlargement of the heart as regards the Civil Service.

It seems to me that the hon. gentlemen must have taken some other disease besides enlargement of the heart since they were elected to office.

With regard to the Liberal policy, I find that the Journal of December 3, 1921, has the following report in regard to the Ottawa Reform Association:

Here is the Liberal Civil Service policy to which Mr. King and his candidates are publicly pledged:

"As to the Civil Service, Mr. McGiverin stated that on three main questions now before the service his stand and that of his party were:

1. Salary Revision: Present bonus system to be replaced by a permanent salary increase based on a just estimate of the cost of living since 1909.

2. Superannuation: A superannuation system to be prepared in collaboration with representatives of the Civil Service.

3. Civil Service Councils: The establishment of Councils to deal with matters pertaining to the service and the observance of the merit system in appointments and promotions, with power to the employees of naming their own representatives in such Councils.

Mr. McGiverin pointed out that in the past when member for Ottawa, he had done much for the service. He obtained the $150 flat increase and also shorter hours in summer.

Any promise made by other candidates have little significance because they cannot supplement them with the support of their leaders, even which they cannot get in the very unlikely event of these leaders being anywhere but in the cold shades of opposition, Civil servants will do well to vote the straight Liberal ticket, and thus ensure for themselves full and effective representation under the Liberal Government, which it is now generally conceded will be formed after Dec. 6.

This is a sample of the promises that were made by the Liberal party to make sure of the election of their candidates, especially in this city, and before this debate is closed I should like the Government to declare how they intend to carry out this pledge. I trust they do not intend to redeem it in the same way as they have redeemed their other pledges. The only way in which they have fulfilled those pledges so far has been by advocating them when in opposition and failing to implement them when in office.

With regard to the budget itself, I do not see anything in it that can in any way be considered an improvement upon the legislation put into effect by the late government. The sales tax has been increased fifty per cent, and it is bound in every way to make the cost of living higher. Therefore, taking this stand, I have much pleasure in voting for the amendment.

Mr. J. W. KING (North Huron): Mr. Speaker, in rising to add my quota to this debate on the budget, I would like in the first place to pass some more bouquets to the hon. Minister of Finance (Mr. Fielding). I have been pleased in the past to read a great many of his budget addresses, and, Sir, I am certain of one thing: that he is possessed of the art of making figures pleasant. The hon. minister has delivered more budget speeches than any other man in the British dominions—two more, even, than the Right Hon. William Ewart Gladstone.

Before I start to talk about the budget I would like to say to the hon. gentlemen on my right, as well as those on the other side, that I object to their referring to hon. members in this part of the House as westerners. We are not westerners; there were more Progressive members elected in

the old banner province of Ontario than in any other province. If the province of New Brunswick had elected twenty-three more, they would have elected as many as Ontario did.

Now, in referring to the budget, I shall not discuss it item by item. I am a new parliamentarian, but I understand that the items will be taken up later. In a broad sense, Sir, I want to say that in my view the fiscal policy of Canada up to the present time has been a wrong policy. Canada's present population is 8,746,872 souls. Canada's land area, exclusive of the Northwest Territories, and the Yukon, and exclusive also of swamp lands which at the present time are nonproductive, but which may at some future time become productive, comprises 1,401,100,000 acres. Of these, 31 per cent, or 440,000,000 acres are fit for cultivation; only 101,000,000 acres are occupied and only 60,000,000 acres, or less than 16 per cent, are under cultivation. Now, Canada is over 200 years of age, and why is this the case? It is because, Sir, her fiscal policy has been such that her people have been congregating in the cities. The result of the fiscal policy which has been carried out in Canada, since Confederation at all events, has been a tendency on the part of the people to drift into the cities. We hope that the present Government, if they are in power, will continue in the direction they have faced. They have made a very short step in the right direction, and we hope they will continue in it, so that ultimately they may adopt a different fiscal policy.

I may say to my friends on my right that I have no objection to fostering infant industries to a certain extent, though I do object to supporting them too long. I heard Sir John A. Macdonald in the early eighties—and I heard him personally in my own county; I am not giving any hearsay evidence—declare before an audience made up largely of farmers: "You farmers have hewn out homes for yourselves in the bush in the county of Huron; you are in comparatively easy circumstances, and I wish to lay a burden on your backs for the purpose of helping infant industries, for the purpose of starting high smokestacks all over the Dominion of Canada." But he said also that he would not allow that burden to remain upon the people longer than a period of fifteen or twenty years. Now, Sir John A. Macdonald died in 1891, and I believe if he had lived the party to my right would be heading in a different direction fiscally. I do not believe that he intended for one moment to continue that tariff policy indefinitely. Moreover, he said on that same occasion that at such time as the home manufacturer got such a grip on his infant industry that he began to export, at that moment the tariff would be cut.

Now, without going into minutiæ, I want to say that if there is any chance of our having reciprocity with the United States we should try to get it. There is no doubt that all wealth in this country has to emanate from four sources—from agriculture, from the mine, from the forest and from the sea. If you make the agriculturists in this country prosperous, you will make everybody prosperous. The Massey-Harris Company a year ago, when they found that the purchasing power of the farmer was at an end, stopped production, and that is the idea that is carried out by all the manufacturers. I will mention no names, but I heard one hon. member to my right say that, having some land, he thought he would engage in the dairying industry; accordingly he bought 30 or 40 cows, but when he found they did not pay, he stopped production. Now, we farmers are made of sterner stuff; we do not stop production. I am reminded of a story I once read of Napoleon Bonaparte at the battle of Waterloo, when his soldiers captured a small British drummer boy. The boy was brought before the great general, who said to him: "Play the march". The boy played the march, whereupon the general said: "Very good; now play the charge." So the boy played the charge, and the general said: "You have done very well, my boy; now play the retreat." The boy replied: "Monsieur, I never learned to play the retreat; the British soldiers never retreat." Now, the Canadian farmer never retreats; he is made of sterner stuff. Even if he does not make ends meet; even if he has no profits at the end of the year, he still continues.

With regard to the possibilities of arranging a reciprocity treaty with the United States, I would say in the first place that nearly all the newspapers of the United States are thoroughly opposed to the present tariff proposals which are being discussed by the United States Senate. More than that, the Republican papers which represent the high protectionists of the United States are saying to the people: We cannot go to the country at the next presidential election on these grounds. If we do, President Harding is

defeated. I do not think for one moment that it will be longer than four or five years before there will be a completely different fiscal policy in the United States. I wish to read a few extracts from American journals in that regard. The New York Journal of Commerce calls the Senate high tariff, "a bill to raise living costs and hamper trade."

The New York Tribune warns the Republican party that this is no time to go tariff mad, and that if President Harding stands for re-election it will be unfair to hamper him with this tariff as President Taft was hampered in 1912 by the Payne-Aldrich Act.

The St. Louis Globe-Democrat says that the new tariff applies protection without regard to new conditions of world trade and the change of the United States from a debtor to a creditor nation.

The Boston Transcript declares that the manufacturers are nearly paralyzed by war expenses and lack of markets, and are to some extent prepared to regard strikes as a blessing.

The New York Herald sees the United States shut out of foreign markets except in raw materials, notably cotton and copper.

The New York Post regards the tariff as making a present to Europe of eleven billion dollars owed to the United States. Europe cannot pay in gold and her goods will be excluded.

The United States has to import in order to get her debts paid, for she is no longer a debtor nation, but a creditor nation. The New York World and the New York Times are virtually in opposition to the measure. Even the farm papers are not all favourable. I quote:

The Southland Farmer of Houston, Texas, regards the Bill as a betrayal of agriculture, bring the West and South under still greater bondage to the industrial sections of the East and North.

The New York American Agriculturalist favours the duties on certain farm products but wants fertilizing salts and other things needed on the farm to come in duty free so as to cheapen production.

Even the farmer bloc are not all in agreement on this measure, and they will find out that their prices are set at Liverpool, where they have to compete with our wheat.

Commenting on the changes made by the Fielding tariff the New York Commercial says:

But what is to be our attitude toward "protection" of those commodities which we normally import from Canada? Nothing has been gained by excluding Canadian wheat, for instance, from our markets only to force it to Liverpool, there to compete with ours just as effectively as it would in Chicago. The same or closely similar situations exist with regard to a good many other Canadian products. Can we gain our own consent to take a leaf from Canada's note book and adopt a more reasonable policy in such matters?

I could go on reading extracts to show the trend of opinion in the United States at the present time, but I shall not further weary the House. Any one who watches the trend of events to-day in the United States knows that it is towards freer trade relations with the whole world, and with Canada in particular. We and the United States are the same kith and kin. We are of the same blood. We speak practically the same language, and therefore on all these grounds there should be friendly relations between the two countries. I believe the present is a very opportune time to establish better relations, and I think we can depend upon the present Minister of Finance more than any other man in Canada to get along with the United States.

One gentleman on my right came along a moment ago and asked how long I was going to speak. I said, "Ten or fifteen minutes," so he tapped me on the back and said, "That is right." Mr. Speaker, I shall not make a motion, but I believe during this debate the speakers should confine themselves to speeches of fifteen or at the most twenty minutes. I do not believe that anything that is said in this debate will change one vote, for every man has already made up his mind. I shall not take up the time of the House further.

On the motion of Mr. Neill the debate was adjourned.

On motion of Mr. Mackenzie King, the House adjourned at 10.47 p.m.

Wednesday, May 31, 1922.

The House met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

IMPORTATION OF LIQUOR FOR EXPORT

Mr. MILLAR:

Has the legislature of the province of Saskatchewan, or any person representing said legislature, made representation, verbally or in writing to this Government or in writing to the Government immediately preceding this Government that could properly be construed as an effort to prevent the importation of alcoholic liquor into the province of Saskatchewan for purpose of export to other Canadian provinces?

Hon. Mr. MACKENZIE KING: Yes.

LABOUR UNIONS

Mr. PARENT:

1. Are there any shops, depending directly or indirectly on public moneys, in which skilled labour and ordinary labour are employed?

2. Are not the Public Works Department, the Marine Department, the Secretary of State Department, the Railways Department, and the Militia Department employing non-union persons, in shops under control of said departments?

3. If not, what special department or departments provide moneys for shops in which labour unions are recognized?

4. If any shop depending on public moneys is under one union, under what department is the money coming from after having been voted by Parliament?

5. How many labour unions exist in this country?

6. What are the names of such unions?

Hon. Mr. MURDOCK:

1. Yes.

2. Yes.

3. Answered by reply to No. 2.

4. The Government does not distinguish between organized and unorganized labour or as between different branches of organized labour.

5. The number of local trades union branches reported as for the calendar year 1921 was 2,668.

6. Details appear in the 11th annual report on Labour Organization in Canada, pages 165 to 236.

HOUSE OF COMMONS—LAW BRANCH

Mr. BLACK (Yukon):

1. Are the amounts aggregating $24,260, appearing under the heading Law Branch on page 18 of the estimates, to be paid out in connection with the preparation of legislation to be enacted during 1922-23?

2. What are the duties of Parliamentary Counsel, salary $6,000?

3. What are the duties of the two Assistant Chief Parliamentary Counsel, salary $4,020 each?

4. What are the duties of the Assistant to the Parliamentary Counsel, salary $3,300?

5. What are the duties of the principal clerk, salary $2,160?

6. What are the duties respectively of the senior law clerk stenographer and law clerk stenographer, whose salaries aggregate $2,760?

7. In addition to above Parliamentary Counsel are there not solicitors employed in each or in most of the departments?

8. Is not the legal advice of the Department of Justice available to Parliament?

9. How many of the Bills that have come before the House at this session have been wholly prepared by Parliamentary Counsel, the two Assistant Parliamentary Counsel or the Assistant to Parliamentary Counsel?

10. Are the great majority of the bills that come before Parliament prepared by outside counsel, not in the permanent employ of the Government?

11. Is the assistant to Parliamentary Counsel assistant as well to the two assistant chief parliamentary counsel?

Hon. Mr. COPP:

1. Yes, in part.

2. To advise the Speaker, officers or members of the House whenever requested, to supervise the printing of statutes, and such other duties as are mentioned in rule 64 of the House.

3. To assist the Parliamentary Counsel.

4. Answered by No. 3.

5. To assist in the general work of the office.

6. To take and transcribe dictation from the chief and his assistants.

7. Yes, eleven departments have solicitors.

8. Yes.

9. Eight public bills; no private bills.

10. The great majority of the private bills that come before Parliament are prepared by outside counsel, not in the employ of the Government. Of the public bills, a majority are outlined or drafted before coming to the Parliamentary Counsel, some very completely, but others requiring more or less extensive alterations.

11. He acts under the instructions of the Parliamentary Counsel.

WHEAT BOARD

Mr. DAVIES:

1. What is the total amount of funds transferred by the Canadian Wheat Board to the federal government (a) from surplus account; (b) from participation certificates; and (c) from any other source?

2. What is the total value of outstanding participation certificates, if any, issued by the Canadian Wheat Board?

3. Is the value of such outstanding participation certificates still collectable by the owners thereof?

4. If so, when does the Government propose to discontinue making payments on the same?

5. If the Government has already discontinued redeeming outstanding participation certificates, what action has been taken or will be taken by the Government in regard to the final disposition of the funds set aside to meet payments on participation certificates?

6. Have any recommendations as to the disposal of such funds been made by the Canadian Wheat Board?

7. If so, what were the recommendations?

Hon. Mr. ROBB:

1. (a) From surplus account, $560,000; (b) from participation certificates, $175,000; (c) from any other sources, nil; total, $735,000.

2. The total value of outstanding participation certificates issued by the Canadian Wheat Board as on May 23, 1922, is $209,526.84.

3. Applications for payments on outstanding participation certificates are still being presented, and payments on such certificates are still being made by the Canadian Wheat Board.

4. The question has not yet been considered.

5. Answered by No. 3.

6. Yes.

7. The Canadian Wheat Board recommended that the first amount, viz. $560,000, transferred from surplus account to the federal government, should be distributed to the provincial governments pro rata, on the basis of the quantity of wheat delivered by producers in each of the said provinces to the board, such moneys to be used for the immediate relief of distressed farmers in the various provinces, and that any money remaining on account of unpaid certificates should be used for research work, particularly for the prevention of black rust in wheat.

NEW BRUNSWICK WHARVES

Hon. Mr. BAXTER:

When did the Department of Public Works recommend that seventy-eight wharves in the province of New Brunswick be taken over from the provincial government?

2. Was an Order in Council passed, based upon such recommendations?

3. If so, what was the date of such Order in Council and what were its terms?

4. Did the government of the province of New Brunswick secure the legislation necessary to enable it to make a transfer of such wharves at the sites thereof to the Dominion Government? If so, when?

5. Did Engineers Stead and Goodspeed, under date of 14th of April, 1920, and the 10th of April, 1920, respectively, report that the amount required for the repair of said wharves was $86,823 less the amount of $5,385 in respect of five wharves not included in the recommendation to Council?

6. Has the Department of Public Works any further information as to the amount required since the date of these reports for the repair of said wharves, and what is now the estimated cost of such repairs?

7. Is it the intention of the Government to complete the acceptance of a transfer of said wharves from the province of New Brunswick?

8. If so, at what time?

9. Is the Dominion Government now bearing the cost of repairs of said wharves? If so, for what period has it been so doing?

10. If transfer has not yet been accepted, does the Government suggest that anything, and if so, what, remains to be done by the provincial government to warrant transfer being accepted?

11. Is it the intention of the Dominion Government at the present session to make any provision for the repair of said wharves, or any of them?

12. If so, what provision and for which wharves?

Hon. Mr. KING (Kootenay):

1, 2 and 3. No Order in Council passed.

4. Yes by Act 8, Geo. V, Chapter 10, supplemented by Act 9, Geo. V., Chapter 44, Statutes of New Brunswick.

5. Yes.

6. No.

7 and 8. Under consideration.

9. No.

10. Nothing further is required on the part of the provincial government.

11 and 12. Under consideration.

MERCHANTS BANK CASE

Mr. CHURCH:

1. Is it the intention of the Government to appeal the dicision of His Honour Judge Cusson in the Merchants Bank case against D. C. Macarow, former general manager, of wilfully giving false returns to the Minister of Finance?

2. Is it the intention of the Government to prefer a bill of indictment at the assizes against the said Macarow?

3. Is it the intention of the Government to hold a parliamentary inquiry into the whole Merchants Bank fiasco—if not, why not?

4. And is it the intention of the Government to so amend the Criminal Code as to compel presidents, auditors and directors and general managers of chartered banks to direct and fulfil their functions as bank officials, and to provide penalties for breaches?

Hon. Sir LOMER GOUIN:

1 and 2. There is no right of appeal, but the Government has asked the Attorney General at Quebec to submit the case against D. C. Macarow to the grand jury at the next assizes upon the charges and proof with a view to the finding of a bill of indictment.

3. While these proceedings are pending the Government do not propose any further action.

4. These are matters for consideration when the question of a renewal of the Bank Act comes before Parliament.

QUESTIONS PASSED AS ORDERS FOR RETURNS

Mr. LANCTOT:

1. What buildings were occupied, as offices, at Ottawa, by the Department of Militia and Defence, for the year ending March 31st, 1911, and for the year ending March 31st, 1922, (a) for the General Headquarters, and (b) for each service of this Department?

2. What buildings were occupied, as offices, in each military district, (a) for the district staff: (b) for the army pay corps; (c) for the veterinary corps; (d) for the medical corps; (e) for the engineers corps; (f) for the ordnance corps; and (g) for the army service corps?

3. What was the strength of the permanent force in each military district for the year ending March 31st, 1911, and for the year ending March 31st 1922?

4. During the above years, what was the number of officers of the army pay corps, the respective rank and salary of each, and the number of clerks employed in this service, in each district?

5. Does the department in future intend to keep more than one officer of the army pay corps in each district, and to continue the auditor branch which was organized in each military district during the war?

Mr. MACDONALD (Pictou):

1. From what companies in the Maritime provinces did the Canadian National Railway Company purchase coal in the year 1921-22?
2. What was the amount contracted for with each company?
3. What was the price agreed upon in each contract?
4. How many tons were obtained from each of the companies with whom contracts were made?

Mr. NEILL:

1. What was the cost for the operation and maintenance of the fisheries of British Columbia annually, for the years 1917-1918, 1919-1920 and 1921, in the nature of office staff, buildings, upkeep and rentals, patrol, boats and upkeep, field work, hatcheries, and any other such items that may be charged against this department?
2. What amount of revenue has been collected from the fisheries of British Columbia by the Dominion Fisheries Department, annually for the years 1917-1918, 1919-1920 and 1921, in the form of license fees, royalties on canned salmon, prosecutions and fines, sale of confiscated boats and gear, and any such revenue as may be collected by the department?

CLAIMS OF ROBERT DEBEAUX

Mr. A. W. NEILL (Comox-Alberni) moved:

For a copy of all letters, telegrams, memoranda, reports to Council, Orders in Council and other documents passing between the Government and any other parties relating to the internment, deportation, return, and claims for compensation of Robert DeBeaux.

Hon. W. L. MACKENZIE KING (Prime Minister): In regard to this motion, I should say that what is called for includes one or two confidential reports that have been made to the Government by its special officers. There is no objection to my hon. friend being shown those reports in the office of the Minister of Justice, but it is hardly in the public interest that they should be brought down in the return. Any other papers may be brought down.

Motion agreed to.

FISHERIES ACT, 1914, AMENDMENT

Hon. ERNEST LAPOINTE (Minister of Marine and Fisheries) moved that the House do to-morrow go into Committee of the Whole to consider certain proposed resolutions in favour of amending the Fisheries Act, 1914, as regards salmon curing establishments and herring dry-salting establishments.

Motion agreed to.

WHEAT BOARD

On the Orders of the Day:

Hon. H. H. STEVENS (Vancouver Centre): Before the Orders of the Day are called, I would like to address two questions to the leader of the Government, based upon the reference by this House to the Select Standing Committee on Agriculture and Colonization of a very important proposal, namely, the establishment of a Wheat Board. On March 27 it was indicated that there was need of haste. On May 26 a report was made to the House which involves the passing of legislation by this House and the subsequent passing of legislation by provincial legislatures for the handling of the wheat crop of 1922. I cite these facts to emphasize the need of haste and to direct the attention of the Government to the fact that no motion has been made for concurrence in this report, though it has been before the House for several days. I would like to ask if the delay in moving concurrence has anything to do with the action taken by the committee at its meeting on Friday last, an action which, in my estimation was somewhat irregular—to put it mildly, was extraordinary.

Hon. W. L. MACKENZIE KING (Prime Minister): Perhaps I may take my hon. friend's last question first. There has been no ulterior intention to delay in any way the discussion of the report to which he has referred; the desire has been simply, to get through as quickly as possible with the debate on the budget. It has been felt that we would proceed more quickly in the long run if we concluded with the debate on the budget before taking up other matters. As soon as the debate is closed, the Government will be glad to have this report considered.

Mr. STEVENS: May I ask one further question arising out of the Prime Minister's answer? Is it not rather out of the ordinary to postpone action on an important report of this kind when it daily precedes the order to which my hon. friend has referred?

Mr. MACKENZIE KING: I mentioned, some days ago, I think, before the debate on the budget commenced, that once that debate commenced the Government would like to have it carried through. The report referred to had not been made to the House at the time; it was not ready then. I think we are following the ordinary custom in proceeding as we are in the matter.

Mr. MEIGHEN: I would point out to my hon. friend that the budget debate comes after routine proceedings. The Prime Minister's statement would apply only to business that comes after routine; the matter of this report would come be-

fore routine. I am sure a fair consideration of the two subjects would indicate at once that if the one is to be dealt with effectively at all, it is in a greater hurry by far than is any disposition of the budget.

Mr. MACKENZIE KING: My right hon. friend knows, perhaps, as well as any one, that there is possibility of a debate arising on the report which might occupy a considerable time. I think I can assure him that any legislation that may be introduced will not be prejudiced in any way in consequence of the delay in considering the report.

Mr. MEIGHEN: It cannot help but be.

THE BUDGET

CONTINUATION OF THE DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Tuesday, May 30, the debate on the motion of Hon. W. S. Fielding (Minister of Finance) that Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means, and the proposed amendment thereto of Hon. Sir Henry Drayton.

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, it is not my intention to waste the time of the House listening to me expounding my views on the tariff. In the opinion of one or two hon. members of this House—I hope it is only one or two—my views on that subject are both crude and unorthodox. Probably they are, Sir, but at least they are my own, founded on conditions as I have myself observed them, and not inherited from my parents or from the traditions of some half-worn-out party. They at least possess one saving grace, and that is they afford wide tolerance of the views of any other hon. gentlemen who hold different views from my own. They afford any other hon. member ample opportunity to differ from me on this subject without my feeling called upon to reflect upon his mental capacity or moral standing, which I see by the debates of this House some hon. members are rather in the habit of doing.

At the beginning of this session I laid it down as an axiom that the discussion of free trade and protection offers ample scope for interminable argument on both sides of the question, and the longer I sit in this House the more convinced I am that that axiom is absolutely correct. Everything can be said on one side and everything can be said on the other side. I do think, however, that we are rather in danger of making a fetish out of this question of the tariff. After all, it is not a question of principle: it is a question of fact and policy. I think some of us at least are rather apt to elevate what is only a matter of opinion into a matter of moral standards, and make it a matter of moral principle from which it is improper for any one to deviate. I repeat that it is not a question or right or wrong. It is a question of opinion. An hon. gentleman who spoke the other day referred somewhat slightingly to a statement I made earlier in the session, that because I lived in British Columbia I advocated protection, but that I had no doubt if I lived on the prairies I would be advocating free trade. It seemed to him that that was somewhat derogatory. After all, Mr. Speaker, I only said that I would do what every other hon. member does without saying so; that is an absolute fact. I certainly said that the tariff was a matter simply of geography, and that because I was in British Columbia I believed in a tariff policy for British Columbia. In British Columbia we do not, most of us at any rate, steal from, or rob our neighbours, not to any appreciable extent but we do not do that simply because we live in British Columbia. If we moved to Manitoba we would neither rob nor steal there, because that is a question of moral standards by which honourable men are bound. It has nothing to do with the tariff, and because I advocate protection in British Columbia I fail entirely to see why I should not advocate free trade in Manitoba. Here is a fair example of the difference between the two.

In the part of the province of British Columbia from which I come, it has been found appropriate and most successful to plant potatoes at a certain period of the year, we will say the first of May, and we invariably follow that practice because we have found it appropriate to the conditions. If we moved down to Manitoba where experience had shown that it was wise to plant potatoes six weeks earlier perhaps, would I receive any applause from hon. members because I then took the position: No, I have planted potatoes always on the 1st day of May; I will not lower the flag that I have lived under for twenty years, of planting my potatoes on that date; I will go on doing so. I think I would get little applause, and still fewer potatoes. I will go further and say that not only

do I believe it is right for me to advocate protection for British Columbia; but I believe it is also right for hon. gentlemen to my left to advocate free trade for the prairies, because presumably experience has shown that that is the policy best adapted to that district. The only dispute which will arise between us is when hon. gentlemen to my left try to convince me that free trade is the policy for British Columbia. Then we shall get into a dispute. Once we accept the fact that certain sections of this country from their geographical position and economic conditions want, some free trade, and some a tariff, all we have left to do then is to formulate a tariff policy, not that will attempt to give every section what it wants, but as far as possible will be a compromise between the different sections. The tariff is always a compromise. Then our only question to consider to-day is, have we—British Columbia in my case, the prairies in the case of hon. gentlemen to my left—got such a measure of justice out of this tariff compromise as we are entitled to? Any further remarks I make on the tariff to-day will be along that line.

The budget is a compromise. I think the hon. Minister of Finance (Mr. Fielding) will take no exception to that. It is a compromise, as I said in my election campaign months ago that it would be, and I believe that the only question for us to discuss to-day is whether that compromise is fair to the different sections we represent. The budget has been so fully discussed the past few days in this House, and there are leaders much more competent to discuss it than I am, that I shall not touch further on it. I only wish this afternoon to consider the question for a few minutes from one angle, and that is the angle of British Columbia. I would not have spoken on this subject at all except that I did not want to give a silent vote. I do not believe in ambiguity of thought, word, or deed, and therefore, Mr. Speaker, I will frankly and plainly say now that I intend to vote against the amendment moved by the ex-Minister of Finance (Sir Henry Drayton), and on the main question of the budget resolutions I intend to support once again the Government. I will say with equal frankness that I have very grave doubt and hesitation in my mind whether in doing so I am acting in the best interests of the constituency I represent or of the province that I come from. I somewhat suspect that my constituents may share that doubt and hesitation, and it is for that reason I wish to go on record explaining briefly the position I take here to-day.

After the election last December, when it was shown what the complexion of this House would be, I consulted with my friends throughout the riding as to what attitude it would be proper for me to take in this House and we arrived at the decision that being elected as an Independent, being a new member in a new Parliament, and with a new Government, it would be proper, provided the Government introduced reasonably suitable legislation, which was to be supposed, that I should support them for at least one session in order to give them an opportunity to set their house in order, formulate their plans, and bring down a programme which might or might not meet our views then. I may say that had the hon. member for Marquette (Mr. Crerar) been the leader of the Government, or had a coalition been formed which included that hon. gentleman, we would have taken the same attitude, that is to say, we would have given them a reasonable opportunity for one session to show what their programme would be. In pursuance of that attitude I have supported the Government through this entire session, with one exception, and that was on the Asiatic question, when the question was too great and too important to British Columbia for me to deviate from what I believed to be the exact necessities of the case. I hold no mandate for the other members from British Columbia, and I have no right to traverse their motives, but the records of the House are before us and I can see from them that the other members from British Columbia, except the Conservative members, have practically supported the Government solidly during this session. It is not for me to traverse their motives, but presumably they were actuated by some such idea as animated myself and my friends. So we find the situation is this, that practically fifty per cent of the representation of British Columbia, six at least out of thirteen, have given strong support to the Government of the day during this session. no doubt with the idea that if their policy continued to meet with the approval of their constituents they might continue that support; and also, no doubt, with the ulterior idea on the part of the government that if their policy, as developed, was suitable to the districts we represent, then, in the event of an election, they would secure greater support from the members from

British Columbia. That, Mr. Speaker, was the fond dream that we, in our political youth and innocence, brought down to this House. It has been said:

> There's nothing half so sweet in life
> As love's young dream.

Yes, Mr. Speaker, and I am sorry to say there is nothing so bitter and complete as the disillusion that sometimes follows "love's young dream." Let us canvass for a moment what the results are. The session is drawing to its close and from my point of view the only members from British Columbia that will be going home with a cheerful countenance and a glad heart will be those representing the Conservative cities of British Columbia. And, why indeed, should they not have a glad heart? They have excellent reasons for it, and those reasons are furnished by the government that sits opposite us to-day. In the first place they have succeeded in getting huge sums of money for their constituencies, very large votes. It may have escaped the notice of hon. members that the whole of the vote for public buildings for British Columbia, and it is a very considerable sum, is to be spent in the cities of British Columbia—Victoria and Vancouver. There is a vote for William's Head. That is a little outside of Victoria, but it practically means that city because the money will be spent there, and the men to be employed will be from that city; so that the whole of the vote for public buildings in British Columbia goes to the two cities of Victoria and Vancouver. I say to the representatives of those cities: Well done. I am not casting any reflection on them. In addition to that, Victoria gets a few million dollars—I do not know the exact amount, I think it will be millions—for the continuation of its dry dock. Vancouver is also to get its dry dock. Possibly it has not yet been decided on; but the members from there have only got to continue as they are doing, attack the Government a little more, move a few more votes of want of confidence, and I have no doubt they too will get their dry dock. I may say that I had the opportunity of seeing an election address brought out by one of the candidates for the city of Vancouver at the last election, and he made it quite plain that he had been instrumental more or less in obtaining in four years for the city of Vancouver expenditures amounting to something like $5,000,000. I have no doubt his statement was correct, at least I am not prepared to dispute it; and it surely is very much to his credit as a representative that he was able to get an expenditure of something like a million and a quarter every year for the comparatively small city of Vancouver. May I be allowed to offer the suggestion that people who have been getting public expenditure at the rate of a million and a quarter a year for a number of years past might perhaps have taken a holiday in expenditure this session and allowed some of the money to go where it was really, perhaps, more needed. It may be said that this is none of my business. As I say I am not attacking these gentlemen at all; the more credit to them for their ability in securing these sums; but what does interest me is the question: Who is furnishing this money, and where does it come from? It may be said: "It comes from the public exchequer; what matters that to you?" Yes, Mr. Speaker, it comes from the public exchequer but it is also diverted from where it should be spent, and that is the rural constituencies of British Columbia. It is well known that only a certain amount of money will be voted to any province in a given time; and when that money is spent by the million in certain cities in the province it is obvious that no money will be available for the rural constituencies of that province; and that is exactly what has happened, and is going to happen, in the case of British Columbia. Now in the past, that policy has gone on for many years; it has not been so obvious, for the simple reason that the rural constituencies in previous years have been so ill advised as to elect city representatives, representatives living in the cities of Victoria and Vancouver. For twelve years at least the member for the riding that I now represent lived and had his business interests in Vancouver; and he was not likely to stand up here and object to a few additional contracts going into that city where he had all his interests. The same thing applies to other cities in British Columbia and, no doubt, applies to other provinces. The country sections have now awakened, and they have decided to send men, as in the case of the gentlemen to my left, who really and truly represent not only their own interests but their own constituencies; and the result is there is going to be a howl go up from the country districts of British Columbia at all the money being voted and distributed in the city municipalities.

I might mention incidentally—and let me say that I want to keep away from all petty or parochial politics—that the popu-

lation of the district that I represent has increased, according to the last census, 33 or 36 per cent, and there is no other riding in the province of British Columbia where the population has increased to that extent, and it is one of the largest there, except the riding of South Vancouver, which is largely urban. Some of the other constituencies that are dragging down these big votes, have increased only 7 per cent in the same period. It can be readily understood that a district as large as that, growing at the rate I have indicated, must have ever-increasing needs in the way of wharves and lights for navigation, and so on; much more so than a stagnant city whose population only increased 7 per cent in the same period. The resources of British Columbia are to a large extent undeveloped. They are not to be found in the cities but in the country districts; and if you do not develop the country districts your cities will not make very rapid progress.

Another reason why the Conservative members of British Columbia should go home with a glad heart is the fact that the Government, unwittingly I should suppose, has furnished them with the very best of campaign material for the next election. They have put it in the power of these hon. gentlemen to go home to their constituencies, and to other constituencies and say: "I told you so; the Government have done exactly what we said they would do if they got into power." I would not say they have done it all, because the statements made by some Conservative candidates went too far altogether; but they are in a position to say, "I told you that you would suffer from the tariff; that you would suffer in this way and that way." Every opportunity has been given to them to do so. I do not need to imagine that such a claim would be made because we heard the hon. member for Yale (Mr. MacKelvie) saying the other day that the doing away, as it practically is, of the dumping clause on fruit was very much to his interest politically; but he was man enough to go on and say that he did not wish to take advantage of that. He would be willing to forego that, that is the way he put it, if the Government would change back to the old policy in the interests of his constituency; but the fact that the dumping clause has practically been done away with is virtually an election by acclamation for him at the next election. Therefore I say that those hon. gentlemen are going home with a glad heart rather than those men who supported the Government.

[Mr. Neill.]

Now let me consider for a moment, very briefly, what the rural sections of British Columbia have obtained during this session.

Not only the rural districts, but all the districts, of British Columbia by almost unanimous vote asked the Government for the exclusion of orientals and we got—promises, it is true, promises—promises that cannot under any circumstances fructify into legislation for another twelve months, a sort of political promissory note, dated a year ahead and always subject to be renewed then. What we did want at that time, and what we want now, is action—immediate, prompt and decisive action. I may say that even since that debate on the exclusion of orientals took place in the House another aspect of it has come to my attention to which I would like to invite the consideration of the House. I have here British Columbia's Lumber Journal and, under date of April 20, we find the following in it:

> Valuable timber tracts on Vancouver Island are likely to pass into Japanese ownership in the near future, according to reports in circulation here. It is said that Hon. Samuel Hill, Seattle millionaire, who recently returned from Japan, is extensively interested in Alberni Canal timber limits and that he is negotiating for a sale of a big block of this timber to Japanese interests. Another deal is now being handled by a Victoria real estate firm, it being understood that the prospective buyers are lumber importers of Kobe. In the event of the sales being put through, the Japanese would probably establish their own logging camps and mills, cut the logs into big-dimension timber suitable for export and ship it across to Japan in Japanese freighters.

Further on a lumber merchant from this same Tokio, Japan, says:

> "British Columbia lumbermen should not think that the Japanese market is merely a flash in the pan—here to-day and gone to-morrow. If my estimate is worth anything, Japan will be in the market for British Columbia lumber, just as long as British Columbia has lumber to sell."

I ask hon. members to notice this next sentence:

> "The Japanese government has prohibited the cutting of lumber in most of our native forests, and consequently we must get our supplies elsewhere."

Observe the shrewdness and the foresightedness of the Japanese government. They have prohibited the exploiting of their own forests at the present time and forced them to come to our forests to get their lumber, and that is all right, because we want to sell our lumber. That shows their foresightedness, because they want to protect their own forests. I have here a

memorandum of the loadings of lumber shipped from British Columbia, and I find the following took place in less than one month.

From Alberni the Canadian Prospector was loaded with lumber for the Orient; the Canadian Farmer was loaded with lumber for California, and the Canadian Winner was loaded with lumber for the Orient. From Chemainus the Canadian Freighter and the Canadian Prospector were loaded with lumber for the Orient.

Four government boats, besides other boats, left our shores with lumber inside of three weeks, and the Japs are going to do away with it all. The Japanese government has become aware of the business we were doing, and they are going to buy up our lumber, and have it cut by their own men, and ship it in their own bottoms. I think history tells us that Nero fiddled while Rome was burning. In a different sense and in a less worthy sense we are "fiddling" whilst Japan is buying our raw resources, and pouring in her nationals to exploit them, and we get nothing but the bare original cost of the raw material. That is why we are asking for urgent action. I was saying that we asked for exclusion of orientals, and only got promises from the Government. But, in justice to the Government, it may be asked "What did you get from the previous government?" I do not know whether we got as liberal promises as we have received from the hon. members opposite, but the comparison does not prevail. There are two arguments against that which show that is not a just comparison. One is that the fact that the late government had not acted along these lines proved a very considerable factor against their candidates in the last election, and was a no mean factor in their defeat in the country districts in British Columbia: the public said "We do not like this lack of action; we will send men to parliament pledged to take some action." Therefore it is not sufficient to say "Well the late government did not do any better either", because our constituents and the public expect something to be done in the near future.

There we have the oriental question, and we will take the working man now. I believe it is not popular here to refer to the working man, but we are going home by and by and we will come in contact with him. He asked for an eight hour day, and he was told by the provincial government that it was a matter for the Dominion and not for the provinces. He was told it had some connection with the Treaty of Versailles and he was entitled to have it. I think that it formed no inconsiderable plank in the Liberal platform, I am speaking subject to correction as to that, but we came here and reiterated the demand made by our constituents, and we were told that it was not a matter of Dominion legislation but a matter of provincial legislation. That may be; I do not gainsay that statement. There was a suggestion and an inquiry made in the House, would the Government not call the representatives of the various provinces together, and have a conference with a view to passing legislation by all the different provinces, so that the matter would be adjusted? And we were given no assurance that it would be done. Further than that, the Government itself has fallen down and refused to carry out this principle on its own public work. I consider we are more or less obligated to do this under our treaty obligation. So much for that aspect of the case.

The next item I draw attention to comes under the tariff, and this matter, as I said, is a compromise, a sort of political grab bag. Each province and each interest shuts its eyes and puts in its hand and sees what it will bring out, and some of the things they succeed in getting are quite out of keeping with the needs of the people who draw them. You often see the same thing at a ladies' aid sale.

The lumber industry wants one thing and that only—and my hon. friends from British Columbia will agree with me in this—they want a reduction of high freight rates. They do not care about the tariff, if they can only get a reduction on the freight rates. Those mills situated on the water where they can ship their products are not so badly off, but there is a number of them situated inland; the only way they can ship is by train to the prairies and they cannot sell the lumber at a profit, after paying the freight. They come down asking for a reduction in the freight, and what do they get? They get 2½ per cent reduction on their new machinery. I am not deprecating that at all, because 2½ per cent on a mill that would cost $100,000 to equip amounts to a very considerable sum; but the irony of the thing is that they do not want new machinery, because their present machinery is lying rusting by reason of the fact that they have not the freight rate necessary to take the timber out. When a man wants bread what is the use of offering him a stone? And until he can make the wheels of his present machinery turn it is little use to say that

he can get a rebate if he buys machinery. It is a reduction in theory but not in effect.

Mr. MACLEAN (York): In the Crowsnest Pass agreement is there a provision relating to lumber?

Mr. NEILL: No, lumber is not mentioned in that agreement.

I come now to the coal mining question. The coal miners ask protection—and I am not ashamed to use the word—against the importation of fuel oil from the American side, and ask for an opportunity to work more than two days a week—that is all they are working now. You hear a great deal about the big wages they make but if they only work two days a week how much does it come to? At present they are only working two days a week, and they receive $40 a month. In my opinion that is not as much as $25 a month in Ontario, because the cost of living is so much higher out there. And these men are expected to live, have their homes, raise their families on $40 a month and pay high taxation. The inspectors appointed under the British Columbia Minimum Wage Act have decided that $65 a month is the minimum sum that a girl in business can live decently on, and it is provided by law that she cannot be paid less than $65 a month. But the coal miner is expected to keep his wife and family and feed and clothe them on $40 a month, and that is all they are receiving at the present time in these mines. What do they get out of the political grab bag? They get nothing. They did get something. They got a vision of their own Canadian Merchant Marine going over three or four thousand miles to Japan and buying Japan coal mined by Japanese, and bringing it over, and selling it at the doors of our own coal mines, where the men are working only two days a week. How the Japanese authorities must laugh to see us sitting here passing resolutions, as solemnly as a lot of children playing at church, about restrictions and so on, and our very own Government boats are bringing Japan coal over to the detriment of our own workers out there in British Columbia. More than that, I claim the Government has not kept faith on this subject. I put a question on the order paper some time ago and drew the attention of the Government to the fact that a Canadian Government boat had gone over to Japan and brought a load of coal. After bringing the matter to the attention of the Government, I asked if this policy would be discontinued, and in reply, there was a positive assurance that, so far as it was possible to do so—I think those were the words used—the practice would be discontinued. I sent that word home to those coal miners, and I assured them that at least this would not happen again. Only a few hours ago, however, I received this telegram from Cumberland, signed by the President of the Board of Trade:

> Another shipment Japanese coal brought by C.G.S.S. Inventor transferred to Britisher. Britisher was due here for coal but had order cancelled result no work in mines to-day do not consider this good business for Canadian industries.

Neither do I. I will go further than that and say that that is an insult to our Canadian workers, a disgrace to the Canadian government, and incidentally a reflection upon ourselves. Those men who are not working are not Hungarians nor Poles; they are British-born miners, and they are the men about whom some hon. gentlemen waxed so eloquent the other day in the discussion about oleomargarine when they said that we must maintain at any hazard the right of the poor man to buy a cheap, spurious imitation of butter. Is there not a more potent right than that, the right of the poor man to have employment? I have cited this quotation before, but I will quote again what one of the leaders of the British government said in a debate in the House of Commons in London:

> The classes who had the running of the country would be judged in proportion as they could find or organize employment for the great mass of the people.

The word "people" in this connection means the people of Canada, not the people of Japan. That is the situation to-day, that these men are working two days a week, and we ourselves, for it is we, are bringing coal over from Japan. I might also mention incidentally that quite a large number of orientals are working in these mines with the full sanction and authority of law. They are dangerous; they are ignorant of our language; in case of an explosion or accident, they would add trebly to the danger and difficulties of the white men who are employed there. They are keeping out white men there to-day, and they, I suppose, are getting their two days' work a week. If the white men took the law into their own hands and broke out into open rioting, they would be promptly and properly punished, because the law must be observed. But if anything of that kind happened, would not some portion of the blame rest upon this Government and

this House which, if not directly, have indirectly sanctioned conditions that prevail there to-day? I do not think we would be altogether clear from some blame attaching to ourselves. That is the situation as regards the coal industry. That is what the coal miners got out of this budget.

As regards the fishing industry, the fishermen asked for the elimination of purse seines and traps, and they also asked incidentally that the fishing should be limited to white men. What did they draw out of the budget? They drew a most extraordinary thing. They drew a substantial rebate on gasoline, and that reduction looked fair on the face of it, because fishermen use power boats. But the joker in this reduction is that the majority of them have motor power boats that do not use gasoline, and this reduction will be of practically no benefit to them. I imagine that, at the most, about ten per cent of them use gasoline, and the rest of them are not benefited one particle by this reduction in the budget. In some districts they are not allowed to use power boats. It was intended for fishermen; it was said so in the speech of the minister; but it does not benefit them, for the reasons I have stated.

The dairy industry asked for, not a tariff protection, but simply a protection against what they claimed was an unfair competition. I will not go into that again, because I have already discussed it. But the dairy industry is in a very critical condition to-day, and some form of protection was requested. What did the dairy industry get out of the budget? The ingredients that go into oleomargarine are allowed in free, although they are taxed if used for anything else, and in the budget we also find that free importation is provided for cottolene, which is a mess made of cottonseed oil and which is a sort of step-sister to oleomargarine. That is what the dairymen got out of the budget.

The fruit industry apparently only asked to be left alone. The fruit men did not appear to want anything; they seemed to say: "Just leave us alone." They had a dumping clause that protected them. If that dumping clause has not been removed, it has been changed to a method which they consider makes it absolutely unworkable. When the Minister of Finance (Mr. Fielding) was discussing the subject, it did appear to me that the original form of the dumping clause was the more practicable one; but I must give way to the opinions of the men who operate it and who operate under it. It was introduced some fifteen years ago. The policy that is now to be the law was introduced then; it was given a fair trial and it was found unworkable. Theory is not so powerful as the practical example and they came down to the Government and got the form recently in force enacted and they have found it workable. Those who operate under it are apparently thoroughly satisfied with it and I should think it would have been part of wisdom to leave well alone. At any rate, they claim their industry, if this clause goes into effect, will be practically ruined.

Comox-Alberni is not only a very large district, but it presents a most extraordinary diversification of interests, more so, perhaps, than any other constituency in Canada. As a matter of fact all the industries that I have mentioned are to be found and are working under a hardship in the district which I represent, and there are many other interests as well. It is for these reasons, which I will recapitulate briefly—the oriental question, the eight-hour day, the lumber industry, the coal-mining industry, the fishing industry, the dairy industry and the fruit industry—and for the reasons that I have advanced in connection with these industries, that I hesitate and wonder whether I am acting in the best interests of my constituents in supporting the Government on this occasion.

Some hon. MEMBERS: Hear, hear.

Mr. NEILL: I may assure my hon. friends to my left that while I may have somewhat loose ideas and be a little wobbly on the tariff, I have an unalterable conviction that as long as I represent the constituency of Comox-Alberni, my first duty is to look after their interests and my second to look after the interests of the province from which I come. If other hon. members would do the same, we would soon be able to get together and decide on a compromise—for all legislation is compromise—that would give a reasonable regard to the interests of all the different provinces. While these things all affect that district, they are all large questions and I am not being petty or parochial in the matter. They affect, in their entirety, the whole of British Columbia; in some cases, they affect the whole of that province, in other cases, a very considerable portion of it. But they are all burning, vital questions to British Colum-

bia as a whole. It cannot be said that these questions concerning British Columbia have not been laid before the House; all the various members from that province have spoken and at some length on these different questions. They have been backed up by representations made by boards of trade, chambers of commerce, city councils and the like, so that it cannot be said that these questions have not been presented to the Government or that the Government are in ignorance in regard to the matter. The conviction, however, has been forced on us, most unwillingly, that the country districts of British Columbia are suffering from a double injustice. In the first place, the country is being starved for the benefit of the city ridings. In the second place, British Columbia is largely a country of raw products, and the development of those raw products is largely in its initial stages. We, therefore, can justly demand in the development of those resources the same protection as was accorded Ontario and Quebec in days gone by. I do not mean only actual tariff protection; but they got assistance and protection and some of the eastern industries are getting that still. Surely, therefore, we can demand that we get the same measure of protection until we build up our industries and get upon our feet. We are, however, feeling that we are being discriminated against in favour of the more populous or more represented portions of Canada. I do not chuckle over this as my hon. friends to my right. The reason I do not chuckle is that I have to go home and explain to my constituents why I support a government which does all these things. I have striven to avoid the consummation, but I cannot disguise the facts. They are as plain to the man on the street as to any one. If this policy is persisted in I cannot see how the Government, logically or fairly, can expect a very continued support from the country members of British Columbia, or, in the case of an election, any very great accession of support from the other districts. I may be wrong, perhaps my vision is limited; but I cannot see how it can work out otherwise. During the summer it is my intention to tour my riding. I always do that during the recess, because it is the only way to keep in touch with the people and to secure a proper measure of democratic representation. Any one who desires to know what public opinion really is must keep next to the people, and I shall tour the districts and hold meetings, at which the public will be invited not only to listen but to talk as well. I want to hear their views and to get their sentiments; and in accordance with the views I gather there, and the judgment which the people express generally, shall my course at the next session be shaped.

[Mr. Neill.]

Mr. FRANCIS N. McCREA (Sherbrooke): We have been waiting for several weeks for the budget to ascertain just what our venerable Minister of Finance (Mr. Fielding) proposed to do in the way of taxation, and now that it has been presented it is evident that every hon. member is not satisfied. I have received letters and telegrams urging me to use my influence to persuade the minister and his colleagues to modify the budget in such respects as those who have communicated with me are affected. Personally I was inclined to be somewhat unhappy over the budget, but when I stop to realize that this country requires about half a billion dollars to meet ordinary expenses, I have not very much to say except to make up my mind, as I think every one else should, to bear my full share of taxation. Every one must be prepared to do this, and to pay a little more than he would possibly like to pay. And I have such unbounded faith in the good judgment and the wisdom of the Minister of Finance that I am willing to leave that part to him. Consequently, I do not purpose taking up very much time discussing the pros and cons of the tariff question or of the budget. I think there is another subject of much more importance to the people than is any slight modification in the tariff here or there. That subject is our National Railway system; indeed, not only our National Railways but the other railways in the country as well. I look upon the railway situation as very serious, and the great question that is engaging the attention of the people throughout the country to-day is, what we are going to do to improve it? As a manufacturer who does a considerable amount of shipping, I find, and I think the public generally find, that the present freight rates are too high; in fact, they are so excessive that I think they are paralyzing business. Business at the present time is stagnant; it is held up to a great extent by reason of these high freight rates, for shippers cannot move their goods freely. And besides the freight rates being so high, the people are faced with a deficit on the government railways, of some $72,000,000,

as shown by the Minister of Railways; while I believe that if the minister got a proper audit and a thorough accounting we should find that the deficit is not only $72,000,000 but well over $100,000,000. If I understand the situation correctly, there has been no proper accounting made for depreciation of rolling stock, road bed, etc.; nor has there been any allowance for capital investment. I believe therefore that with a fair and proper accounting you would find the deficit in the vicinity of the higher figure I have suggested. Now, there are gentlemen in this House, some of them on this side—I do not know how they come to be here, holding such views—who advocate government ownership of railways. The hon. member for Marquette (Mr. Crerar) the other day predicted that the time would come when we should be proud of our National Railways. Well, it is not entirely impossible that that prediction may be fulfilled some time or other. But from time immemorial there have been prophets in this world who have foretold the immediate advent of the millennium, which is not yet here; and in my opinion the day when we shall be proud of our National Railways will be cotemporaneous with the millennium. Those of us who were in the Railway Committee room a few days ago and listened to the evidence of Mr. Beatty learned that the Canadian Pacific Railway, a private railway which is well managed, operating over practically the same territory as our National Railways, pays its stockholders something over $30,000,000 a year in the way of returns on their investments. On the other hand our nationally owned railways, operated by the Government, are creating a deficit which the people, the owners of the system, are asked to dig down into their pockets to pay. And that deficit, as I have pointed out, is around $100,000,000. The man who stands up in this House or anywhere else and seriously declares that the nationally owned railways are a good investment has more courage than judgment, in my opinion.

4 p.m.

What are we to do in the circumstances? We have heard Mr. Beatty, the president of the Canadian Pacific Railway; we have heard Mr. Hanna, who is the chairman of Board of Directors of the National Railways; and I presume that if you asked these gentlemen who were the managers, respectively, of these corporations, they would tell you that they were. In my judgment neither of them manages the financial end of the road with which he is connected. I think that if you go to Indianapolis and consult Mr. Carey, the president of the international labour union, you will find that he has more to say about the financial operations of these roads than either of these gentlemen, and dictates the policy of them from the financial standpoint. To explain what I mean: A short time ago I was talking to Mr. J. H. Walsh, manager of the Quebec Central Railway, over which our company does a very large amount of shipping. I complained of the rates, and he said that it was true that their rates were rather exorbitant, being more than double what they were five or six years ago. "But," he said, "here is the condition of affairs. At practically every station along the line the agent's residence is in the same building in which he does his work. Ever since I have been in charge of the road, some twenty-five years now, the practice has been for one agent to look after the station, whether he worked ten or twelve hours. He was on duty in the morning, when the first train was despatched, and he was on duty in the evening to see after the last train, having put in a day of ten or twelve or perhaps thirteen hours. And he was satisfied." But under the McAdoo arrangement this method was all changed; the agents and everybody else worked on the basis of the eight-hour day. Mr. Walsh said that the agents were told: "We are willing that you should work eight hours; we do not ask you to work more. But we do ask you to spread that eight hours over the day; that is, to be on duty when the first train requires your attention in the morning. If there is no other train for two or three hours, you may do as you like during that time, but be on duty when the next train comes along and take care of it." But the reply of the men was: "We belong to the union, and they will not let us do that." The result is that these men work their eight-hour day and if a customer comes half an hour or even ten minutes late for his freight or on any other business, there is nobody to attend to him. If the work is to be done, arrangements have to be made with the agent to pay him time and a half after he has put in his eight hours. This applies to the whole system, all the way down. Mr. Walsh says that the men are being paid twice as much as they were being paid five years ago, and that it now requires two men where one man formerly

did the work with ease. How can you expect, he says, a reduction of freight rates under these conditions?

Mr. HUMPHREY: I would like to ask the hon. member if he has compared the rates paid those men with the rates paid to any other classes of labour in Canada?

Mr. McCREA: I would be glad to answer the question if I could hear it, but I am hard of hearing and I have not been able to grasp my hon. friend's question. In any case I would ask my hon. friend and all other hon. members to wait until I have finished, and then I shall be glad to answer any questions they may wish to put.

Mr. HUMPHREY: Shall I repeat the question, Mr. Speaker?

Mr. SPEAKER: Order.

Mr. McCREA: What is the question? If the hon. member can speak loud enough to make me hear, I will try to answer his question.

Mr. HUMPHREY: I asked the hon. member if he had compared the rates of wages paid to the men he speaks of with the wages paid any other men in Canada performing that work or any other work of the kind?

Mr. McCREA: I suppose they are not paid any more than other men in similar employment. But this condition applies to all railways and it is responsible for the high rates which prevail. I assume, from where the hon. member (Mr. Humphrey) sits in the House that he is one of the Progressives and, consequently, a farmer. I would ask him if he would carry out his business on that system?

Mr. LAPOINTE: He is a railway employee.

Mr. McCREA: If he is not a farmer, let him ask the farmers around him if they could carry on their business on any system of eight hours a day or less.

Mr. HUMPHREY: I may tell my hon. friend that I am not a farmer, if that is any satisfaction to him.

Mr. McCREA: I say that this system applies not only to the agents but to all the railway employees. Mr. Walsh told me at the same time, by way of illustration, what now happens in the case of a locomotive which comes in for repairs. The engineer in charge runs it into the shop and reports to the master mechanic that some repairs are necessary. The master mechanic sends a machinist to make the repairs, with all the necessary tools. But when the machinist examines the engine he finds, perhaps, that a steam pipe is leaking—possibly needs to be tightened up. Now he has all the tools, all the equipment to do that work, just as it had been done for years before this McAdoo system of running railways in Canada came into force. But he dare not touch the job; he has to send back to the shops for a steamfitter to come in and fix that pipe, though it is a job which he himself could do in five minutes. The same thing applies to half a dozen different parts of the engine. Work that one man used to do now takes three or four men before the job is completed. Now, I am not interested in the railways; I have not a dollar in railway stock. But I ship as much freight as any man in this House. I ask hon. members who criticise the railways and find fault with them: how are the railways to cope with this condition? The railways should be in a position to say to these men: "You must do thus and so, as you did before; conditions have changed; you also must change and come back to normal conditions." When a strike is called, who calls it? Mr. Carey of Indianapolis, or some other leader of an organization. In the election of 1911 we heard a great deal from our friends on the other side of the House to the effect that there should be no truck or trade with the Yankees. Well, so far as the Yankees running our railway system is concerned; so far as their dictating when and how and how many hours our men shall work and what pay they shall receive, I say it is time that we had no truck and no trade in that direction. We ought to say: "Hands off; we will run our own business."

I am not in favour of low wages; I think I have stated that in this House before. I am a farmer's son. I was born and brought up on a farm—not a very rich one, either—and at a time when money did not come easily. Moreover, when I left my father's farm I went out as a labouring man, and without friends, without money, without anything to recommend me to the world. If I have had some degree of success it has been by putting into practice what I am now preaching to others; it has been the result of thrift and industry, of taking care of my money and not spending more than I earned. I think, therefore, I have the right to give some advice on these particular questions. I

say I am not in favour of very much lower wages, but I am in favour of every man, no matter what position he holds, doing an honest and fair day's work for the money he receives. This classifying of labour—and there are some men in this House who know the results of it—this classifying of labour which calls upon a man to do a particular work and forbids him to do anything else, has cost this country a lot of money. I have no quarrel with labour; what I am saying now is, I believe, in the best interests of labour. I say to the young man in this country who is starting out as I did, without friends, relations, education or anything else to recommend him, the best thing he can do is to show his employer that he is interested in his work and trying to earn money for him. That is the way he will get promotion. If his employer does not notice his faithfulness and other good qualities, somebody else will. That is the best road to success that I know of.

Mr. Beatty, in his evidence before the Railway Committee the other day, said that he proposed to reduce the rates, but he was very cautious to add, on conditions, and what were the conditions? On condition that labour costs were reduced. If Mr. Beatty and Mr. Hanna were the managers of these two great railway systems as they ought to be, they would be able to say: "We are going to reduce the rates." But they are only in a position to say: "We will reduce the rates if Mr. Carey allows us, and if he does not, we cannot help ourselves." I do not know whether everybody in this House realizes it or not, but in my judgment our railway rates have reached such an exorbitant point that business is practically paralyzed, and on top of that we have $100,000,000 of deficits on the government-owned railways. I ask the Government and this House what are we going to do to remedy the situation? During the war, prices of everything went up, materials, wheat, lumber and everything else. Railway rates also went up; that was all right, and so did wages. Now we have reached the period where the prices of all commodities have diminished, in some cases more than 50 per cent, but labour costs have not come down in proportion. What we ask, and what we have the right to ask, of labour is that their costs should come down in proportion to the value of the goods they produce, but they do not appear to be willing to allow that. I say that if this Government have the power to legislate on the question, they should do so, and if they have not the power, we should hold a conference as they did in England, to see what they will allow us to do, because the situation is so grave. To my mind these are the only two courses, and one of them we cannot adopt too soon. If we have the power to say to these people: "You shall not go on strike," or "You shall not hold up the business of this country"—whichever way you choose to put it—if we have that power, all right. If we have not, let us invite them to a conference, take off our hats, and say: "Gentlemen, what will you allow us to do? The conditions are so grave that we cannot go on this way much longer, and some remedy must be found." I am not complaining about wages so much as the lack of efficiency. Labour is clamouring for shorter hours and more pay. I do not object so much to the more pay as I do to the shorter hours. There is a strike of the coal miners on in the United States at the present time, and one of their demands is for a six-hour day—the six hours to be counted from the time they leave the surface until they get back up again—and a five-day week. How can we expect cheap transportation when the steam for hauling our freight has to be generated from coal mined under those conditions? What right has a man who has to work for a living, whether he be a coal miner or any body else, to ask that the industry he is engaged in shall receive such a price for its products that it can afford to employ him for a six-hour day and a five-day week, or thirty hours a week altogether, when the farmer and the man who feeds that labouring man has to work seven days a week and anywhere from ten to fifteen hours a day?

Here is the situation. The people of this country are made up of groups. They do not all work in the same shop. One group is making boots and shoes, another group clothing, another group hats and caps, and so on. But there is another group, which comprises at least fifty per cent of the total population of Canada, and it is those who till the soil, and that group cannot carry on their business on an eight-hour day or a forty-four hour week. I am speaking now of the dairy farmer, not the wheat miner as some people call him; he can probably get along on shorter hours; but the dairy farmer who produces the butter, the cheese, the eggs, the beef, the pork, the mutton, the vegetables, and all the rest that goes to feed the nation, has to work six days a week and do his chores on Sunday, and he is very lucky if he gets the chance to go to church. The dairy farmer is not the only one who has to work long hours. It is the

same in the lumbering industry. You cannot river-drive or carry on lumbering operations on a six-hour day. And there are many other industries in that category. I ask, what right has the man who works in a shoe factory and makes the shoes the farmer has to buy to say that the farmer must pay sufficient money for those shoes to enable that factory to pay its labour on the basis of an eight-hour day or a forty-four hour week, when the farmer himself is working six days a week and anywhere from ten to fifteen hours a day? Someone may say that the farmer is idling part of his time, that he does not work on rainy days, for instance. I was brought up on the farm, and I know there are all kinds of farmers, as well as all kinds of labourers. There are labourers who will not work until starvation forces them, and farmers who work when they must, but these are not the ones who contribute to the feeding of the nation. I am speaking of the men who feed the nation, the men who work six days a week, and have to do their chores on Sunday, or get somebody else to do them, and who are lucky if they can go to church. What right has the man who produces the coal, or the boots, or the clothing, to say to the farmer: "You must work ten or twelve hours a day, or longer, in order to produce what I require at low prices, while I on my side will work only forty-four hours a week, and loaf most of that time if I can"? I have lived a long time, but I have yet to learn where honest, faithful toil has ever killed anybody. I believe in honest, faithful toil, and in prudence and economy, and if you want to succeed that is my rule of success.

Some people may say: If you work every man ten hours a day, and every man works to his capacity, there will not be work enough to go round, and a lot of people will in consequence be idle. That may be true of China or any densely populated country, but in this young Canada of ours, with a population of less than ten million and a capacity to accommodate one hundred and fifty millions of people, with millions of acres of untilled, first-class choice land as good as any in the world, with her inexhaustible mineral and forest wealth,—does any man tell me that there is not enough work in this country for everybody who is willing to work? We are told to-day that there are numbers of men in the large cities out of employment—

Mr. McDONALD (Timiskaming): Does my hon. friend suggest that there are 250,000 people idle to-day because they do not desire to work?

Mr. McCREA: I am told that; I have not got the actual proof. Let me tell you—

Mr. McDONALD (Timiskaming): Will the hon. gentleman deny the statistics compiled by his own government?

Mr. McCREA: I am not denying anything. I said I had been told there are 250,000 idle men. But will my hon. friend tell me what those men are looking for? Are they looking for work, or is it "positions" they want?

Mr. McDONALD (Timiskaming): Don't make any unfair accusations.

Mr. McCREA: I know for a fact that in some cities idle men are walking the streets, and when work is offered to them they say "I want so and so." They want to select the work they shall do, and lay down the conditions of employment. I am told that is the class of men walking our streets to-day unemployed.

Mr. McDONALD (Timiskaming): I would like to—

Mr. McCREA: Will the hon. member or any one else tell me that in this country of ours—

Mr. McDONALD (Timiskaming): I would like to ask the hon. member another question. Am I within my rights in doing so, or not?

Mr. DEPUTY SPEAKER: I would advise the hon. member that the hon. member having the floor need not answer questions unless he is willing to do so.

Mr. McDONALD (Timiskaming): Will the hon. member answer my question?

Mr. McCREA: I contend that in this country with its millions of acres of untilled land, with its abundance of timber, of minerals, and all kinds of wealth there is no need for any person to be idle—

Mr. McDONALD (Timiskaming): Why are they idle?

Mr. McCREA: —and I wish to say further: that the great majority of the men that are walking the streets and claiming they are in search of work are looking for positions, not work; positions where they can get a living with practically nothing to do. There are always lots of men engaged in that kind of quest. At the same time, it is true that we are passing through extremely hard times, and I say that if there are men or women that are destitute and are willing to work but cannot get

employment, and have no money upon which to subsist, the country should take care of them. Nevertheless such people should be told "This country has resources and employment can be found for every man and every woman who is able and willing to work. We are going to help you now but see to it that you do not fall into need again. Take care of yourself; find some employment because there is plenty for you to do." If there are so many idle people why have we an immigration policy seeking to bring outsiders to this country? Either we have room and employment for immigrants, or conditions are such that we do not want any more outsiders.

I have a remedy for the existing situation and I am going to explain it to the House, but I would not advise this or any other government to adopt the suggestion right off. Let them ponder it well and if they think as I do they will come to the conclusion that the remedy is one worth trying. But the people will need to be educated to an understanding of what the proposition means, and of the beneficial results which will follow. My proposition is this: In the first place I would say to the labouring class, or any other class, that if they wish to form a union they have a perfect right to do that, because in union there is strength. But if they form a union they should do it under the laws of the country in the same manner that any other incorporated company is formed—if any company wishes to commence operations in Canada the first thing it must do is get a charter. That charter defines what the company may or may not do, and sets forth that those concerned are amenable to the law and must live up to any agreement into which it enters. I maintain that the first thing the government ought to do is to pass a law that a union of labour men, or organization of any other kind, must be responsible and amenable to the laws of the land. The next step should be to select from among the best men available persons learned in the law and persons experienced in industrial, labour, and other matters, to form a board to deal with labour situations. Then the government should make it an unlawful offence either for employees to walk out or for employers to declare a lock-out. That does not mean that capital and labour would not be always able to agree when differences arose, but what would happen would be this: In the event of a failure on the part of the representatives of labour to agree with the representatives of the particular company concerned, both sides should go before this commission and be heard as in the case of proceedings in a court of justice. After hearing the facts the commission would give its finding, which would be binding on both parties to the dispute. In the meantime there would have been no strike, and no holding up of business. At present, men go on strike because they have no other remedy—that is the only course open to them. Why not try an arbitration first, why not try to reach a settlement before deciding to stike? It is not merely the men and their employers that are interested; the public generally are concerned. For example, take the strike which occurred in New York last fall when probably three or four thousand milk drivers, and a number of milk dealers went out. What was the outcome? There was almost an epidemic among thousands of children in New York, where they were depending on getting milk and could not get it. Why should such a thing exist? Is that a humane way to settle trouble? I claim it is not.

The nations engaged in the great war which ended a few years ago lost millions of men, and after the war they met in order to settle terms of peace, which are not settled yet. Why should they not have had this agreement before? We should have a period of education, and people should be taught the proper way to settle such matters. I think seventy-five to ninety per cent of the men who go on strike cannot afford to do it, and fifty per cent do not want to strike. The men who make a business of engineering these strikes go round, hold meetings, and make the men believe that their employers are the greatest enemies they have, and are trying to crush and ruin them, when the facts are exactly the opposite. Any employer of labour who understands his business—and I think most of them do—realize that the goodwill of their employees is the best asset they can have, and they have no desire to crush those employees. The commission which I propose would deal with that aspect of it, and would do justice to all parties. The reason I suggest a period of education in these matters is because the men have only heard one side of the story. They have listened to the agitators, who tell them their employers are trying to crush them out of existence. Under the arrangement I propose, men will have their differences settled by the commission, and will receive their just and honest dues. The commissioners will be men of experience and the

matter will be settled in the interests of the men and everybody concerned. Under these conditions, the employer could afford to pay his men better money. At present, if a contract of some magnitude is to be let in this city or elsewhere, the man who proposes to tender for that contract does not know where he is at. Suppose he tenders, is awarded the contract, and gets everything ready, and the labourers ask wages that he cannot conceive to be reasonable. Then they go on strike, and months elapse, and perhaps the period during which the work should be done will have passed. The consequence may be that the contractor is called upon to do the work in the fall or winter, when it would cost double the money it would cost at another period. The contractor does not make any money, and the labourers do not make any money because they are on strike. Under the system of arbitration, if the labourers did not agree with the contractor who tendered for a certain work, he would know there would be no strike on his hands. But he might have to pay the men more money, but that would be a mere bagatelle compared with the cost of doing the work at the wrong time of the year, when it cannot be done to advantage.

Mr. IRVINE: Does the hon. member think that this tirade of hackneyed nonsense is helping to settle the problem?

Some hon MEMBERS: Order, order.

Mr. McCREA: The labour element of the country has only heard the agitator's end of the story, and he would be out of a job if my plan were put into effect, but that would be a benefit to all concerned. I come from the city of Sherbrooke, and two-thirds of my electors, at least, belong to the labouring class. I have expressed my views to them before, and I am not afraid to do it again. In my opinion it is the solution of this trouble, and I believe when this Government goes before the country again they would be well advised if they adopted my suggestion or something along similar lines. I believe it is reasonable, fair and just to all parties. Can any hon. member show me a case where, being dissatisfied with their conditions, men have gone out on strike for one week or six months, and have derived any benefit? In cases of strikes, finally, after having exhausted what little means they have, the men come down to a method of adjustment. Why not have the adjustment before the strike, instead of after? I believe it is proper for the men to form unions to put their case before the public; but if they are going to unionize the men should do it under the law of the country and should not be allowed to do it in any other way. Under present conditions when a strike takes place a commission is appointed to investigate. Nine times out of ten the members of that commission have had no experience in regard to labour or capital. The commissioner may be a judge, perhaps learned in the law, but he knows nothing about labour. I propose to have men of experience in this particular work, who know what is necessary and what is fair and just to both parties. The troubles between the men and the employers could be adjusted, with no tie-up of business conditions. In cases of strikes it is not merely the labourers and employers who are affected, but, in cases of railway strikes, the whole community suffers. I contend that the very best asset any man can have in the industrial world is the goodwill of his employees. If he has not that, I pity him. I have been a labourer; I have been an employer of labour for many years, and the best asset I want to have, or believe I can have, is to have the goodwill and good wishes of the men who work for me. I have, however, never yet allowed, and I do not intend to allow any man to dictate to me and say: "This is my particular job; I will do this and I will do nothing else; I am hired to do this work, and if I can do it in an hour a day, I will not do anything else." If a man agrees to work for me eight hours a day and I agree to pay him for that, I expect him to work for me eight hours a day; and if there is something which he can do in the interest of me or the company which I represent, I expect him to do it. Surely that is a reasonable request. So long as the railways in this country are run on the McAdoo system of every man having a particular work which is classified, and is not being permitted to do anything else, we need not look for cheaper rates or better conditions. The sooner we get away from the idea that every man should have a fixed job and nothing else, the better it will be for everybody.

I think I have taken up enough of the time of the House; but I wish to touch upon one other matter. In the Agricultural Committee a few days ago I made some remarks which evidently pleased some people and displeased others. The only comment I care to make upon the matter is that, as my remarks were made in the committee they are not published in

Hansard, and the only report is the report made by the newspapers. In that particular case, the report of part of what I said was correct, but part of my remarks was omitted. I commenced my remarks with regard to the Civil Service by saying that, in the Civil Service, there were a number of good men and good women who were earning the money they were getting and who were capable of earning more provided they worked more hours, as I think they should. I also said that quite a number of them were not earning their money. In addition to that I think I said—I do not want my remarks to be interpreted as meaning that these people were no good—that when you employ more men than you have work for, people who have not anything to do become parasites. I said that in the Civil Service there were a certain number of employees who were simply parasites because they were not earning their money, and the reason that they were not earning their money was because they had not sufficient work to do, as the service was overmanned. That was my statement, and I do not propose to retract it, whether it pleases or displeases. I also said that my advice to the Government would be as soon as possible to get busy and dispense with the services of those whom they did not require. I also said that many of these people were overpaid and that they were not earning their money. I have had some comment from different parties; I heard very loud talk of their poverty, how they were underpaid and badly treated, how they were living in almost starvation conditions. All I have to say in that respect is this: If anybody doubts that they are pretty prosperous people, let him walk down the streets about this time —it is now about a quarter to five, and they are not supposed to be out until five o'clock; but you will find many of them a little ahead of time—and you will think they are coming out of church. Just notice how they are dressed. If you saw the two crowds, one coming out of the government offices and the other coming from church, you would not know which was which.

I should like to cite some figures. I have always been in favour of giving good wages to people who earn their money, and I have no objection to paying good wages to the Civil Service or any other service, because my judgment is that that is the only way to deal with workers who earn their money. But when civil servants complain about their meagre salaries or wages, we must consider that their hours of labour are six and a half hours a day. Those are supposed to be the hours of labour, but they do not always work that number of hours. Take for instance, a man or a woman receiving $1,000 a year for 300 days a year and six and a half hours a day, you will find that he or she gets 51½ cents an hour for every hour's service that he or she is supposed to put in. Any person who wants to hire labour can hire as much as he wants and can get it to work hard for much less than that. The man who receives $1,200 a year is being paid at the rate of 61 cents an hour; the man who receives $1,400 a year is being paid at the rate of 73 cents an hour. The man who receives $2,000 a year is getting $1.03 for every hour he works, and the man who gets $2,400 a year receives $1.23 for every hour he works. My contention is: If they are not satisfied with the money they are receiving, in the first place, why did they take the job? In the second place, why do they not get something else to do somewhere else? Conditions are such to-day that everybody is asked to retrench and cut down expenses, and it is no more hardship on the Civil Service than on anybody else to cut down expenses and live within their means, especially at the present time when, as an hon. member said, many men are walking the streets and cannot get anything to do at all. Two or three years ago, conditions may have been somewhat different; but to-day we have reached a point that when you walk into a saloon and call for a drink of lemonade, you are taxed a few cents additional to pay for the cost of running the country and the deficit on the government-owned railways. Every cheque you sign has to have an extra stamp or two put on it for the same reason. Surely, then, it is time for the people to consider which way we are travelling and to economize. Whether the Civil Service are pleased or displeased, we should say to them: "If you are not satisfied with conditions, the best thing for you to do is to economize, and if you are still not satisfied, you can go and find work somewhere else."

Mr. W. F. MACLEAN (South York): Mr. Speaker, I intend to take up only a very short time of the House; but for a moment I wish to refer somewhat to the arguments advanced by the hon. member who preceded me (Mr. McCrea). In the

speech just delivered by him he came out against public ownership of railways, against organized labour and against almost the right of labour or any other class of the community to organize to protect itself.

Mr. McCREA: May I correct the hon. member?

Mr. MACLEAN (York): Keep your seat. Hold on. I never heard such a denunciation of a political party and of political leaders as came from the mouth of my hon. friend, sitting, as he does, behind hon. gentlemen now responsible for the administration of government. He denounced the Prime Minister (Mr. Mackenzie King); he denounced the Minister of Railways (Mr. Kennedy), who has enunciated in this House the railway policy of the Government, and most of all, he denounced the Minister of Labour (Mr. Murdock). Indeed, the Minister of Labour blushed all the time the hon. member spoke. The labour interests of this country will look for the support of the Minister of Labour. He has been taking notes, and I know in a short time he will come forward to state the case of organized labour.

Mr. MURDOCK: The hon. member is mistaken. I am writing a letter to a friend.

Mr. MACLEAN (York): Surely the minister is not going to allow this attack on organized labour to pass without putting in a word for the labouring people, especially as he chased after the office he got and was elected to it and is in the Government as Minister of Labour. I leave the matter in that way to him and his supporters. I have always been in favour of public ownership, and after my present experience I am more in favour of it than ever.

Mr. McCREA: May I be permitted to make a statement? The hon. gentleman has repeated two or three times that I am opposed to organized labour. I said that I am not opposed; that I thought it was necessary that labour should be organized. I am not opposed to organized labour, but I am opposed to its running the country.

Mr. MACLEAN (York): It is all very well for the hon. member now to say that he is in favour of organized labour. But was there ever such a denunciation of the right of labour to organize in this country as has come from him to-day? My hon. friend is a pulp manufacturer, and in connection with the industry in which he is interested he recognizes the principle of collective bargaining. In his business that principle is observed every day. The trouble in Canada to-day, however, is not so much that we have organized labour, or that we are perplexed over public ownership, as it is in the fact that there has been a lot of profiteering as a result of the war. Perhaps the charge will apply to organized labour to some extent, but it no doubt applies to the industries of the country and the capitalists behind them; and if that is the case my hon. friend is narrow in his denunciation of organized labour. He must take a broad view of things and recognize the right of labour to organize, as that right is recognized the world over. No doubt mistakes have been made and unfair things done under the aegis of organized labour; but I say there was never such profiteering, as a result of the war, as was practised in connection with organized industries of the character and organization which my hon. friend represents. Just think of what the pulp manufacturers did to the banks of the country, and, through them, to the people. They wrecked more homes in Montreal through speculation in paper stocks, and so forth, than anything else in the country did; and the thing is still going on. I know one bank in the country that lost $6,000,000 to one of these pulp organizations. And I know what I lost myself, because the paper makers with whom I had been doing business for thirty or forty years actually told me, after I had paid them millions of dollars: "We don't want your business any longer; take it away and close your accounts." And when the accounts were closed they had to give me back a cheque. Why should an ordinary publisher in this country be told, by men with whom he had been doing business for nearly forty years, that his business was no longer wanted and that he could take it away? I know how that treatment originated. But it has been the experience of nearly everyone in the country that there has been profiteering on an enormous scale on the part of men carrying on industries, just as there may have been something of the kind in connection with labour. The hon. gentleman not only denounced the late government and its policy, but he eulogized the farmers, saying what a fine lot they were and how hard they worked. Well, they number 65 strong in this House, and they are here as an organized body. They have a right to organize and come here as collective bargainers, and surely they will not deny the same right to labour.

Mr. MORRISON: They do not go on strike, though.

Mr. MACLEAN (York): Not in the ordinary sense, perhaps, but they are on strike in this House; and the farmers in the United States Congress are among the greatest strikers in the world. Are not my hon. friends to my left on strike now in connection with several public questions?

Mr. MORRISON: Oh, no.

Mr. MACLEAN (York): My hon. friend will be able to speak for himself later. I say that the greatest strike in the world to-day is being put up by the farmers' bloc in the United States Congress, and an approach is being made to the same thing in this country. My hon. friends have my sympathy, I admit, because the farmer in Canada, no doubt, has some grievances. And the hon. member opposite (Mr. McCrea) evidently does not want to allow them any relief in connection with the railways. His argument was not quite logical to me, and he did not state the full facts. However, I shall come to that in due course. Now, at a time when we are trying to pull the railways out of the difficulties in which they are struggling to-day, my hon. friend wants the Government to assume the responsibility of calling a halt and adopting the strange policy of going to the schoolhouses with a certain propaganda of instruction to the farmers as to how they should, or rather should not, organize, continuing that course of education for a time, and then appointing some board of arbitration to pass certain regulations with the object of denying the right of collective bargaining. If his remarks mean anything they simply mean that we should pass laws to put men into gaol—I believe those are among the words he used—if they refuse to accept certain decisions that may be given on labour matters. In the twentieth century he is preaching a doctrine centuries old, a doctrine the practice of which has caused untold mischief in the history of the world. Among those people who are gradually being freed from the conditions that have held them down for centuries is the ordinary agricultural labourer in England. We hear a great deal about the beauty of England and how splendid a place it is in so many respects. But the other side of the story is not so engaging, especially when we remember that there are so many agricultural labourers lying in the village churchyards in that country without any headstones to tell who they are. England was made great by economic injustice to the labouring population, not only to those who work in factories but those who labour on the farms as well; and the only hope which the labouring classes of Britain and of Europe, who have suffered this injustice for over two hundred years, have of improving their situation is by some form of collective bargaining, or unionism.

5 p.m.

My hon. friend denounced the railways of the country, but he suppresses the main facts. He says that there is an awful situation in connection with the railways to-day. So there is. But who brought it about? The politicians, among whom are he and I. It is the orgy of railway expenditures which have been voted during the past twenty years that has brought about this condition and helped to demoralize transportation, until the governments of this country, but particularly the last government, decided that there should be no more subsidizing of railways. And, inasmuch as the railways were bankrupt, it was deemed wise to take them over and consolidate them. Now we have the roads and we are faced with a deficit, and the way to decrease that deficit is first of all to coordinate all the railways that we have now on our hands. When will the policy be brought forward which the Minister of Railways (Mr. Kennedy) promised us in the statement he submitted to Parliament some time ago? He told us that we were to have a high-class board to administer the roads and that economies would be effected by the consolidation of the three or four systems that we have. When we can do that we can hope to be able to make a decent showing. But it is because certain railways are opposed to public ownership, fearing the competition from that source, that the effort is being made now to thwart the consolidation of the National Railways and the putting of a proper business administration at their head. Now, that criticism does not apply to the Government; it would be an unfair criticism of the Government, and I do not think that any one would resent it more than the Prime Minister, the Minister of Railways and the Minister of Labour. The railway men have possibly made mistakes; and the McAdoo award may have been wrong. There have been many mistakes made in this world in connection with other organizations, and undoubtedly mistakes may have been made by the railways. But what has been done has been done, and we must deal with the situation as it exists and take steps

to remedy it. But you cannot remedy it by such means as my hon. friend proposes. He makes a proposition for the suppression of strikes; but he can suppress strikes only by keeping an organized police force of 100,000 men at a great expense to the country. I think the hon. gentleman was rather juvenile in his discussion of the question, as well as in his reasoning. We must face the condition of affairs which exists. A number of our working people have but one trade; the character of our industrial organization may have brought that about. Of course, the ideal condition is that under which a man has his little farm, his little home, an acre of land and a cow. But the world of to-day is not organized in that way, nor are we to be relieved from the awful effects of the late war by any such condition. We must have organization, of capital, of labour, of industry. Why, even the political parties in this country are based on organization; the only thing is—and I want to tell it to my friends opposite—the two old parties think that nobody else has the right to organize and get into the same business. The arguments my hon. friend has made may be interesting talk for the day; it may suit his constituents; he may be able to say these things to the working people in his own home town. But he is not living in this century; he is not facing squarely the problems which are confronting the people of Canada. For my part, I propose to address myself to the actual questions which face us and to which it is my right in a debate like this to direct the attention of the House.

One of the outstanding results of the war and of the Imperial conferences that have been held has relation to the status of Canada. At one time we were simply a Crown colony, but our status has expanded; greater responsibilities have come to us, and I see nothing ahead of us but a reconsideration of the whole question as to where we are and in what direction we are going constitutionally. As hon. gentlemen know, the British Empire is bound together by the principle of loyalty to the Crown. The supremacy of the Crown rests upon an act of Parliament, and that act of Parliament, which regulates the royal succession of the House of Brunswick, may be repealed any day by a democratic revolution in the form of a general election in England. If our position in the Empire is subject to that state of affairs, we must begin to think of what is going to happen. In view of the recognition of the dominions as co-equal with the Mother Country, it seems to me that we are coming to a condition where there will have to be some kind of federation of all these dominions on the basis of a written instrument. Strange to say, the whole policy of the British communities is not the result of a written instrument, as in the case of the United States; it is based on acts of the British Parliament which can be repealed at any time. I say that there will have to be a federation of English-speaking communities, especially those which enjoy British institutions; and under the written instrument on which it is based the various states will have the right to make their own constitutions. I stand here to-day in favour of Canada having the absolute authority to make her own constitution, just as the Commonwealth of Australia has done. That will come in a very short time, and we must prepare ourselves for it. In fact it is being forced upon us as the result of the war and of the Imperial conferences to which I have referred. Particularly in view of the uncertainty as to what war is to be in the future, this greater federation will have to deal with the question of what powers shall be granted to these free states which compose it. We shall get as a result of that not only the right to make our own constitution, but the right to establish our own courts and to have a court of last resort under Canadian law. Not for one moment do I say that Canada will ever achieve what we have always said she should achieve if the present condition in that respect continues. I believe there will have to be a supreme court of some kind as between the members of the league, or federation, whatever you like to call it; but so far as Canada is concerned, I agree with what has been said in this House and out of it, that these matters should be placed under Canadian law and be determined in Canadian courts by Canadian judges, who shall hear the arguments of Canadian lawyers, and the decisions ought to be filed in this country, no matter what they concern. While it is otherwise, we are more or less in a state of tutelage.

The most interesting question which now confronts us in this respect is with regard to war. War has not ceased. The great chemists, the greatest men of science, are busy to-day devising the most devilish systems for the destruction of humanity, and we are fools if we do not pay some

attention to the question of what we ought to do in the matter of defence. I see no way out of it but an early convention of the different parts of the British Empire which will comprise this league of states to which I have referred, and this convention will have to decide what we are to do in the matter of war. We must settle the question whether this damnable system of scientific destruction of humanity is to be allowed to have a free hand from now on. That is the danger to every community. The time, unfortunately, has come when a peaceful country cannot for a moment maintain its place when such a war comes on unless it is ready for it. And some war of that kind is right ahead of us. Germany may be preparing for war; she has some of the ablest scientific men in the world. Some things were disclosed during the late war which indicated in an astounding way the extent to which human destruction could be carried on. Ships were destroyed from aeroplanes by radio control of bombs, and I want to tell the House that inventions of that kind have been and are now being worked out, and humanity is up against them for the future. It is time we had a convention of this kind and that we decided what we shall do in the way of our defence. True, we can hope for what arbitration may bring about. We have a League of Nations with its seat at The Hague, to which international questions are referred, and an effort is being made to get all the nations to agree to do away with war, but they have not done it so far. It is true they are scrapping certain ships and cutting down expenditure on armament, but some kind of war is ahead of us. Some kind of great constitutional shake-up is also ahead of us, as one of the nations under the British Crown. These questions must be considered; much as we dislike to talk about them, they are ahead of us, and we cannot evade them. We have to come to a decision as to what our position shall be in the British Empire, and also on the consequent question, what are to be our rights and duties in connection with our constitution:—Are we to be absolutely free within our own country? Such questions must come up and must all be decided. It is the result of our constitutional growth and development. We may have to come to a decision pretty soon on the question of defence. We are certainly up against it financially, as this budget shows. Enormous sums of money have to be raised, and heavy taxation is being imposed. With this taxation ahead of us, it is time that we began to consider and discuss these questions in a broad way.

Another question that is coming up is that of race aggression. We have to protect our own races in this country. We are threatened by all kinds of racial aggression to-day, and the hon. member for Comox-Alberni (Mr. Neill) dealt with that subject for a moment. There is an attempt on the part of the orientals, and on the part of people in eastern and south eastern Europe, to get a foothold in this country. We must consider whether the races in this country can keep their position and endure in view of this inrush of orientals and Europeans I have before me a telegram in connection with that immigration from Europe, which I shall read a little later on. It is another question on which we must come to some kind of a decision.

Now I come to the question of transportation, and other associated questions raised by my hon. friend, and I want to bring them up in a rather broad way. We have had these questions discussed in this House and all over this country. I am going to lay down here to-day, and I ask the attention of hon. gentlemen to it, a Bill of Rights for the public services of this country. I have been studying this matter very carefully for the last two weeks and I have put the issue in shape for presentation to-day to the House and the country. Now what is this Bill of Rights that is hastening on in this country so fast that we cannot quite appreciate it? Let me read it to the House, and I invite the attention of hon. gentlemen who care to say something about it. I intend to make this Bill of Rights a part of my speech, and it will be printed in Hansard to-morrow:

Bill of Rights of Canadian Public Services.

The Government of Canada by itself or in association with others, or by delegation to others, to acquire, undertake and operate the following public services:

1. Transportation: A National System of Transportation, in and out of Canada, by railway, highway, waterway, airway or other way or means, singly or jointly, including warehouses, elevators, terminal facilities, and also including the purchase, production, distribution and sale of electrical or other energy or source thereof.

2. Communications: A National System of Communications in and out of Canada by post, express, wire, wave or other means, singly or jointly.

3. Banking: A National System of Banking in and out of Canada associated with the Post Office or banks or bankers or otherwise, including rediscounting for banks and provinces,

the making of advances on warehouse receipt or other security.

4. Marketing: A National System of Marketing of farm and other staple products, with or without co-operation of organized producers or holders thereof, including the making of advances on such products in store or other security until marketed.

5. Waterways for sea vessels: The Government of Canada by itself or in conjunction with the United States or others to establish waterways for sea-going vessels to inland lake and river ports; and wherever possible to develop water or other power for the movement of traffic as may be agreed upon.

Finance: Such services to be financed out of the National Treasury, or by arrangements with banks or others or by bond issue of the national government or of others, bearing bank or bond interest, further secured when so provided on the undertaking or product.

Management: The administration of any such national service or any other public service in whole or in part, may be associated with that of any other public service in whole or in part; And these or other public services, wherever possible, to be made community centres so as to secure day and night service and every day service and efficient service to the greatest number of beneficiaries thereof or participants therein.

That, I take it, is a Bill of Rights in regard to these public services, and every one of the principles involved therein has been adopted more or less by this House, but they have never been brought together in this way. I have put them together in this form, and I take the responsibility of saying that on this Bill of Rights the next general election in Canada will be fought. It deals with transportation, with communications, with banking, with marketing, with waterways for sea vessels, and the financing and management of these services. As I said, all these matters have come up in this House, but they have all been disassociated from one another. The time has come when there can be no more trifling in this House with these services; we must deal with them adequately, or throw them out. We must either have, or not have, a national system of transportation. If we are to have a national system of transportation, it must be broad enough to take in every means of transport mentioned in this Bill of Rights. It must included the railway, the highway, the radial, the boat on the lake and on the sea. We have been told in the past in this House that there could be no regulation of freight rates in this country because some freight passes by boats, and boats were not under the jurisdiction of the Railway Commission. I am not aware if the hon. members of this House know what hard work some of us had to get even vessels carrying the traffic of this country brought under the Railway Act. We did succeed in that, and now we are proposing developments in other directions. For example, there are what the French call "communications", embracing the post office, express, telegraph and telephone services. We are conducting all these to-day, but the work should be done on well defined grounds and under well defined responsibility. My hon. friend from St. John (Mr. MacLaren) had a question on the Order Paper to-day dealing with the matter of cables. We have got immense investments in cables that we hardly know of; we also have immense investments in telegraphs, and similar investments in the wireless system. All these services we must co-ordinate and consolidate, and not turn them over to a private company as has been done in the States. The greatest monopoly in the world to-day is not the Standard Oil Company; it is the telegraph and telephone combination which has its headquarters in Boston and is taking over all the British cables. How many of us know that, except a few members who are interested in that subject? The same combination have taken over all the land lines in the States, and most of the other associated interests. That combination is the American Telegraph and Telephone Company; it is not the Westinghouse Company. The commitments in Canada, to which I have alluded, are so great, the services are so great, that, in these progressive times, now that they have got into the hands of the state and are being handled by the state, they must be co-ordinated. Furthermore we must have community centres in which these services will play an important part, as I pointed out in the declaration which I read. Why should not the post office, and the government telegraph, express and money order business, be located in a little central office in a community centre? That is what the West wants to-day more than anything else. Now that we are having public ownership of railways I hope we shall also have in the West, in every hamlet and every township, some kind of a community centre controlled by the government and that government handling the post office, the telegraph service and the express service, all adjacent to the telephone system, having an all-night and an all-day service such as the people want. But we cannot carry on business efficiently in the future unless we co-ordinate all these services; and, as I said before, there is not one of these

things we have not already done in this country only it was in a disconnected way.

The right hon. gentleman (Mr. Meighen) who led the late government, and his associates, engaged in a banking business in this country and they helped to save Canada. It is considered to be a disgrace that the country shall be in the banking business; but during the war we carried on a system of re-discounting for the banks the facts as to which have never been disclosed to the people. There is no reason why the credit of the nation should not be used to a reasonable degree in connection with the marketing of our farm products, and other similar lines, but we ought to declare where we stand on these questions.

Now I come to one more thought on the subject of the employment of our waterways for seagoing vessels. The President of the United States—as far as we could gather from the public press, and from what the Prime Minister of Canada said here the other day—has made certain proposals to this Government in connection with the St. Lawrence waterways. Well, the Progressive element in the United States, the farmer's bloc, are in favour of the scheme. They are insisting on it, and it is their force which has compelled action by the United States government. The farmers to-day are the most dominating party in the United States; they have more influence in the American Senate than any other party, and they are compelling action by the so-called old fashioned Senate; they are the most progressive parliamentary party to be found over there. They have discussed all these questions which affect the farmers, including the transportation question, and while the stage of public ownership of transportation has not yet been reached they have come to approve of public ownership of the waterways and the development of electrical energy along those waterways for the traffic of the country. That is coming in the United States, and why should we not be willing to co-operate with that country in developing the St. Lawrence waterways? The Canadian government may have some reason why the question should not come up just now, but I hope they are not influenced in their action by the eastern seaports and the eastern cities of Canada. Because those seaports and those interests are assuming a dictatorial policy as to conduct and action, and as to what the people of the West should do in regard to their transportation problems. They have denied to us the right of free access to their ports and to their services for ocean going vessels carrying western products, and there is actually an organization in Canada now, and especially the city of Montreal and particularly in connection with the Canadian Pacific Railway, seeking to declare that we shall not have this development in connection with the Northwest and that we shall not have the benefit of sea transportation. What is the secret of the success of the cities and towns of Europe to-day? Is it due to the railroads? Over there seaports are open all the year round, and ships can navigate rivers and go from one inland place to another. Europe to-day is absolutely served and protected by a system of navigation, by freedom and interchange in the use of the sea, in the use of the railways, and in the use of the highways. In that way they are working out a great improvement in commerce. In this country to-day an organization is being perfected, and it has its headquarters in connection with the railroads of this country, having for its object to see to it that there shall not be waterway competition with the railways. The whole hope of the Canadian West is in getting water transportation, and reduced freight rates from that source alone. There has been more reduction effected in the cost of transportation by water competition than by anything else; but the railway interests to which I have referred do not like to see that competition and there is an organization entrenched in Montreal, perhaps in the Maritime provinces, perhaps somewhere in the city of Quebec, that would deny every port on lake Ontario, every port on lake Erie, every port on lake Huron, and every port on lake Superior its right to sea waterways and to the improvement of traffic charges. It is the most domineering system we have ever had in Canada. It is even said they are holding up the Prime Minister in regard to any policy he may have contemplated in connection with this matter. Well, when the issue as to this Bill of Rights is fought out I imagine the people will compel decisive action of some sort. I imagine that when the next election is fought it will be on these questions of transportation, communications, marketing, and banking. As I have already said, we have nibbled at every one of these issues. I do not know whether hon. gentlemen opposite, when they were previously in office, were committed to any of them or not. To-day we have national railways and national telegraphs, and we have to go the

whole hog or none. We have some national banking. The greatest system of banking in the world to-day is the national banking system of United States, behind which they have the credit of the United States government, and to-day the United States is the master of finance for the world. She is coming to the relief of all countries. She has, time after time, come to the relief of the cotton growers and wheat growers of the United States. Mr. McAdoo has been very much denounced by the previous speaker. Well do I remember the time when the cotton and wheat men could not get money from the bankers, or had to pay 8, 9 or 10 per cent for it, and Mr. McAdoo, secretary of the treasury, said "Farmers you will get all the money you want for the movement of your crop in the shape of credit and government notes of the United States"—and the farmers were able to move their crops.

Mr. MORRISON: Do you not think that if the United States did a little more fighting she would not do so much financing?

Mr. MACLEAN (York): I am not their keeper. Does the hon. member not like the fact that United States have come to be the financial headquarters of the world, and every country is coming to them? They have a fine lot of resources, a magnificent system of national banking, and a reserve banking system by which the credit of the United States and the notes of the United States are placed behind the banks, and behind the farmers for the movement of their crops. They have at last got a uniform system of interest and low rates of interest. I have discussed the question of how the public services were to be financed, and have laid down the doctrine that they should be financed by the bonds of the nation at bank interest or bond interest, as against the exorbitant interest on watered stocks which are behind a lot of complaints against transportation in the United States. The watered stock business, which has played the mischief with the pulp and other industries, is not a good system on which to finance public services. Look at the result in the financing of the Grand Trunk, the Canadian Northern and some other railways. It was bad financing, and the lack of financing on the part of those behind the questions of transportation and banking, that caused the trouble. These may be regarded as absurd ideas because they are not in harmony with the general belief, but, as a matter of fact, every one of them is practised by this country. I believe the Government to-day, and the previous government, have re-discounted for the banks, and the governments have financed the railways by giving them enormous credits. We should have taken over these roads, instead of giving them large sums of money, and then letting them go into bankruptcy. Of course, my hon. friend has the right to speak against public ownership, and especially in regard to the railways we have now on our hands; but we have them and we must pull them out by co-operation, and finance them on the credit of the nation. I ask the Government what they intend to do, and when they intend to do it, in regard to the consolidation and co-ordination of the railways we have on hand. Enormous economies can be effected almost immediately by the co-ordination of the railways. I will promise to resign my seat in the House, if I cannot show the Government or the Minister of Railways (Mr. Kennedy) where enormous improvements can be made, where expensive grades can be eliminated and where a better transcontinental service can be effected. I have made a careful study of it, and I can show the Government an enormous saving on the route from Toronto to Ottawa. Starting from North Toronto I would take a route which, with some construction—including a bridge which would cost some money—would give a grade of less than one-half of one per cent and would avoid the present expensive grade of the Grand Trunk and the more difficult grade of the Canadian Pacific known as the Wexford grade. Then, by following existing lines, especially the Grand Trunk Montreal line which has the best grade of any road in America, I would reach Prescott, and so north to Ottawa. And I would double track the whole line. By economies of that kind, applied all over Ontario, applied to the Canadian Northern, to the Grand runk, to the Intercolonial, to the Grand Trunk Pacific and to the other roads in the West, you would get reduced costs, no duplication, and the elimination of unnecessary trains. Is there any need for six or eight trains every night between Toronto and Ottawa, and between Toronto and Montreal? Is there any need for the transcontinental trains running across the continent on both roads, when probably half the number would do the work more efficiently? Certainly, in these times of financial distress, such a scheme would give a real relief to transportation and to the public finances. The country is anxiously waiting, not for a declaration of policy, because the minister has announced that

policy, but to see in what way those economies will be put into effect, and how soon we will have a managing board to administer these roads. The appointment of that board should be made almost immediately. Somebody does not want to see these economies put into effect. I do not want to appear as a critic of the Canadian Pacific Railway; I have the greatest respect for that road; but we subsidized that line enormously with money, lands and all kinds of legislation, and why should they stand with a club before the Parliament of Canada to-day and say, "You shall not go into public ownership of railways, waterways, or any other public service, but let George do it, or rather let Prince Eddie do it." The people of the country should do it themselves. We are spending all the money, yet, when there is a chance for relief coming, we are told by the Canadian Pacific Railway that we must not do these things. Are we to give the Canadian Pacific all the roads we have and let them run them? What will the future of this country be, if the railway which we ourselves have created is to be the dictator and to tell us that we must hand these roads over to them to administer? They tell us we must not have waterways, because they are competitors of their railways and we must not have national marketing and must not extend a seaport into the inland parts of Canada. That will not do. That would mean that we would make the railways the masters of Canada and of Parliament, and the station agent of the Canadian Pacific, if they get their way, will be the political boss in every locality. The Canadian Pacific must accept the situation in which we find ourselves. We are not going to ask their permission; they must allow us to run these roads and administer them and make the economies that will be effected. If we do that, transportation will improve in this country; we shall make some saving, and our expenses will be reduced. But we must start in earnest; and if I might pass any criticism upon my right hon. friend (Mr. Meighen) and say why he is leader of the Opposition to-day, I might say that he made one mistake in the last election. He should have actually consolidated the roads before he went to the country, and he should have fought the election on that consolidation. He started all right and perhaps it would have been much better for him if he had appealed to the country on the consolidation and the responsibility that went with the legislation which he put through in the House. I want to give him credit for being a man who has done a great service to public ownership in this country, although in the last election he did not get much thanks for what he did. He has been denounced for his policy in the past, but all parties have come to his policy and along the lines laid down at that time. Indeed, the same policy has been laid down in this House by the present Minister of Railways (Mr. Kennedy).

I have just received a communication in connection with the very question now before the House, that of the new taxes. I have received a great protest against the men who sell ginger pop to the people of this country. The people have been getting ginger pop at 5 cents a glass; the Minister of Finance (Mr. Fielding) has increased the tax on ginger pop in this country perhaps one cent or less than one cent per glass; but the ginger pop manufacturers say to the people of this country: "You must pay ten cents for the ginger pop." Why do they not do what is done in England and other countries where a similar tax is in effect? If the minister imposes a tax of one cent on the ginger pop, why should the man who retails it not simply add one cent to the price; but these people say: "This is a reason for putting a five cent increase on the price." That is not quite fair, and I hope the minister will make the proper answer to them.

I have in my hand a letter from the treasurer of the city of Toronto saying that he has already petitioned the Minister of Finance in regard to the excessive charges that the city council of Toronto will have to pay by way of the stamp tax on cheques. I am told that the city of Toronto will have to pay about $50,000 a year by way of this stamp tax. Perhaps, that city is able to pay that sum, and that may be a reasonable way of collecting money; but there ought to be an understanding, and I am sure the minister will listen to the representatives of that city when they come before him in regard to the matter.

A couple of days ago I received this telegram in regard to the question of immigration which was brought up by an hon. member from British Columbia:

> Mr. W. F. Maclean, M.P. In view of intended immigration legislation before parliament, we, the undersigned, urge you strongly to vote for broad liberal immigration policy. Canada's vast natural resources destine her to become a great industrial as well as agricultural nation. To this end visioned immigration legislation should provide for industrial as well as agricultural worker. An increased population will lighten our heavy burden of debt and taxation of future immigration. Legislation should be

based on these broad democratic and humanitarian considerations which have ever been the foundation of our Government.

Rabbi Barentt, R. Brickner, Magistrate Jacob Cohen, Leo Frankell. Eli Pullin, Edmund Scheurer, Rabbi Julius Siegall, Alderman Joseph Singer.

There is a good deal in that argument, and some very good immigrants have come to this country from portions of Europe. We must, however, have, in connection with immigration, a policy that first of all will protect the races which are already in this country, and we cannot be quite swamped by the people of Russia or the orientals from the East. We want our country settled, and we want farmers from every country in the world to come here if they wish to do so. We desire a broad immigration policy; but the people whom we want most of all are farmers who will toil on the land. Very good farmers have come to this country from Russia and from southeastern Europe. It is important that the Government should adopt and shortly put into force some national policy of immigration; but we must consider the people who are here to-day, who have to carry on in this country and who do not wish to see it come quite into the hands of other races. In portions of the United States to-day, the American population is outnumbered by the foreign population, and, perhaps, a similar condition is coming to us in connection with orientals. Nobody likes to hear of the invasion of our country by the Japanese as a nation, their lumbermen taking up our Crown lands, oriental labour being brought in by gangs and paid by the Japanese government, and not a particle of that work going to Canadian workers. It rather makes one blush to think that a nation, with which we have been very friendly in the war and which we have helped a great deal, is actually going to take possession of our forests, to bring its nationals into our country to do the lumbering and to export that lumber, and to do this as a national proposition of Japan. That will hardly go down with Canadians, but it is a question which Parliament must deal with in very short order.

While I have, perhaps, trespassed upon the time of the House in bringing up these questions, I have tried to deal with them not from any party standpoint. They are vital questions which confront us, and what I have laid down to-day is a bill of rights in connection with the public services of Canada. That is going to be the issue in the next election; and to get ready for that election, hon. gentlemen in charge of the government to-day must prepare for redistribution in this country and give full representation. If they do not do that this session, they will have to do it next session.

Mr. CARROLL: Hear, hear.

Mr. MACLEAN (York): I do not know why my hon. friend is applauding the idea.

Mr. BUREAU: Perhaps it is enthusiasm.

Mr. MACLEAN (York): Enthusiasm, perhaps, that the Government should immediately have redistribution passed through the House. I do not know how I am going to come out of the scrimmage; but I am going to tell the people that, no matter what I have been in the past, I am in favour of that bill of rights before anything else in the public services of this country. Progressive ideas are now affecting the people and they are talking and reading about what questions will be discussed in the coming election. These things are treated in that bill of rights, and I want my hon. friends from the West to read it over and when they take the floor to be good enough to tell this House and the country whether there is anything in that bill of rights in regard to all these public questions. If there is I am satisfied to have those questions go to the people.

The old political traditions that have obtained in this country have now come to an end. At present we are in a bog, largely because of the war and as a result of our own political action and legislation in the past. But if we are to get on to solid ground again, we must pull ourselves together, cease to be partisans to the extent that we have been in the past, and instead, be first of all Canadians, with a faith in the future of our country. Let us make our constitution and our courts supreme; let us so act that we shall play a worthy part in the League of Nations of which, with Australia, South Africa, and the rest of the Empire, we form an important part. Parliamentary government to-day is the best institution in the world. We have inherited that form of government from the Mother Country, which has done more for the world than any other nation; and parliamentary government is based upon the principle that the voice of the people shall be expressed and crystallized in progressive legislation.

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

Mr. R. A. HOEY (Springfield): Mr. Speaker, I am not fully persuaded in my own mind that I have a contribution worthy of this moment or of the subject in the discussion of which we are engaged. I feel it incumbent upon me, however, to define my attitude very briefly and very succinctly on these proposals that have been submitted to us by the hon. Finance Minister (Mr. Fielding) in his annual budget.

The great task confronting the people of Canada in this crisis—a task, of course, that confronts a finance minister in a very direct and distinct sense—is the task of meeting our financial obligations, and meeting them by methods that will bring the utmost measure of relief to what we ordinarily designate as agriculture on the one hand and the great masses of Canadian workmen on the other. When I say "the utmost measure of relief", I have in my mind such relief as is compatible with national stability and national progress. The position—shall I say, the precarious position?—in which agriculture finds itself at the moment has been dwelt upon at great length by my colleagues and associates, and I feel positive that the gravity of the situation so far as that industry is concerned is apparent to all. I cannot, however, Mr. Speaker, convince myself that the position in which the agriculturist finds himself at the moment is in any sense more precarious, is in any sense less hopeful, than is the position of the Canadian workmen, 200,000 of whom were out of employment during the early months of this year. There is this, however, to be said in the case of the Canadian workman: his condition may be temporary, certainly temporary so far as absolute unemployment is concerned. In the case of agriculture—and I speak particularly of western agriculture—It seems to me that the conditions embody within themselves all the elements that make for permanency; and I hope to prove that a little later in my remarks.

The opportunity has been extended to me for a period of years of coming into association with thousands of agriculturists in the western country and with thousands of Canadian workmen. It has been my privilege to discuss economic questions with them from time to time. During the fall of last year I entered the homes of many industrial workers who were not earning enough at that time to clothe their children—certainly not enough to clothe them in a way that would enable them to attend school regularly. I know that there are hon. members of this House who will point out to me, and very consistently, the condition in which workmen find themselves in other countries. Naturally I have given some thought to that question, and the comparison would be fair, Mr. Speaker, if we compared this country with other countries somewhat similar in area and population. I have pointed out to those with whom I have discussed these questions that so far as I could discover, so far as I could determine, the only means whereby we could bring immediate relief to these classes—and when I say "immediate relief", I have no thought that my suggestion should prove a panacea for every evil from which they suffer; I have in mind temporary relief in the case of the workmen;—I said to them that the only means by which temporary relief could be effected would be by increasing the purchasing power of the Canadian dollar. I made that suggestion, Mr. Speaker, believing that when you increase the purchasing power of the Canadian dollar you must of necessity increase the purchasing power of the individual who possesses it. And I thought that by increasing his purchasing power, the extra turnover of goods consumed would more than compensate the producer—that is, the manufacturer—for any loss the readjustment might entail. I pointed out to them also a truth that is self-apparent but which is very frequently overlooked, namely, the inseparable connection between unemployment in this country and the condition in which agriculture finds itself.

During the fall of last year, when unemployment was rampant in the city of Winnipeg, I noticed that upon every train that came into that city there were hundreds of farm labourers, coming in from the farms, helping to swell the tide of unemployment, adding to our city congestion, creating unrest and all the evils associated therewith, the situation was serious, and in discussing its seriousness with the farmers I pointed out the congested condition of the cities. I reminded them of the rents we were paying, and showed how they could help to relieve the situation by keeping the men employed throughout the winter months. I learned that a great many of the agriculturists who up till last winter ordinarily employed anywhere up to five men, were allowing their men to go because the fin-

ancial resources at their disposal did not justify their retaining them. Many of them admitted that a large percentage of the labourers were prepared to work throughout the winter months almost for their board, but they said that their very presence in the home added burdens to the already overburdened farm wife. Together we reached this conclusion, that until the time came when the farmer would feel justified in erecting permanent homes for his hired help, and in that way be able to keep them throughout the year producing enough in the summer to keep them through the winter, we could do nothing to relieve the congestion in the cities during the winter months. But how many farmers to-day are in a financial position to build such homes? I venture to say, not three per cent in the province from which I come. Yet we see the absolute necessity of keeping on these labourers, who year after year reach the cities, so that they can bring up their families in the country in the open air and acquire a taste for outdoor life. If we have in Alberta and Saskatchewan the 55,000 farm homes that are to be found in the province of Manitoba to-day, Western Canada alone will be able to absorb 75 per cent of the men who are now ordinarily unemployed during the winter months in this country.

I sometimes wonder if we are fully seized of the great change that has taken place in western Canada during the last two decades. I am one of those who believe that western Canada would have reached this crisis had we never been engaged in the European conflict. Ten years ago from the public platform I made the statement that we were destined to reach this condition, and nothing has occurred since that day that would incline me to change my view. There were a great many factors contributing to this result, a thousand and one things to which I need not refer at the moment. Less than half a century ago we had a period of nomadic husbandry in western Canada. The pioneers went in there, perhaps the most heroic band of men that ever undertook similar work in any country, and found the land free, taxes negligible, if not unknown, and they started in to make homes for themselves. In those days the West had not been tapped of its resources. It was in those days, it seems to me, that a great many of our present policies were evolved. It was in those days that we evolved and determined our present system of taxation. The question in those days was, how much can the West bear? It was a new country where men obtained free land, where labour was cheap because thousands of labourers were reaching this country at that time from Europe, inexperienced men who were prepared to work two or three years for nothing, in order to get experience to enable them to take up farming themselves at a later date, and in those days the question that was asked was, how much can the agriculturalist stand, in the midst of this unlimited wealth, in the midst of these extended natural resources, the finest in the world? It was in those days that we undertook our expensive projects such as the railroads, and political and educational institutions far in excess of the people's needs, far in excess, indeed, of the needs of our present population. So burden after burden was added until I am sometimes afraid, although I trust I am mistaken, that we have added the last straw so far as western Canada is concerned. I have no desire to be unduly pessimistic, but I wonder if we are not living in a fool's paradise when we speak of western Canada and its ability to come back, unless we have a complete reversal of policy in this country.

I said at the outset of my remarks that the conditions in western Canada had been dwelt upon at great length. The trouble with the analysis, as I see it, is that we deal far too much in generalities. I think the time has come when someone should speak, to some extent, scientifically and authoritatively, without bias and without prejudice, and in attempting to do that, while I dislike, to put it mildly, to put these quotations on the official record, there is no doubt in my mind but that they are going to have a profound effect upon land settlement schemes in western Canada in the near future. The statements are authoritative and unassailable. They were prepared by the staff of the Manitoba Agricultural College after an extensive and intensive survey undertaken last year. This memorandum has already been submitted to the Minister of Agriculture in that province, and I have no doubt that a copy has been forwarded to the Minister of Agriculture in this Government. What are the actual facts?

> In three decades the average yield of wheat in Manitoba has dropped from nineteen bushels to fifteen bushels per acre.
>
> The criticism frequently advanced that we produce only fifteen bushels per acre, while Germany produces thirty-three bushels per acre, and some other small European countries

which import our coarse grains and feed livestock and return the manure from our feeds to their lands get almost as much, is entitled to some defence. The facts are as stated and we must not belittle them, particularly when we remember that with the practice we are following we get only three fifteen bushel crops in four years, or, an actual average of three quarters of fifteen, which is but little over eleven bushels per acre.

The report goes on to say:

The effect of a generation of cropping to wheat has been to reduce the nitrogen of the surface seven inches of soil by 20 to 30 per cent, the phosphorous content up to an equal amount, and the organic matter by from 20 to 50 tons per acre. In other words, in a generation more than one-quarter of the potential wealth of the surface soil has entirely disappeared.

A great deal has been said in this House with regard to the cost of producing wheat. Again we have been dealing largely in generalizations, which, to my mind, are confusing if not misleading. I want to read this item with regard to the cost of producing wheat:

In the survey no attempt was made to arrive at the cost of producing wheat, for the very good reason that this varies with every farmer, every district and every season, and anything less than a thorough study of the cost in different parts of the province and on many different farms extending over a number of years, would be worse than useless, since the figures would be subject to misleading application. No work of this nature has ever been done in Canada, outside of a few counties in Ontario, but some work on cost of production has been done by the Farm Management Department of the North Dakota Experiment Station with the following results:

In the year 1919 the average cost of producing wheat in that State was $2.75 per bushel; the range being from $1.21 to $14.38 per bushel on the different farms studied. In 1920 the average cost per bushel was $2.44; the lowest cost being $1.05, and the highest $3.01 per bushel. In 1921 the average cost was $1.75 per bushel; the minimum 78 cents, and the maximum $5.24.

The above figures for the State of North Dakota, which is not essentially dissimilar in soil or climatic conditions to the Province of Manitoba, should furnish food for thought to all Western Canadian people, particularly when it is recalled that the prices of No. 1 Northern wheat at Winnipeg were as follows—

And this is for the calendar year—

No. 1 Northern, 1919, $2.63
1920, $1.76 to $2.74
1921, $1.11 to $1.49

The figures for the years 1920-21 are the highest and lowest monthly prices for the crop year. A much greater proportion of the farmers' wheat was sold at or near the lower prices quoted than was sold at the higher figures. These too are Winnipeg prices. The farm prices were less than these figures by the amount of the freight charges.

Seventeen cents per hundred pounds, I may say, from Winnipeg to Port Arthur. The farmers' prices were less than these figures by the amount of the freight charges, commission, and other charges for handling. Let me summarize because I think this is of the utmost importance. It is the first scientific attempt that I have been able to discover to determine the cost of producing wheat in western Canada.

Mr. McMASTER: How did they arrive at the cost? That is important. Did they charge interest on the capital, and the cost of management?

Mr. HOEY: I regret, Mr. Speaker, that I have not those details. I have no doubt they could be obtained from the source to which I have referred, but in the memorandum in my possession the details to which the hon. member refers are not given. This is the summary:

In 1919, cost, $2.75 a bushel. Price received—

And again we must deduct the freight rates and the cost of handling—

Price received, $2.63.
1920, cost, $2.44. Price received, $1.75.
1921, cost, $1.75. Price received, $1.11 to $1.49.

I think it will be of interest to compare the profits made by other business interests during this same period. In the budget debate of last year I noticed a statement that the net surplus profits of the Canadian Pacific Railway in the year 1920 were $33,000,000, of which sum $21,000,000 was amassed in handling wheat and other products in western Canada in the last four months of that year. It is also interesting to note that the Northwest Territories—this country which I claim has been bearing until now an unnecessary burden—gave that company 18,000,000 acres of land that was free from taxation for a period of twenty years, a period still further extended.

In the Canada Gazette of a few days ago I noticed certain items that indicate the dividends that banks are paying at this time. I want to put these on the official record so that the people of this country may have an idea just who was making the money while we were passing through this period of deflation:

Bank of Montreal

Notice is hereby given that a dividend of 3 per cent upon the paid up capital stock of this institution has been charged for the current quarter payable on and after Thursday the first day of June next to the shareholders on record April 13, 1922.

By order of the board,

FREDERICK WILLIAMS-TAYLOR,
General Manager.

Royal Bank of Canada

Notice is hereby given that a dividend of 3 per cent, being at the rate of 12 per cent per annum upon the paid up capital stock of the bank, has been declared for the current quarter, and will be payable at the bank and its branches on and after Thursday the first day of June next to the shareholders on record at the close of business on the 15th May.

By order of the board,

C. E. NEAL,
General Manager.

Quebec, April, 13, 1922.

Canadian Bank of Commerce

Notice is hereby given that a dividend of 3 per cent upon the capital stock of this bank, being at the rate of 12 per cent per annum, has been declared for the quarter ending 31st May next, and that the same will be payable at the bank and its branches on and after Thursday the first day of June, 1922. The transfer books of the bank will be closed from the 17th of May to 31st of May next, both days inclusive.

By order of the Board.

JOHN AIRD,
General Manager.

I want to go on and refer to the statement I made earlier in my remarks, that the condition in which agriculture to-day finds itself embodies all the elements that make for permanency. You may reasonably ask what I mean by a statement of that kind? Well, let me refer for a moment or two to the ravages from which agriculture is suffering at this time, ravages that were absolutely unknown—at any rate almost unknown—two decades ago. Let me quote again from the memorandum:

Stem rust has caused an average annual loss of over 5,000,000 bushels of wheat each year, since 1916.

That is in the province of Manitoba.

The lowered production as a result of insect depredations varies widely from year to year, but is conservatively estimated at seven million dollars per year. In 1921 the Western Wheat-stem Saw Fly alone reduced the yield of wheat in Manitoba by 3,555,000 bushels.

In increased production costs and in lowered yields the Manitoba weed crop costs her farmers twenty million dollars per year,—

That is, the wheat crop, on account of the method of farming to which the agriculturalist has been pressed by economic conditions, suffered a loss of $20,000,000 a year in Manitoba.

—or nearly seventy times the annual outlay for the Agricultural College.

Every forty million bushels of wheat shipped out of Manitoba takes from her soil plant food constituents that would cost more than twelve million dollars to replace."

That is what I mean when I say that the condition in which the western agriculturalist finds himself embodies, to my mind, all the elements for permanency. I wish to read what these unbiased investigators have to say with regard to rural discontent, because if I referred to rural discontent my right hon. friend to my right would say in reply, "Well, a great deal of the discontent is due to soap-box orators, such as you are," and my words would have no effect whatever. Therefore, I desire to quote what the unbiased investigators say with regard to discontent in western Canada. Their report reads:

Our representatives did the work in the country during June and July last, and while the price of wheat had not at that time reached the low level of later months, it soon became apparent that, even at that time, there was a strong feeling of discontent on the part of many farmers. Generally, they did not complain unduly of their immediate production problems, of soil or climate conditions, or, except in a few districts, of low yields, but the chief tenor of their complaint was the uneven deflation,—the rapid drop in prices of farm products, and the very much delayed drop in price of most things they had to buy. Among other causes of discontent mentioned again and again were high taxes; high freight rates; the United States tariff on cattle; the high price of machinery; the difficulty of getting help on the farm and in the home, and in some instances the high overhead charges on land and equipment purchased at war prices.

They knew also that increased taxes and transportation charges, and adverse tariff schedules over which they, as individuals had no control, were also contributing causes of discontent; and they could see no reason why agriculture should be expected to carry, without protest, such heavy losses, while transportation, merchandising and industrial interests delayed post-war deflation.

I desire to repeat what I said, that in view of these conditions I often wonder if we are too optimistic when we speak of the west and the ability of the west to come back. I know some hon. members will say, "Well, what about these millions of untenanted lands of which we hear so much?" Well, naturally I have thought of that, and I have discussed the matter at great length with men who ought to know, and they have informed me that these lands that are not to-day populated are almost wholly devoid of plant food elements. They assure me that, if that were not so the lands would have been taken up and cultivated by the farmers who find themselves in an impoverished condition now. A great many of these acres are alkali land. Then, again, they tell me that, where the land is not devoid of plant food content, it is heavily bushed and consequently expensive to clear. Unless, Mr. Speaker, we have a reversal of policy, I cannot see any immediate hope for western Canada. Hon members will ask, what is the solution? We speak a great deal of

the tariff. I am in favour of tariff reduction. If I were not in favour of reduction of tariff I would not be permitted to sit in this group, but I think the most drastic tariff reductions are wholly inadequate to meet the situation. We need drastic tariff reductions, or we must close up the west. We also need cheaper transportation facilities—that is lower freight rate. We need wider markets. They talk of the removal of the cattle embargo as if it were going to usher us into Heaven by the most direct route. I studied the cost of transportation from Moosejaw to Liverpool a year or so ago, when the cattle embargo was the subject of vital interest, and I learned that it took so much to pay the transportation of a steer from Moosejaw to Liverpool that there was nothing left for the farmer who produced the steer, except the tail, and even the tail, in my humble judgment, would have been all twisted. We need drastic tariff reductions, lower freight rates and wider markets. All of these, and the accumulative effect of all of these, are needed to restore agriculture in western Canada. I say—and I am not speaking bitterly or in any partisan spirit—that the economic conditions in this country have forced the farmer, not only to do without a great many conveniences, but to exploit his farm for the time being, to exploit the resources of western Canada, and thus forced him to rob future generations of their rightful heritage, and I defy contradiction on that point.

I desire to refer to the statement of the hon. Minister of Finance (Mr. Fielding) with regard to the tendency in this country of the people to lean on governments, to come to the government for support, and to seek out governments in order to obtain assistance. I do not think there is any thoughtful Canadian who has failed to notice that tendency in our public life. Next to the tendency of the average man towards cynicism with regard to politicians in this country and political institutions—and we seem to get away from that when we enter practical politics, because even a cynical man has some consideration for our feelings—that tendency to lean on governments, rather than to stand on their own legs, is to me one of the most demoralizing tendencies in the public life of this country. I remember in the country from which I came there were potato crop failures occasionally, and, of course, we subsisted almost wholly on potatoes. When there was a potato failure, we found ourselves reduced to almost abject penury. But I remember years when there were failures and some good philanthropist would get together with a government agent with the object of obtaining relief for us. I remember distinctly one year when we were reduced to abject poverty, when men sought relief for the district in which I lived, and when relief was offered in that thickly populated district only two families in the whole district accepted the aid and subsistence that was offered. Why? Because it was humiliating to them to accept government assistance. They had a sense of independence; they did not want government restrictions; their ancestry had fought and fallen for the overthrow of governmental interference. That was the kind of Scotch-Irish stock that built up great civilizations.

But compare that tendency to conditions in Canada to-day. If any man in this country wants to build up an industry, he comes to the government and says: "Will you not prohibit this commodity? It is likely to injure my industry." Another man may not want prohibition, but he may want regulation. I do not believe in governmental enterprises except in so far as they are absolutely necessary. I believe the people should be thrown back on their own individual and collective resourcefulness. I believe the problems of the future will be solved, not by compulsory co-operation, but by voluntary and mutual co-operation. But the Minister of Finance (Mr. Fielding) would have been better advised if he had dwelt at some length upon the cause of which that tendency is the mere outward and visible expression. You ask: Is there a cause? Most assuredly, there is a cause; there is no effect without a cause. What is the basic cause? For many decades in this country we have been making subsidies, subsidies to certain interests at the expense of other interests. How can you make a subsidy to any interest without penalizing other interests in the country? We have been affording protection to certain interests at the expense of other industris. I have spoken of the lands that are free from taxation in Western Canada. The government of Saskatchewan, a number of years ago, estimated that if the Canadian Pacific Railway were paying taxes in the ordinary way, $300,000 would come into the provincial exchequer every year. Oh, yes, the cause is there all right. Is it not the most natural thing in the world that we should reach a stage in our development when all

classes would want to enter the vicious circle? If we are going to protect any industry at the expense of other industries, then let us all get on to the toboggan. The decline is going to be a little more precipitous, but it is going to be exhilarating while it lasts. The same thing exactly is happening in the United States. The farmers there are following in the footsteps of their old friend the protectionist. I am not a very old man, and I may yet live to see the day when my fellow-farmers will be open and avowed protectionists.

An hon. MEMBER: Hear, hear.

Mr. HOEY: I do not mean in the sense the hon. member means. The agriculturists of the United States are following in the footsteps of their old friend the protectionist. Industrial enterprises in that country have, for years, been protected. The United States is gradually becoming a consuming nation, and now the agriculturists see their chance. Honest confession is good for the soul, and I think it is wholesome to make this confession, that agriculturists have no monopoly on altruism. If we afford protection to one industry, why not extend it to all?

Mr. McMASTER: You cannot.

Mr. HOEY: I think I can prove to my hon. friend that you can. We have in southern Manitoba to-day agriculturists who find that, under the most favourable conditions, their lands produce only ten bushels of wheat to the acre. We have in northern Manitoba, in the constituency from which the hon. member for Nelson (Mr. Bird) comes, land that produces 35 bushels of wheat to the acre, and which has been producing that regularly for years. Would it not be most reasonable and plausible if the farmers of southern Manitoba came down to the Minister of Finance and said, looking longingly and enviously towards their northern brother: "Give us fifty cents on every bushel of wheat we produce, or we will go out of business." I think they would be perfectly logical; but I think the Minister of Finance would be very well advised in pointing out to them what I have pointed out to them for years, that whereas their land is producing only ten bushels of wheat per acre, it is selling for $18 to $40 an acre, and that their taxes are determined upon that basis; that in the Swan River valley, land is selling as high as $100 per acre cash, and that their taxes are determined by that value; in other words, that economic phenomena have a flexibility and a levelling process that seem to have escaped completely the notice of our protectionist friends.

Mr. Herbert Spencer in that illuminating essay of his, entitled "Man Versus the State," reminds us of a time in the old country when the farm labourer received one-half of his wages from the farmer and one-half of his wages from the state. Could we not revert to that? Why should the Minister of Finance, in the interest of the unemployed, of whom our protectionist friends speak so eloquently, not revert to the days of which Spencer speaks and have the state pay one-half the wages of every farm labourer? The demoralizing tendency to lean on governments to-day is largely due to the mistaken principle that we have been following for many years in this country, a vicious principle that must lead to its own destruction. I sometimes say: "Let us all get into the circle." Let the snake put its own tail into its mouth and continue to feed. There is all kinds of nourishment before it reaches its head.

I want to refer, in my humble way, to the Fordney tariff as a factor in determining our fiscal policy. Prior to the last election —perhaps I was more conscientious than the average practical politician—that tariff gave me considerable anxiety; and in order to get at the actual facts, at considerable inconvenience I got into touch with three or four of the most outstanding business men in the United States to whom I could obtain access. I discussed the matter with them at some length on my own account; I did so because our platform, the platform that I was advocating, called for radical tariff reductions, and I could not conscientiously stand upon that platform and advocate its principles in view of what was taking place in the United States, until I had further light on the question. What was their explanation? In the fairest way possible they entered into a discussion of trade relations and pointed out to me that they were solidy opposed to the Fordney tariff, not because they had any thought of Canada;—Oh no; not in the least—they were opposed to it because they said it would increase the price of the workers' food. Hard wheat in the United States was becoming expensive, and just in proportion as the food of the worker went up, to that extent his purchasing power of manufactured articles would be limited. And, again, just in proportion as the price of food and the cost of living went up—and

they were hoping that it would go down—wages would go up; and they proved conclusively and to my satisfaction that if the American manufacturer ever had an advantage over the Canadian manufacturer by reason of the Fordney tariff that advantage was destined to disappear. They said: "It will not only hamper us in our relations with Canada, but it will give Canada a decided advantage over us in the foreign markets."

Now, in view of that statement, a statement that is reasonable at least, I think that if ever there was a time when we could have made more drastic reductions in the general tariff that time is the present moment. Furthermore, it seems to me that by taking that attitude we would have put an instrument in the hands of the low tariff forces in the United States that would have enabled them, perhaps, to modify the Fordney and McComber tariffs, or any other high tariffs that are likely to displace them. But let us look at the question from another angle. Let us suppose that we have not reached that stage in our development where we can consider matters of trade from that unselfish standpoint. Let us suppose for a moment that the Minister of Finance (Mr. Fielding) was actuated by a desire, I will not say to retaliate, because I do not like that word, but just to punish the United States a little for their Fordney tariff. What method could he have followed better than by making a more drastic increase in the British preference? I feel that such would be retaliation with which the right hon. gentleman to my right (Mr. Meighen) would almost agree. I have said a great many perhaps harsh things with regard to the Conservative party and its tariff policy, but I want to be absolutely fair, and I do not think I would be fair unless I made this statement, that throughout their whole tenure of office it is debatable if they ever had as opportune and propitious a moment to make tariff reductions as has this Government at the present time. Certainly there was never a moment in the history of the Conservative party when the time was more opportune and propitious to make such reductions than it is to-day. Let us look at the question for a moment from the point of view of international friction. In view of the Fordney and McComber tariffs, would we not have been justified in making a radical increase in the British preference without creating any dissatisfaction in that great country to the south of us that fought side by side with us in the great crisis? Looking at it from every angle I cannot see any justification whatever for the meagre fare that has been submitted to us. The Minister of Finance has adopted neither one attitude nor the other, and the position he has taken is, to say the least, not intelligible to me in view of present conditions. Our present system of taxation, which bears so heavily upon our working people, which takes eight times as much from the hon. member for Swift Current (Mr. Lewis) as it takes from me, regardless of our ability to pay, if that is the best system of taxation that we can evolve, I cannot see much hope for modern civilization. I want to read an extract from an address delivered by Mr. Lloyd George in the British House of Commons after his return from Genoa. He said:

9 p.m.

> One of the unfortunate results of the war, which had demonstrated the power of international goodwill, was that it should have developed into narrow, selfish, blind nationalism that was found in every direction—in customs restrictions and in trade and transportation, he declared. Transportation organized to develop international trade was used to prevent international trade. Not merely the amount of tariff was objectionable, he added, but its fluctuations and uncertainties. The human intellect was exhausted in order to make trade as difficult as possible. "This is the condition which we found at Genoa." he asserted.

I wondered, when I read that statement, if the contributions made to the discussions at the Genoa Conference by Sir Charles Gordon, representing the Dominion of Canada, would have any tendency to dispel Mr. Lloyd George's fears and render him more hopeful for the future. Now, someone may say, I suppose, that my address is lacking in the constructive element. A criticism such as that would, I think, have some justification. The critics will no doubt say: "You don't tell us where we are to raise the revenue if we make these drastic reductions". Well, I had in mind that we would raise the revenue from exactly the same sources from which the Liberals contemplated raising it when they framed their 1919 platform. From what source can we extract wealth? From the moon, that burnt out orb, or from the surface of the soil? There is only one way, so far as I can see, that we can meet our financial obligations, and that is by developing our basic industries. We can meet our obligations only by developing our basic industries to the extent that we dream of at this moment, and shipping the surpluses. With the wealth received we could pay off our

debts. I am not without sympathy, Mr. Speaker, and I sometimes think that the situation in this country is so serious that it may demand considerable faith on the part of the Minister of Finance. I mean that the Finance Minister might have to have faith enough to bring in a budget that would call for revenues perhaps considerably lower than our expenditure in order to re-establish the basic industry. I do not know; perhaps I have not given the matter enough thought, but I sometimes feel that way when I view the seriousness of the condition of what we ordinarily term the basic industry.

Let me turn for a moment to the amendment—and I do so without any bitterness whatever, in no partizan spirit, with no lust after castigation. I have found the amendment exceedingly difficult to understand, despite the fact that I have inherited all the prejudices that Tory ancestors can bequeath. In order to understand it more fully, I attempted to put myself in the place of hon. members to my right. I found the task exceedingly difficult, but I succeeded to some extent. I tried to look at it from my right hon. friend's point of view, in all fairness, and this is how it appears: the Government went in on a certain platform. That platform was wrong. They made promises that they would embody in legislation the proposals and planks contained in their platform. That is to say, they made a wrong promise. They got into power, but under a sense of responsibility they recanted.

Mr. MEIGHEN: Oh, oh.

Mr. HOEY: I am trying to look at it from the point of view of hon. members to my right.

Mr. MEIGHEN: What is your own point of view. That is what should decide your action?

Mr. HOEY: Perhaps—

Mr. MEIGHEN: Will the hon. gentleman tell me then what his point of view is?

Mr. HOEY: I am just coming to that, if the right hon. gentleman will be patient. Having got into office and labouring under a sense of responsibility, they did not follow their own promises by wrong-doing. Would they have gone up in the estimation of hon. gentlemen to my right if they had followed a wrong promise by wrong action? I am looking at it from the ethical standpoint.

Some hon. MEMBERS: Oh, oh.

[Mr. Hoey.]

Mr. HOEY: My associates smile at the idea of mixing up ethics with politics. Well, say my hon. friends to my right, because the Government did not follow a wrong promise by wrong action, we are going to oppose them.

Mr. MEIGHEN: Will my hon. friend permit a question?

Mr. HOEY: Most assuredly.

Mr. MEIGHEN: Does he believe in the practice of making political promises and then violating them in office?

Mr. HOEY: I certainly do not.

Mr. MEIGHEN: Then why does the hon. gentleman refuse to censure that practice?

Mr. HOEY: Well, I am not dealing with the censure; I am dealing with the angle from which the censure comes.

Mr. MEIGHEN: That is exactly what my hon. friend is doing; but he does not explain his own position on the amendment until he explains why he refuses to censure a practice in which he says he does not believe.

Mr. HOEY: Oh, I have been speaking only a few moments on the amendment; it is early in the night yet, Mr. Speaker. Placing myself in the position of hon. members to my right, I could not conscientiously censure any government for not following a wrong promise by wrong action—that is to say, I could find no ethical justification for my action. I think the amendment is wholly unworthy of a great party.

Mr. MEIGHEN: May I suggest to the hon. gentleman that that is not what the amendment says? The amendment does not condemn a failure to do wrong, it condemns the making of a promise and the breaking thereof; and that practice the hon. gentleman says he himself condemns.

Some hon. MEMBERS: Order.

Mr. MEIGHEN: Hon. gentlemen opposite are even more afraid than is my hon. friend.

Mr. LAPOINTE: This also is unworthy.

Mr. HOEY: I have not the slightest doubt that the right hon. leader of the Opposition, by the exercise of the most subtle ingenuity, will place this dish in the most palatable form before his followers. I simply say that if I were in the position of hon. gentlemen to my right I could find

no justification for my action; that is the position I take. But I want to go on and say that in my opinion the amendment is wholly unworthy of a great party and a great leader.

Mr. DUFF: It is not a great party.

Mr. HOEY: A great party and a great leader, with natural and acquired ability, enough and to spare for every emergency. Surely we might have had something constructive. What about the platform submitted to the people of this country by the right hon. gentleman? Since when was it scrapped?

Mr. MEIGHEN: It is not scrapped at all.

Mr. HOEY: Why is it not submitted?

Mr. MEIGHEN: Because it is mostly in effect.

Mr. HOEY: It may be in effect, but it certainly is not effective in meeting Canadian conditions. Since when has their platform been scrapped? There is no word of it at all. Here we have a great party and a great leader, not sounding a constructive note in the most serious crisis through which the Canadian people ever passed. Is that co-operation? Is that the co-operation of which we spoke so eloquently in the dark days of the conflict? Is that making the highest contribution of which my right hon. friend is capable to the cause of progress in this country? In my opinion, it is not.

Mr. MEIGHEN: Will the hon. gentleman permit me? What more could I ask for in this the main issue if our principles are still in effect?

Mr. FIELDING: Why complain if they are in effect?

Mr. MEIGHEN: I do not complain of their being in effect at all.

Som hon. MEMBERS: Order.

Mr. MEIGHEN: I say I do not complain of their being in effect, nor does the amendment complain of it. We complain of the conduct of hon. gentlemen opposite in promising something else and doing this, and thus deceiving the people of Canada.

Mr. HOEY: The right hon. gentleman speaks of broken promises.

Mr. MEIGHEN: Hear, hear.

Mr. HOEY: Have not broken promises been associated with the political life of this country for a great many years?

Mr. MEIGHEN: Hear, hear.

Mr. HOEY: Opposed to free wheat in 1911 and afterwards bringing about its adoption. Yes, you say,—the exigencies of the war period and hon. members opposite will add, the exigencies of the post-war period. What about a government that went in on the distinct understanding—and I was associated intimately with the campaign—on the distinct understanding that it was a war government?

Mr. LAPOINTE: Hear, hear.

Mr. HOEY: That nothing of a controversial nature was to be discussed on the platforms? That is what we were informed; but did the government resign immediately upon the close of the war?

Some hon. MEMBERS: No.

Mr. HOEY: A broken promise.

Some hon. MEMBERS: Hear, hear.

Mr. MEIGHEN: If the hon. gentleman will—

Some hon. MEMBERS: Order.

Mr. MEIGHEN: The hon. gentleman will see how many protectors he has across the floor. I will ask him here and now to produce that promise from the government or any member of it or, from the Prime Minister.

Mr. HOEY: The task would be an impossible one.

Mr. MEIGHEN: Hear, hear.

Mr. MARTELL: The candidates promised it. They did in my county anyhow.

Mr. HOEY: The right hon. gentleman made a speech in the city of Winnipeg, with two other hon. gentlemen, and the distinct impression I got from his remarks on that occasion was that it was going to be a war government.

Mr. MEIGHEN: The speech is published. I would like the hon. member to read it.

Mr. HOEY: I listened to it, and I know what the impression I got was. I want to be fair. I do not want to exaggerate at all. It may not have been made, but I say that the people throughout the district in which I was, took it as a distinct promise that nothing of a controversial nature, such as the tariff, was to be discussed, but that immediately the war was over we were going to take up domestic problems.

Mr. MEIGHEN: That is what was done.

Mr. HOEY: But the government did not resign and appeal to the country immediately after the war. Then we had a tariff commission travelling all over this country at considerable expense.

Mr. STANSELL: Before passing to another subject, I think the speaker has made it very clear that he did not—

Mr. DEPUTY SPEAKER: If the hon. gentleman has a question to put, I must ask him to put it at once, without argument.

Mr. STANSELL: I wanted to make my question clear. Will the hon. member tell us whether he justifies the making of a wrong promise? He has made clear the other. Will he make this clear also?

Mr. HOEY: I have answered that half a dozen times during the last ten minutes. We had a tariff commission touring this country, and the distinct understanding was that there was going to be a tariff revision, but that tariff revision was never attempted.

Mr. DUFF: It was also promised in the Speech from the Throne.

Mr. HOEY: Then we had the understanding—I will not say there was a promise made—that we were going to have redistribution giving the West the representation to which she was justly entitled. We did not have redistribution. I will not call that a broken promise, as it would not be fair, but it was dangerously near it.

I have made the statement, and I made it with no joy in my heart at all, that the party system of government in this country was largely discredited in the consciousness of the Canadian people. I do not want to adopt a holier-than-thou attitude and say that we have discovered something better, but I do say that the Canadian people will never go back to the old by-party system, with its mysterious campaign funds that have exercised such an influence on the policies of this nation. We will never go back to that. We must, if we are true to the living and to the dead, go forward toward something better, something more worthy of us.

Hon. gentlemen to my right are exceedingly anxious to know how we are going to vote. I am going to satisfy their curiosity; I feel the time has come. There is no difficulty in my mind as to how I shall vote. I would not be true to the people who sent me here if I did not vote one way—and one way only. No matter what may be the motives that are actuating me in casting that vote—that is a horse of another colour—I am going to vote—and this is the most interesting part of my speech, and I want to state that the whole Progressive group are voting solidly this way—I am going to vote according to the dictates of my conscience, and as a true Canadian with the interests of his country at heart, repudiating broken promises, on the one hand, and political trickery and expediency on the other, voting as a Canadian looking forward to a day when we shall have in this country men whose word shall be as their bond, and who will enable us to build up in this country a civilization that will be a pattern of all that makes for national progress, international comity and good will.

Hon. J. B. M. BAXTER (St. John city and counties of St. John and Albert): Mr. Speaker, I should be less than courteous, and very much less than sincere, if I did not take this opportunity to congratulate the hon. Minister of Finance (Mr. Fielding), who has delivered his budget on this occasion, on the fact that in the sunset of life he is enjoying the opportunity of again filling a position which he has filled in past years, and which I think the people of Canada will say, without attaching any political importance to the remark, that he has always filled worthily in a personal sense. It would be too much to expect that all the members of this House, let alone the people of Canada, could possibly be in accord with the proposals which the hon. gentleman has to-day laid before the public for acceptance, but it is not too much for us to say that party differences or the differences which are engendered by opposite points of view, commercial points of view, I might call them, should not prevent us from paying a deserved tribute to a worthy Canadian whose life has been full of hard and earnest work. I would like to say, just as a personal appreciation, that it is only during a short time this session that I have had the pleasure of coming in some contact with the hon. Minister of Finance, and I have been delighted to find his extreme readiness of expression, and also to note in every act of his an absolute resoluteness which is too often lacking in the public life of this country. I am glad to be able to say things of this character. If I had criticism to offer, it probably would not be made, because I feel that a long term

of public service so distinguished as the hon. gentleman has had ought to entitle him to a very great deal of consideration. I have from a personal standpoint no criticism, but rather an appreciation to offer.

In discussing the budget proposals I shall try in the short time I intend to occupy the House to approach the subject entirely from what I conceive to be the business point of view. Now my hon friend made use of some figures. I have not the slightest doubt but that they are absolutely correct, and I wish to supplement them with some other figures, because I have already said that the hon. gentleman has shown a resoluteness and courage in dealing with the matters he has laid before the House on this occasion and also, I may say, on other occasions when he has addressed the House. I feel I may digress to this extent: I believe the hon. gentleman is putting forward proposals which by no means go to the length he would like to have them go; they by no means meet his ideal of economic conditions; in fact I may also venture the suggestion that the proposals which he does make on this occasion approach much nearer to the economic ideas of the group of which I am a member than they do those of a large number of the group of which he is one of the exponents. However, he has given us this statement and he has given it, I believe, with absolute sincerity. He occupies the positon which enables him to make this statement because of the success of his party at the polls,—a success which must have been very gratifying to him and to his party but which was obtained by the violation, in every respect, of that candour and sincerity which distinguishes the hon. gentleman himself. I would pass, for a moment, to a quotation from a speech delivered by the hon. gentleman during the campaign. He said on that occasion:

> It would be possible to make the tariff much less burdensome on the people, particularly the poorer classes, without injurying industry, and the Liberals when in power would do this.

I believe the hon. gentleman was sincere when he uttered those words. I take, however, the utterances of his leader (Mr Mackenzie King) and I am going to quote from a report in the Toronto Globe of a speech made by him in the constituency of York, Ontario. Now, I take it that in public life we had better get down to plain, blunt facts. It is possible, as the late respected Mr. P. T. Barnum said, to fool some of the people all of the time, to fool the whole of the people part of the time, but impossible to fool all the people all the time. I notice that the leader of the Government assumed in this speech that the population of Canada was nine millions, and I will use that as a basis for testing his calculations and the sincerity of the views put forward, not only by himself on the platform but by his party in their literature, to obtain the adherence of the electorate to that party: assuming nine millions as the population, he said the tax for federal purposes alone would be $62 per head, and for a family of five, $310, a statement that no doubt was read, was noted, and was commented upon by the hon. gentleman (Mr. Hoey) who spoke a few moments ago; and no doubt his nerves are still tingling with the idea of this immense burden of taxation. In fact I would not doubt but that his entirely pessimistic attitude with regard to the Canadian West has been more largely inspired by speeches of the character made by the leader of the Government than by the actual facts as they present themselves in western Canada. The leader of the Government further said: that this sum of $310 per year meant the difference between a home and no home, or between giving to loved ones the food or education they needed or not—a most pathetic appeal. And when we look at the figures which have been supplied to us by the Finance Minister, and others which are easily obtained from the records of the country, we find that in the year 1920-21, the year upon which the leader of the Government must have based his calculations, the receipts of the Dominion were something over $434,386,000. That would mean not the large amount of $62 per head but $48.26, and when multiplied by the typical five-member family would come to $241.30. The receipts must surely be the measure of the taxation actually imposed upon this country. If the leader of the Government had used the correct figures I am not going to say it would have made very much difference; but I do say that his appeal was based upon a statement as to the taxation imposed by the late government which was, to say the least of it, absolutely misleading. If, however, he took the expenditures for the year he would be no more happy because the late government had not spent up to the amount of the revenue and the burden would be $210.-30. We come then to 1921-22 when we find that on the basis of the receipts, which is the burden supposedly borne by the

five-member family, the tax was $211.80, and on the basis of actual expenditure it was only $193.40.

Now the reason I am commenting on these figures at all is to point out that on the basis of the estimated expenditure put forward by the Minister of Finance this year as the amount—cut to the bone, pared as closely as possible,—the smallest amount he can get along with,—the tax is to be at least $244.85 on the supposed five-member family, or larger than it was under the preceding government. Where then is the relief that was promised on every platform in this country—the relief that was promised to the women of the home in a pamphlet that I have upon my desk and that was largely circulated throughout Nova Scotia; that was promised to every wage earner and to every labourer within the sound of the voice of the leader of the Government? One would have expected under those circumstances to have found some real reduction, some real abandonment of expenditure, but instead of that we have an actual increase. Not only have we a failure to implement the pledges—not set out in the platform of the party adopted in convention, but the pledges spoken from the platform and published in the party literature—but there is, as in all other matters, an absolute disregard of them.

I noticed with much attention the attitude taken a few minutes ago by the hon. gentleman who spoke for the Progressive party. He assumed that the party sitting to your immediate left, Mr. Speaker, would be intensely interested in knowing how he was going to vote. I can assure him that that party is only concerned with how it is going to vote itself. We have our principles and we stand true to them. We know how we are going to vote, and we have known for a very long time, in fact, practically, ever since the session commenced, just how the hon. member who has just spoken is going to vote. It was not necessary to volunteer any information on that point. He is going to vote as he voted on the first division this session in this House. He is going to vote in favour of a policy by which a party can go to the country upon a series of misstatements, and if returned to power, he will vote to condone such conduct and will support that party. He talks about what is ethical, and his action drives all that is ethical out of public life. He has quoted the words of the Finance Minister about leaning on governments. I am not particularly concerned with his application of it, but there is leaning and leaning; and leaning sometimes is a support. We often see a post placed in the road which affords protection to a structure, which would topple over without its support. It is the Government that leans, and it leans for support upon the hon. member who has just spoken.

Mr. HOEY: Will the hon. member tell me, has the Government since its inception ever leaned on the party to which he belongs?

Mr. BAXTER: The hon. member probably thinks the question is pertinent, and I will tell him that, so far as I know—and he has the same opportunity of observing that I have—the Government has never leaned upon the party which sits to the Speaker's left, but I will say that in certain matters the Government members had the good fortune to be possessed of sufficient commonsense to vote the same way as the party which I belong to has voted. That is a Heaven-born gift, that, so far, has been denied to my hon. friend and the party with which he is associated.

Mr. HOEY: It is the same commonsense that has influenced me to do it on other occasions.

Mr. BAXTER: I am quite willing to take my hon. friend's self-sufficient estimate of himself. There can be nothing much more perfect, probably, in ethics, politics, morality or religion, and we will let it go at that. If the hon. member wants any better character, I will try to improvise one to his satisfaction, but I have no desire for any personal quarrel with him. The leader of the Government went to the country making representations of the character which I have mentioned. Those were public utterances. I have another utterance, where he said that Cape Breton Liberals had fought for the development of the coal and steel industry. I was never aware of any pitched battle on the part of the Liberals for the development of those industries, but, at the same time, that is the statement he made. He also declared that they would continue this fight until they brought back the prosperity which Canada enjoyed for fifteen years under the Liberal regime, and I notice, as a striking commentary, that my hon. friend from Cumberland (Mr. Logan) told his audiences during the election campaign that a much higher duty should be paid on American coal coming into Canada. Apparently, it was not possible, however, to influence the Prime Minister (Mr. Mackenzie King) to

the extent of altering the tariff in the direction of an increase. On that point my hon. friends to the left seem to have had their innings, because the Liberal platform was interpreted throughout the West as meaning abolition of coal duties, while in Cape Breton, and generally throughout Nova Scotia, it was interpreted as in favour of enhancing those duties, for the protection of that very important industry.

I will refer to a pamphlet issued during the campaign, to which I referred in the debate on the address, in which, I think, a pair of boots was taken as an illustration. The people were assured—the women at all events of Nova Scotia were assured—that it was very wicked of my right hon. friend and leader (Mr. Meighen) to take 50 cents on a pair of boots, of which, I believe, some 20 cents went to the manufacturer, while, if my hon. friend the present leader of the Government were returned to power there would be a difference of some 30 cents in the duty. I said at the time that the thing looked very much like the traditional 30 cents, but I find, after we have had all the tariff proposals, that it does not even reach the munificent sum of 30 cents in the reduction of the cost of living. I think about nine cents, after you have calculated the duty on an average pair of boots, and after you have taken the increased sales tax, about eight or nine cents, is the amount of the deduction, and you only get that if you import the boots or shoes from England. I am not sorry because I am not advocating the reduction of the duty. I believe in building up the industries of Canada and keeping the workmen within our own country by the produce to be raised, even in this part of the country, which, I am assured, is going very rapidly to the dogs—a statement which I do not accept at all. I want to see our own workmen and our own agriculturalists kept employed. I want to see a united Canada built up. I am glad the Finance Minister has not proceeded further in the work of destruction that was promised by his party when out of power.

I think it is entirely a matter of congratulation to the country that the tariff has not been very seriously disturbed, but it is a different matter when the hon. gentlemen who now control the Government and who know the effect of the tariff upon the business of the country, make representations, not only in their platform, solemnly adopted in convention, but also on all the platforms of the country. They made those declarations and stated what they were going to do. They came into power. They knew just as well before as after they came into power how much money it would take to run this country for a year, and they knew that it could not be done accompanied by any serious tariff reduction. The Finance Minister, with a frankness that is characteristic, told the House and the country what his leader never dared to tell the country, that it is impossible to carry out the pledges that were given in the platform of 1919, and the pledges that were given during the last campaign. That is a manifest fact, and my hon. friend who discussed the matter to-night said over and over again that he was dissatisfied with and humiliated by these budget proposals. He realizes that, according to the Finance Minister, it is an absolute fact that the cost of administering government and carrying on the public services of the country cannot be brought lower, that a burden of taxation must be imposed, and that the only question that remains is as to the distribution of that taxation.

We were promised that a load would be taken off the poor people. We have the pitiful appeal of the leader of the Government, as if people were going without medicine, without food, without education and clothing, because of this tremendous burden of $310 per family, which, after all, is only an average and is not true with regard to any specified family in the Dominion. Yet, that was the nature of the appeal, and now the hon. member who made that appeal had to face the fact that they cannot carry out the promises that they gave, or the suggestions that they made. They cannot, and they dare not, carry into effect the things that they told the people they wanted to do if they came back into power.

How does the case stand with some others? We have already had a vote in this House, and the Liberal party has declared that promises do not bind them; that political platforms are only scraps of paper. The Liberals have informed us that their leader, by a certain magic formula, after the platform was adopted, rendered it as tenuous as some vapour floating over a chimney top. He waved his hands and he uttered the magic words that he accepted all the work that the convention had done, and that he would regard that simply as a chart to be followed, according as he might be advised by those whom he would gather around him into the counsels of the party. Day

after day was spent, mile after mile was travelled, health after health was drunk and cheer after cheer was rung around the room for this great magna charta of the Liberal party that was to give us the political and financial salvation of Canada; and yet, when their leader was adopting it, they did not know that he was damning and destroying and tearing it into the veriest shreds and patches and remnants of a policy, a thing not to be followed, not to be carried out.

But there are some other people in this House. Do they stand any better? The Liberal party, like the Conservative party, was repudiated during the campaign by certain other gentlemen. They wanted to stand on the "Mount of Promise" with their faces irradiated with the new political glory. They were going to come down that mount carrying the tables of the new law which would bring a new political salvation into this wretched political sin-struck world. Ah, they broke the tables of the law in carrying them down, just as the other Moses did. According to the other platform, we were to have not a postponed, not a delayed, not a fanciful, but an immediate and substantial all-round reduction of the custom tariff. Did the gentlemen who framed that know what they were talking about? Was this some more vaporous matter to catch votes; or was it the honest belief of the men who penned it and the men who spoke it? What are we trading on in public life anyway? Facts or fallacies, truth or fiction? The decision has to be made here as well as in the country. We can have the immediate reduction as soon as Parliament meets; the hour is now; the opportunity is here; but vigorous and united as they are, and knowing as they say just how they are going to vote, will my hon. friends to my left show me a substantial reduction of any duty, let alone a substantial all-round reduction of the customs tariff? Where is it? They cannot find it themselves, and their friends opposite, their friends in conjunction, cannot and do not pretend to show it to them. Both sides have repudiated the idea of getting any practical, beneficial reduction in the customs tariff; but my hon. friends are going to vote to support a government that gives them this back-handed slap, that destroys their hopes, that repudiates their platform as well as the Government's own.

My friends to my left also solemnly announced to the people of Canada that they were going in for a reduction by 50 per cent of the preferential tariff for Great Britain. That reduction was to be immediate; that was to be now, not five years from now, and then they were to have further gradual uniform reductions to ensure complete free trade between Great Britain and Canada in five years. I think it is up to my hon. friends to the left to discuss a little less, perhaps, my right hon. friend (Mr. Meighen), who has led this party with clearness of vision, with soundness of intellect and with a straight regard every time for the truth and the fact, and to tell us why they stand here mouthing about other things and disregarding their own platform, not daring to stand on the floor of this House and support a single plank or a single atom of the thing they said would bring salvation to Canada. Let those who live in glass houses cease throwing stones; or if they must throw them, let them throw them against a badly shattered glass house just over the way.

That was not their whole platform. Another plank was reciprocity with the United States in natural products. I do not blame them in regard to that; they might have thought they could get that. That might have been an honest mistake; they know now they cannot get it. Another demand was that all foodstuffs should be placed on the free list. Search your free list to-day; search the free list in the tariff proposals of the Minister of Finance, and tell me where you will find foodstuffs on the free list. It will take some searching to find any. Did the hon. member for Marquette (Mr. Crerar), who leads this party to my left, not know that these things were impossible? Is he such a child that it is only in this session that he has discovered the financial standing of the people of Canada? Is it only now that he learns for the first time that these things cannot be done? Is it possible that he sat in Parliament, in the Government of this country, as year after year went by and he was accumulating knowledge, and yet he had not attained so much knowledge as to know these things were a mere lie, a sham and a deception to the people? Agricultural implements, farm and household machinery, vehicles, fertilizers, coal, lumber, cement, gasoline, illuminating fuel and lubricating oils—all to be free. Show me one of them now; but vote, gentlemen to my left, vote in your morganatic alliance, vote as you told us a while ago that you would. Vote to support, as I said you were supporting, a union always a little shady, a union which gives you none of the benefits, honours or dignities,

but which confers upon you any of the degradations that there may be, that puts you to the menial task and takes you not into the household, that seeks you not in the home, but that puts you into a kind of inferior position. But vote for that kind of slavery if you like it.

Raw material and machinery used in the manufacture of these articles were also to be free, and we have the sanction of the great Council of Agriculture upon this. But when we have the budget, my hon. friends across the way, just as much as my hon. friends to my left, cannot refute the fact that was so clearly, plainly, honestly and courageously enunciated by the Minister of Finance, that it takes one hundred cents to pay one dollar of debt; that you have to do that, and that this country cannot go begging. I admire the stand the minister took; I admire his courage. He is about the only man in the two parties who had the courage of his convictions and who has taken hold of matters with a businesslike grasp. He says that you cannot carry out the platform of either the Canadian Council of Agriculture or the Liberal party. But where were the parties before we assembled in this House, before the people did the choosing? Ah, this old party was being blackguarded from one end of Canada to the other as a party of oppressors. From the Atlantic to the Pacific my leader (Mr. Meighen) was termed an autocrat. If there be autocracy in being just; if there be autocracy in telling the truth; if there be autocracy in being honest and four-square; if there be autocracy in not trying to camouflage the situation of the country; if there be autocracy in not begging people for their votes, giving them one kind of coin of political promises in one place and another kind in another—if that be autocracy, then I am more glad than ever that I stepped into the fight and endeavoured to help a man of the character of the leader of this party.

You can review the campaign if you will. Other parties may have things to think about themselves, or about their leaders, or about their press, but there is one thing that cannot be said honestly. It cannot be said that the Conservative party told the country anything else than the thing that it could and would do, the thing that it intended to carry out if it had been returned to power. We did not talk about making everything free and slicing off the customs revenue of the country; we did not talk about lifting burdens off the poor man; we did not attempt to fool the people for the sake of getting their trust. We were content to come back to power, but only on such conditions that we could face the electorate afterwards and say that we had done nothing other than what we promised, from the platform and from our press, could be done and would be done. We stand therefore in a position of intense satisfaction to-night, when we see our hon. friends to the left prepared to swallow again the dose they took at the opening of the session and stand up here and approve, by their votes and their conduct, the breaking of pledges, virtually declaring that it is not necessary to have any faith or honour in public life at all, and that all you have to do is to get on a platform and tell the people any old thing that will fool them for a while until the votes are counted, afterwards turning your back on your solemn pledges. My hon. friend who spoke a few moments ago (Mr. Hoey) rather sneered, I thought, at the amendment which has been moved. Let us look for a moment at that amendment. Is there any man in the House who will deny the following statement:

10 p.m.

> That to these ends, wheat, wheat flour and all products of wheat; the principal articles of food; farm implements and machinery; farm tractors, mining, flour and sawmill machinery and repair parts thereof; rough and partly dressed lumber; gasoline, illuminating, lubricating and fuel oils; nets, net twines, and fishermen's equipments; cements, and fertilizers, should be free from customs duties, as well as the raw material entering into same.

Will any hon. member deny that that resolution was adopted? Scarcely. Further, the Liberal party resolved:

> That the British preference be increased to 50 per cent of the general tariff.

What hon. member will deny by his vote that the Liberal party adopted that? None, I think.

> And the Liberal party hereby pledges itself to implement by legislation the provisions of this resolution when returned to power.

Ah, Mr. Speaker, the prospect of a return to power was the glory of it all,—the hope of power and the realization of power. To proceed:

> That such pledges were restated as the policy of the Liberal party in an official handbook issued just before the general election, namely, in October 1921, under the authority of its leader, Honourable W. L. Mackenzie King.

Will any hon. member in this House deny that statement? I think not.

That candidates contesting on behalf of the Liberal Party in the said election, used widely the promises therein set out as a means of securing support.

No one, I think, will deny that either.

That the Liberal party having been returned to power, the Budget proposals of the Finance Minister now brought down, constitute, on the part of the Government, an utter failure to implement such pledges by legislation.

Is there a man within the sound of my voice who can say that that is not correct? The Government may offer some excuse for not implementing their pledges by legislation, but they cannot contend for a moment that they have implemented them. They have not implemented one of them. The rest of it follows:

That the making of such solemn pledges, the utilization of them to secure support, and their flagrant violation after the attainment of office reveal a disregard of political honour and tend to lower the standard of public life.

I fancy this is a case where the horse comes up to the hurdle and balks at the jump; for hon. gentlemen know in their consciences that they ought to vote for the amendment. There is not a syllable of it that they can deny. But there is another platform, that of the Canadian Council of Agriculture, that is being equally violated by their supine acceptance of the proposals of the Government, whatever they may be. My hon. friends ought to be congratulated upon the plenitude of their success in this session. One sees the mere wraith of the Wheat Board trailing past the doors and disappearing into the night. There will be no compulsory Wheat Board; not even the bravest of them imagines that now. There will be only the ghost of the Wheat Board to give a warning to certain representatives in the prairies when they next appeal very unwillingly to their assistance. As regards the Crowsnest pass, I do not think my hon. friends are getting very much consolation now that there is some common sense injected into the discussion of that question. Redistribution was another immediate demand on the part of hon. gentlemen, but I think possibly they realize the futilty of repeating that demand this session. By the way, there was an observation made by the hon. member for Springfield (Mr. Hoey) with regard to my right hon. friend and leader (Mr. Meighen) as to redistribution. It is a fact that only about the opening of the session, were the census figures sufficiently completed to enable the House, if it so desired, to consider the question of redistribution, and I should like to know how my right hon. friend could possibly have introduced a redistribution bill and got it through before he had those figures or before the census was even taken. When I hear criticism of that kind I am reminded of the character of men I have canvassed from time to time in the past when I used to go about soliciting a personal vote. I used to encounter a type of man, who, when I asked for his vote, would hit off on something else. There was always something that did not quite suit him. He was dodging the question, and I knew from the start that he did not intend to vote for me anyhow. The hon. member for Springfield will not mind if I class him mentally with those men whom I used to size up as natural born opponents whom I could not win over anyhow. No matter what excuses they made they were bound to vote for the other side. That is the way a great many members of this group regard the hon. member and other vociferous exponents of the Progressive party. After all, they are Liberals. I would not call them good Liberals, because they did not run under the banner of their party; but they thought they had a better chance of getting into the House under the cloak of another party, and another platform a little more deceptive than the Liberal party's, if it is possible to make one so. And now to-day the cloak begins to fall off and we see them in the colours naturally theirs.

I shall not attempt to discuss the budget at any great length. However, there are a few observations that I think it well I should make. Must it not be noticeable to hon. members that right through these budget proposals there is a significant absence of taxation upon luxuries? It strikes at the essentials or fundamentals. Now, let the farmer of this country, to whom the automobile in many cases is simply a replacement of the horse; let such a farmer —I do not mean one of the camouflaged brand who is in politics a Liberal first and a farmer only for principle's sake; I mean the real farmer—let him look at the automobile question. My own view of it is that it would have been wiser in the tariff proposals to treat in a different manner the automobile, say, of the style of the Ford. I am not going to advocate the use of brother Henry's products in opposition to any other, but I refer to the cheap form of automobile which gives very good service and which to-day has become almost essential to rural life. Why not have helped

the man on the farm by refusing to impose excise taxes upon such cars? Why not have taken the broadside that Mr. Attorney General Raney delivered in the last election against undue profits of the Ford Motor Company as at least an excuse for giving to those who need the convenience of an automobile in their business a substantial reduction in the cost of that article? Let the rest of us, those who ride in cars for pleasure, pay the 10 per cent or 5 per cent or whatever it may be, and give to those who really need the automobile some real relief. That is what my hon. friends should have done. I have not heard any of the hon. gentlemen to my left demand that. It is very evident that they are not bothering at all about the farmer; the matter of an automobile to the farmer does not matter.

Mr. RYCKMAN: They like the tax.

Mr. BAXTER: Oh, charmed with it; they must be very fond of it. A reduction has been made of a few paltry cents upon ploughs and upon a great many other articles that apparently we obtain only from Great Britain. Just imagine bringing a farm cart from Great Britain—and you get a reduction of 2½ per cent on that article; but you cannot get any reduction if you bring it from across the border. Now, who in thunder among the farmers expects to get any benefit out of that part of the policy? Of course, my hon. friends to my left mildly applaud it and say it is the best thing that could be done under the circumstances—a "step in the right direction." Well, when they have stepped out on the prairies it will be a case of "Tell it not in Gath; publish it not in the streets of Askelon." That is the way this news will be received if my hon. friends go fresh from Parliament with that kind of thing going on.

Then, let us look at these proposals for a moment from the standpoint of the labourer. I notice that the labourer gets the benefit of the 2½ per cent reduction on his heavy knitted wool undershirt, while the man who is fortunate enough to be able to wear collars and cuffs to his work, gets, I think, a reduction of 10 per cent, or 5—it is twice as much, anyway.

Mr. RYCKMAN: Put it on the safe side.

Mr. BAXTER: At all events, we will say it is at least a very gentlemanly tariff; it has proper regard for those who dress in good taste, and the man with collars and cuffs is going to come off better than the poor chap who has to go to work in his knitted shirt. Well, if my hon. friends to my left want to approve of it, all right. They have the votes; they have the opportunity,—and they also have a splendid opportunity to swallow their vote. I hope they enjoy it; I hope they like to gulf down budget, tariff, principles, everything, for fear that if they voted some other way this Parliament might suddenly go to pieces and they would have to give an accounting of their stewardship to the people of the prairies.

Now, I am not a very belligerent character; at the same time I do not want to be classed as an entire pacifist. I know that what I am going to say will not have very much of Christian savour about it, but I am going to express my real feeling. Perhaps what I say will be much more pagan in its character than hon. members may think it should be. But I should not jest on the subject, because I am in real earnest. Except that it might have cost many thousands of additional lives, I have felt and I always shall feel that the justice of God was not done upon Germany when her cities, her villages and her people remained intact, safe and sheltered, while the land and people of France underwent terrible devastation and suffering. It may not be Christian, but I think it is intensely human to feel that not until we are sure that the brute that is the soul of Germany —for she has no soul—is destroyed, we should not strengthen the power of what was the German Empire. You may trade with her, if you will. If you want to sacrifice everything to commerce; if there is to be no sentiment; if there is to be no feeling in the matter, then we can go on and barter with Germany and let her people do for us the work that the British artisan might do or the Canadian workingman might do near our own homes. If that is your sentiment; if you are willing for the sake of a few cents or a few dollars to let Germany engross your trade, God knows this tariff gives her the opportunity, and she is too only too willing to profit by it. Now, I do not want any one within the sound of my voice or any one who may read what I say to-night to infer for a moment that I desire in the least sense to brand the Government as intending to do anything against our nationality or our British connection, or, above all, in favour of Germany. I would not accuse the Minister of Finance or his colleagues of any deliberate intention in that regard, and I

would be very sorry if a thing so cheap and so capable of being used on the hustings as an election cry should be resorted to. I may say that statements of that character have been made about us, and I would not wish a reprisal of them. It is not fair; it does no good to our national life. I would like to see the matter considered on the other basis. Let us, at least, until we are moderately sure that the world is safe, raise a barrier against those countries that tried to kill democracy and slaughter liberty. Let us insist that nothing German, nothing Austrian, shall come in here to be used by our people, not even for the sake of some paltry commercial advantage. If there were a famine in Germany to-night, I would say, let her suffer as a just punishment for the deeds of the past. I would not vote a dollar of Canadian money to send a single ship of relief, to send a single bushel of wheat, even though her population disappeared from the earth.

Some hon. MEMBERS: Oh, oh.

Mr. BAXTER: That may be too bitter for you, but it is my feeling, and a feeling to which I will give just as much expression as others will give of their sympathy with and slobbering over those who tried to destroy them. There is such a thing as mercy, such a thing as reconciliation, but there is also such a thing as justice; and sometimes the only thing that is wise in the interests of the world is to let the axe fall.

Mr. WILLIAM ELLIOTT (South Waterloo): Mr. Speaker, at the outset I wish to express to this House my appreciation of the great task which the Minister of Finance (Mr. Fielding) has undertaken. I do not believe there is a man in Canada in whom the people have greater faith than they have in the present Minister of Finance. In 1896 he gave to this Dominion a budget that brought a period of prosperity that has never been equalled in our history. While the budget perhaps does not go as far as we looked for in the matter of tariff reductions, I am satisfied it is a step in the right direction, and I believe that in the course of time we will eventually get where we want to be. I take this stand: We are in a period of great stress, and the financial condition of this country is such that we cannot put into effect all at once the principles we would like and which we have advocated. Changes must be made gradually, one step at a time, until we get to the point where it is unwise to go further.

The problem of meeting the expenditure of the Dominion of Canada is a very serious one. The late government, while meeting the expenditure in a way, always failed to raise enough money, with the result that the national debt has been increasing from year to year. In my opinion, the sooner we stop increasing our national debt the better. We simply have to take hold of this question of finance. We should raise as we go along a revenue sufficient to meet our expenses, and I believe the Minister of Finance is making an honest endeavour to solve this problem, which is one of the greatest facing the country to-day, We hear a lot about reducing the expenditure, and that is certainly a wise thing to do. It is easier to reduce our expenditure than to raise money by way of taxation. I think we could reduce the expenditure in some departments of government. I am under the impression that we have a great many more civil servants in the employ of this Government than we need, and if the Government would spend more time in studying the departments with a view to reducing the staffs to the very lowest point consistent with efficiency, I believe they would ultimately come to the point where they would be able to raise a revenue sufficient to cover the expenditure.

At the present time the country is faced with tariffs imposed by other countries. We find that the United States are making an honest endeavour on their part to raise their tariff, and the same is true of practically every country with which we deal. I venture to say that it would be very unwise, much as I am in favour of a low tariff, for the Government at one step to wipe out our tariff against other countries. We must proceed by degrees, and for taking a step in that direction I think the Minister of Finance ought to be commended. While we do not agree with him in all respects I think in the main he is proceeding in the right direction, and we have every reason to follow him with confidence.

The object of every government in this country should be to develop Canada. We have a country with great natural resources. We have stores of wealth that have never been tapped. So far as agriculture is concerned, we have a country which is immensely rich, possibly the richest in the world. We have in the northwest territories perhaps the greatest wheat

belt in the world, and if we can get settlers of the right class out on that land—only a small proportion of it is under cultivation at the present time—it will help us to pay off our national debt in a way we otherwise could not do.

But the greatest problem before the country to-day to my mind, is markets. Our friends to my right lay great stress upon the home market. There is no one who appreciates the home market more than I do. I represent a constituency in the province of Ontario which has more people to the square mile, I think, than any other rural constituency. I represent the south riding of the country of Waterloo, and we have in that constituency one large city and two or three large towns all within five or six miles of each other. It is a densely populated district. I know and appreciate the value of the home market to the farmer, but unless the home market can consume all the products of our farms, it is practically of no value to us as a means of setting our prices. The prices we get for our farm products are largely fixed by the Chicago and Liverpool markets. They are fixed by our export trade. I believe that one of the greatest things that could be done for agriculture to-day is for the Government to develop markets for agricultural products. Once you get those markets established, you will find no difficulty in settling our idle acres in the northwest. While this is true of agriculture, it is also perfectly true of other industries. I am not one of those who hold the opinion that large towns and cities are a detriment to any country. I know that some of my friends on this side will not agree with me, but I believe the larger our towns and cities grow and the more people we can get into this country, the better it is for we farmers providing—and I make this proviso—that those cities do not grow at the expense of any other industry. I am just as much opposed to building up agriculture at the expense of industry as I am to building up industry at the expense of agriculture.

Mr. STEVENS: Does the hon. member believe that industry in this country in the past has been built up at the expense of agriculture?

Mr. ELLIOTT (Waterloo): I do. I believe that the towns and cities have been built up at the expense of agriculture.

Mr. STEVENS: Does the hon. member agree with the proposal to remedy that condition by the removal of the tariff?

Mr. ELLIOTT (Waterloo): I believe that the lowering of the tariff to a certain point at the present time would be in the interests of agriculture, and also in the interests of industry.

Mr. STEVENS: Lowering it to what point?

Mr. ELLIOTT (Waterloo): To the point where we have tariff for revenue only.

Mr. FIELDING: The hon. member for Vancouver does not seem to see the point.

Mr. ELLIOTT (Waterloo): We have a small population, comparatively, in this Dominion, about eight and three-quarter millions. We speak about the value of the home market, but my contention is that if industry does nothing more than supply the wants of these eight and three-quarter millions of people, it is not going to develop to any great extent. You have to get markets outside. You have to establish markets for the products of your factories in other countries. Some of our friends argue that the way to do that is by keeping up a tariff wall around this country and keeping other products out. I venture to say that that is the surest way to kill the industries of this country. If you want to build up the industries of this country, you must make the tariff just high enough to give us the revenue we require, and not put a great burden on the consumers of this country. Now the same is absolutely true with regard to agriculture; we produce a great many more goods than we can consume. Our friends who advocate a high tariff will say: "Oh, we will supply you with a home market which will consume your products." Well, I do not know that the Canadian people could possibly consume all the wheat that is produced in this country—at least I do not think it would be very good for them if they did. Neither could they consume all the cattle that we produce. We have to get export markets; we have to ship our products out into the markets of the world if agriculture is ever to develop.

I do not intend to deal any further with this question of agriculture, but I want to discuss for a few minutes the high cost of living as it affects labour in our towns and cities. To my mind one of the most serious questions which we in this Dominion have to deal with to-day is the labour problem. We have—very largely, I believe, as a result of the tariff imposed and the management of the war by the late government—a period of great unemploy-

ment. We find that we have more unemployed men in Canada to-day than we ever had before. During the last winter a great many of these men were, for a time, fed at the public expense. Hundreds and thousands of others, both men and women, were able, by the use of a little money they had saved up, to worry through the winter. Now what is the condition as we find it here to-day? We find that labour is not being employed as it should be, and that the coming winter will probably see greater hardship brought on the labour people than they have ever experienced before, simply because those people are not going to be in the position to stand a second hard year. I think the Government would be well advised to undertake some public work as a relief measure. Ultimately I believe they will have to feed these people; we cannot see them starve. These men do not want charity, they want work; and I believe that ultimately either the provincial or the federal government, or perhaps both, will have to feed this great army of the unemployed during the coming winter.

We find that the cost of living is very little lower than it was before. We find that the cost of coal and the necessaries of life, is very little lower than it was before, with the result that it is almost impossible, owing to the small amount of work which these men have had, for them to exist. Now labour has been blamed for a good many things for which, to my mind, it is not guilty. We have men who, in looking around for a reason for the high cost of living, will tell you to-day that labour is responsible for it. They will tell you that it is because of the high wages they must pay that the cost of living has gone up to its present point. I believe, however, that if we were to analyse the conditions in a great many of our important industries we would find that labour is not getting an undue reward. At the same time, I wish to say that I believe that in some of our industries, in some of our great corporations in the Dominion, labour, perhaps, is too highly paid, and in this connection I refer to the railway corporations. But coming right down to our factories, I spent a good deal of time in two of our industries investigating the conditions of labour. Take the boot and shoe industry, and there are quite a large number of factories in the south riding of Waterloo. We find that labour is blamed very largely because of the high cost of boots and shoes. Never in the history of Canada, as far as I can remember, has the cost of the raw material which enters into the manufacture of boots and shoes been so low. Why, beef hides were actually selling as low as 2½ and 3 cents a pound; they are a little higher now, perhaps in the neighbourhood of 4 or 5 cents a pound, but these prices are very much lower than those paid during the war. Consequently, it cannot be the cost of the raw material that is keeping up the price of boots and shoes. I have a statement made by the secretary of the Boot and Shoe Workers' Union of Ontario, Mr. O'Dell, of Hamilton, in which he says that the cost of the labour entering into a pair of shoes which retails at $12 is only $1.70. Now, Sir, I maintain that that is not an undue amount to pay for labour; I believe it is only a fair wage. When we consider further that, according to one manufacturer, 14,000 Canadians engaged in the shoe trade receive an aggregate yearly wage of $10,000,000, this works out at only $715 each. But footwear never cost so much as it does now. Where does the profit go? I maintain that a wage of $715 on the average for the shoe workers in the Dominion is not an excessive wage; and I do not think that any fair-minded man can justly charge labour with being responsible for the high cost of shoes.

Permit me to continue a little further along this line. I have obtained from a very reliable source the cost of the labour entering into the production of a yard of cloth. I might say further that in the south riding of Waterloo we have a number of the finest woollen mills in the Dominion. The figures which I am going to submit to you with regard to labour are not figures covering one year only, or two years—they are figures covering a period of eight years, so that I think they are fairly correct, and they cover the period in which the cost of woollens was said to be at its very highest. Now, I find this to be the case with respect to the labour entering into the manufacture of a yard of cloth which sells at $2 per yard to the retailer: The labour, represented by the handling, sorting, blending, picking, scouring, carding, gilling, combing, re-gilling, drawing, spinning, twisting, reeling, and so forth, only receives 30 cents, whereas the yard of cloth which that labour produces retails at $2. In other words, for a yard of cloth sold by that firm at $2 per yard the labour cost is only 30 cents. I do not think any of you will say that is an undue charge; and I believe that in this case labour is only receiving a very small part of what it is really worth. You may ask:

How is it, in view of the fact that labour is getting such a small reward for this work that the cost of clothing is perhaps higher than it has been for years? Now, it takes about 3½ yards of cloth to make a suit of clothes, and a little over a dollar, to be accurate $1.12 is paid for the labour which goes into that cloth. No wonder you ask me: "How is it that when we go to buy a suit of clothes manufactured from that cloth, we have to pay somewhere in the neighbourhood of $45 or $50, when the original cost of that cloth to the retailer was only in the neighbourhood of $7?" I venture to say that we never had a greater need for a good active board of commerce in this country to investigate the great cost of these articles than we have at the present time. That is true not only with regard to the articles which I have cited, but of practically every article which goes into human consumption to-day. There is too great a spread between what we get, what the producer gets and what the consumer pays. Until we get down to the bottom of that, we will not solve the question of the high cost of living. I want to be fair and I say that if the tariff on these articles were wiped out completely it would make very little difference in the cost. I have not had time to go into that statement, but I am satisfied it is perfectly true. The cost is somewhere else, and it is the duty of the Government to find out where the excessive cost of the necessities of life comes in.

I will deal now with the question of the tariff. A good number of elections have been won and lost on the tariff. We find that practically every government, both Liberal and Conservative, has used the tariff as a means of winning elections. In the last campaign our friends to the right said the tariff was the only issue. Well, it did not work out very well, as far as they were concerned. They lost the election, and our friends on the other side of the House won. Now, stripped of all its mystery, very few people thoroughly understand the tariff. We have a plank in the platform of the United Farmers, which is also incorporated in the platform of the Independent Labour party of Canada, which reads:

> That the tariff should not be a political football to be kicked about for election purposes, but should be placed in the hands of a qualified and representative commission, whose duty it should be to administer the tariff in a scientific manner, Labor then having an opportunity to protect its interests.

This was taken from the Labour platform, and further on—

> That every claim for tariff protection by any industry should be heard publicly before this proposed commission.

Another plank in the platform reads:

> That all corporations engaged in the manufacture of products, protected by the customs tariff, be obliged to publish annually comprehensive and accurate statements of their earnings.

I believe in that plank, and I think there are very few members in the House of Commons who know enough of the tariff to say definitely whether any industry needs protection or whether it does not. I have great respect for the high calibre of the members of this House, but, nevertheless, in order to state definitely that any industry is in need of protection, we must spend a good deal of time investigating the question, and I believe in the appointment of a commission to investigate it. That commission should be composed of men who were above reproach, and beyond the possibility of any outside influence being brought to bear on them. It would also be a representative commission, composed of a representative of agriculture, and a representative of labour. I would not say that we should have a representative of every industry, because that would be going a little too far. With a commission such as this, inquirying into the conditions as we have them to-day in the country, I believe we would get the very best information possible regarding our industries. I do not say that this commission should be independent of Parliament. It should be appointed under Parliament, and only for the purpose of making recommendations to Parliament. Those recommendations would be acted upon, and Parliament would have to assme the responsibility of those recommendations, if they were put into effect. The second clause in this platform, which I consider of great importance, reads:

> That every claim for tariff protection by any industry should be heard publicly before this proposed commission.

I believe that if this commission were in operation we would get a very great amount of information which would be valuable to the people of Canada. We would find out a lot of things which would be a great surprise to us. We have been told in the past that a great many of our manufacturers have been making immense sums of money. We have been told that the Dominion Textile people made a profit of 310 per cent in one year. I do not

know whether that is true or not. It has been stated on public platforms and never denied, as far as I have heard. It would be the duty of this commission to inquire and find out whether that firm had been making such undue profits in one year or not.

With regard to the woollen industry I have been told—in fact the evidence which I have at the present time bears out the statement—that for a period of ten years the average profits of the woollen industry of Canada have been in the neighbourhood of 5 or 6 per cent. I do not know whether that is true or not, but it would be the duty of the commision to find out, and once they had that knowledge, and once they had all the cards on the table with regard to any particular industry, the commission would be in a position to say whether that industry required any assistance or not in the way of a tariff. However, with regard to any of our industries which are native to Canada, if upon an examination of their statements before the commission it is proven to the commission that they require protection, I would be in favour of giving them protection. We find that other countries are adopting this system. We found out just the other day that the United States made a move in this direction. While I do not believe in following the lead of United States in every particular, yet it is an indication that the people of other countries are thinking along these lines, and I think if the Government would adopt such a system as a tariff commission, which is one of the planks in our platform, they would receive a good bit of support from this side of the House. The tariff is more or less of a mystery to me, I am free to confess. I suppose I have a fair amount of knowledge upon it, yet I believe the Government is justified in dealing carefully with it. I do not think they would be justified in making any undue reduction, owing to the present unsettled state of this country. I think the action of the Government, while it is not all we desire, is, at least, commendable and goes in the right direction.

Mr. CHAPLIN: Would the hon. member consider the cotton industry as a native industry?

Mr. ELLIOT: I would not think the cotton industry was a native industry.

Mr. J. F. WHITE (London): I think a repetition of congratulations to the hon. Finance Minister (Mr. Fielding) is hardly necessary and somewhat tiresome. I can only say that I admire the Finance Minister for the pluck he has shown in facing a very difficult proposition, and that I wish him many years of the vigour, both of body and mind, which he now enjoys. I could not help thinking, as I heard his budget speech, that another milestone had been passed in the matter of election pledges, promises and arguments. I remember that in the days gone by we have heard of commercial union; we have heard of free trade as they have it in England; we have heard of tariff for revenue only, of reciprocity; and now we have the first outcome of the Liberal tariff platform of 1919 with its solemn pledges and its chart and compass attachment. As to what the final outcome will be, I suppose it is a case of, no man knoweth. If we consider the proposed tariff changes by themselves, there is some slight reduction; but if we consider them in connection with the 50 per cent addition to the sales tax, the reduction is so slight as to be almost invisible. Some have said that it is a step in the right direction, but I think such hon. gentlemen are quite satisfied with a very short step. It is rather significant that the budget does not contain any new sources of revenue. The Minister of Finance (Mr. Fielding) has not been able to tap any fresh source; he has simply added to those which we have had before, and it seems to me that this is quite a compliment to the previous Minister of Finance (Sir Henry Drayton) and the late government. In the case of these slight tariff reductions, I would point out that Canada is the only nation that I know of which is reducing tariffs. In the last two or three years, the customs tariffs of most countries have been increased, and it might be said that all the world, excepting Canada, is opposed to a reduction of tariffs.

Since coming to this House, I have been very much interested in the speeches of the party to my left, and the Ontario members, who number about one-third of that party, have been strangely silent upon many subjects. The hon. member for Springfield (Mr. Hoey) to-night gave quite a blue picture of the golden West, about the bluest that I have ever heard. We have just listened to the hon. member for South Waterloo (Mr. Elliott), who, I believe, advocated before the election the tariff commission that he has spoken of to-night. He also says that he is in favour of a tariff for revenue. I was just wondering, if a few more of the Ontario members of

that party would express their views, whether we would not have just about as cosmopolitan a membership in that party as there is in the Liberal party. It was somewhat to my surprise that he cleared the manufacturers of cloth of any duplicity or any arrangement whereby prices were hoisted to too high a level.

We had before the special Railway Committee a day or two ago the Hon. George Langley who, in giving evidence before that committee, said that the western country from which he came, had lost confidence in a certain commission. We have had the Railway Commission looking after railway matters for some years; and if a certain section of the country loses entire confidence in the Railway Commission, why cannot other sections of the country lose confidence in a tariff commission? The tariff is too intimately connected with our raising of revenue to be entrusted to a commission.

We have heard a great deal about the troubles of hon. gentlemen to the left, and it seems to me that some of those are troubles which no legislation can remedy. They had bad weather conditions during the last two years, and I would point out that no Act of Parliament can command the velocity or the direction of the wind, or the downfall of rain or the time at which it shall come. It seems to me that while climatic conditions may not be ideal, the greatest trouble they have and the greatest drawback to their success is the exorbitant freight rates which they are compelled to pay. We are told that the special Railway Committee will have something of interest and of value to bring before this House when they are ready to report. Probably another reason for some of their troubles is, that dry areas in the southern part of Alberta and Saskatchewan were opened up for farming, when they might better have been left as grazing country and would probably have produced more than they have under cultivation. Although members of that party are opposed to protection in all its forms, or at least some of them are, we have heard from one to-night who is not. Some hon. members have explained that they are not asking for any special protection or special privilege; but they are willing to vote large sums for the promotion of the interest of agriculture, and I do not object to that. They are quite willing to ask for a wheat board, and in the present progress that the wheat board is making, I have my doubts whether it will be of any use to them. But if that is the regulation they want, I am quite free to say that I am willing to support that measure.

I have looked up the record of importations of farm produce, and I find that, in the year ended March 31, 1921, under nineteen items there was imported into this country the produce of farms to the value of $71,500,000. It seems to me that there is food for thought in those items. For instance, we imported 3,741,000 pounds of butter, of which 2,207,000 pounds was received from the United States. We exported 9,739,000 pounds, nearly 6,000,000 of which went to the United States. I am giving the figures in round numbers. The United States duty is now 6 cents a pound. Under the regulations now before the Senate, I believe it is proposed to raise it to 8 cents. The Canadian duty is 4 cents per pound.

Of eggs in the shell, we imported 5,342,000 dozen, of which 5,201,000 dozen came from the United States. That does not take into consideration eggs in the frozen state. We exported 6,579,000 dozen, of which only 191,000 dozen went to the United States. Eggs were admitted to the United States free. The proposed tariff is 8 cents per dozen. The Canadian duty is 3 cents per dozen.

We have heard a great deal about efforts being made to secure wider markets; and while I would not minimize those efforts, I would say that it behooves us to examine these conditions, to find out the reason why these things exist and to take steps to secure our own markets to ourselves. The home market is the most valuable market we have; it is the most stable, and it is the one that will stick by us in the end.

As to the free trade view of some members of the party to our left I might remind the House that we have experimented somewhat with that policy. During the stress of war, when the necessity for the production of foodstuffs was so great, the government of that day, in order to encourage such production, placed farm tractors on the free list. They did so with the best intentions, by a temporary provision under an Order in Council. Now, in 1919 and 1920 there were imported from the United States tractors to the value of some $20,000,000. The people of Canada paid the duty on those tractors in the form of exchange. They paid to the United States an exchange that averaged 14 per cent during all that time, and that money

went to keep the American factories busy, and to keep open the channels of their trade. When the transaction was completed we had the tractors and the Americans had the cash. Those tractors might have been made in Canada, and we would have had the tractors and the cash as well.

Mr. BIRD: Is it not a fact that a large proportion of the money Canada has invested in the banks to-day is loaned to industries operating in the United States at the present time?

Mr. WHITE: I am not an authority on banks and bank investments; I have not made a study of that question. Now, no Canadian workmen had any part in the making of these imported tractors, and I find that the Government proposes to make these machines free by act of Parliament. I have been wondering how the member for South Waterloo (Mr. Elliott) will vote when this matter comes up in committee. He has put himself on record as being in favour of a tariff for revenue. He will agree, I think, that Canada needs a revenue, and if he supports the free entry of these tractors, he will have made a mistake in declaring himself in favour of a tariff for revenue. In making this change the Government says in effect that there are several thousand Canadian workmen who shall be thrown out of employment; they will have to find work elsewhere. So that quite a number of Canadians will follow in the footsteps of those who have already gone to the United States to work in the factories there. And I would remind hon. members that the United States' industrial system was not built up under free trade. In this and similar actions may be found an answer to the query which has been voiced several times in this House as to where some of our natural born Canadians have gone. We made a similar experiment some years ago with regard to binder twine and barbed wire and the results were largely the same. There is a disposition on the part of some people to believe that the tariff, which adds to the cost of the articles to the Canadian consumer, goes directly into the pockets of the manufacturer. Now, if there were such great profits derived from the manufacture of agricultural implements, would any one in his senses imagine that $11,700,000 worth of these implements would have been allowed to come into Canada from the United States last year?

Reference has been made in the Budget speech to the fact that Great Britain has reduced her debt recently some £500,000,000, and it is rather significant that Great Britain a few months ago came to the conclusion that the measure of free trade which she had had up to that time was not in her best interests. A tariff for the protection of so-called key industries was therefore imposed on some 6,000 articles.

11 p.m.

Mr. KELLNER: Is the hon. member aware that the dye industry in Great Britain is agitating for a repeal of that tariff?

Mr. WHITE: I have not heard of that, but I am aware that the agricultural industry in Great Britain is opposed to the removal of the cattle embargo.

Perhaps the most important announcement in the Budget is that which deals with the duties on articles coming from countries that have a depreciated currency. The minister referred to the tariff which has existed up to the present time as a tariff of 1,000 per cent. I wonder how he figures the present tariff. Take an article that cost 100 marks, with a duty of 30 per cent added. With undepreciated exchange that article would be worth, in round figures, $24. A thirty per cent tariff would mean a duty of $7.20. The previous method of figuring would bring it to $3.60. With the present method of calculating on the depreciated currency, that article, instead of bearing a duty of $3.60 as formerly, would bear a duty of 10 cents. I think, therefore, that the statement that we are going to have free trade with Germany is not wide of the mark. Now, under our immigration regulations we keep out the German and Austrian artisan and labourer. We say that they shall not come here and take the work from our Canadian citizens. Yet, when the products of their labour come to us in the shape of German goods we let them in practically free of duty. The minister gives as a reason for this change that the previous regulation was broken. Is it not a fact that almost all laws on the statute books are broken? But would he advance that as any justification for repealing all laws? The plain duty of the Government, it seems to me, was to amend the regulations which are not satisfactory, to make them stronger and more drastic, thereby giving the Canadian workman and manufacturer some protection from the workmen who produce these foreign goods in countries where the standard of living is low. The abolition of the depreciated currency

regulations comes at a time when we have a great deal of unemployment, and when many of our factories are running on short time, in common with most other countries. We also have many soldiers who are out of work, some of them marching to Ottawa to put their case before the Government. No doubt the war has unsettled a good many of them, and possibly some were not employable before the war. The putting on of the khaki did not make them saints, but it cannot be denied that the great majority of them would make good if given proper conditions. Now, this very small duty on the German goods is practically no protection, so that almost the only protection we have left is sentiment. Sentiment will keep many of these manufactured goods out of the country, but they will come in in camouflaged form and the people will not know, when they are buying, where the goods were made.

The other day when the militia estimates were under consideration, the hon. member for Quebec South (Mr. Power), a returned soldier, I believe, attacked them quite successfully. I have been wondering whether he will speak up in protection of his former comrades when this matter of depreciated currency comes up—whether he will do his best to see that the soldiers and the unemployed get justice. Personally, I saw Canada's men march out in the pride of their youth and strength. I saw some of my best friends go with them and I heard afterwards that they had been done to death in the most hideous fashion. I saw some of them come back broken in everything but their spirit, and I saw others return who seemed to be in good health, but whose experiences will mean that they will not live out half their days. I am free to confess that I have not reached that state of grace where I can welcome a would-be autocratic German or the goods which he manufactures. I contend, Sir, that the Government has not done its duty by the Canadian people, who are anxious to maintain their present standards of living, nor has it, in particular, done its duty by the men who sacrificed so much that the liberty we believe in might not perish from the earth.

On motion of Mr. Kyte the debate was adjourned.

PRIVATE BILLS COMMITTEE

Mr. FIELDING: With the permission of the House, Mr. Speaker, I would move that we return to motions in order that I may make a motion with respect to a change in the personnel of a committee.

Motion agreed to.

Mr. FIELDING moved:

That the name of Mr. Vien be substituted for that of Mr. Ouimet on the select standing committee on Miscellaneous Private Bills.

Motion agreed to.

On motion of Mr. Mackenzie King the House adjourned at 11.06 p.m.

Thursday, June 1, 1922.

The House met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

EXCISE—L'ASSOMPTION AND MONTCALM

Mr. SEGUIN:

What person or persons made recommendations to the minister as to the appointment and dismissals of all excise employees in the Counties of l'Assomption and Montcalm, from the 21st of September, 1911, to the present time?

Hon. Mr. LAPOINTE (For the Minister of Customs): There is no information on the files of the department respecting the person or persons who made recommendations to the minister for the appointment and dismissal of excise employees in the counties of l'Assomption and Montcalm from 21st September, 1911, to the present time, with the exception of officer J. A. Bonin, who was dismissed on account of inattention to duty on the recommendation of the District Inspector of Inland Revenue, Mr. J. A. Toupin.

MR. MEDARD FOREST

Mr. SEGUIN:

1. Was Mr. Medard Forest in the employ of the Excise Department at l'Epiphanie, Quebec, in September, 1911?
2. By whom was he replaced?
3. (a) What was the cause of his dismissal, (b) who recommended same and (c) who recommended the appointment of his successor?

Hon. Mr. LAPOINTE (For the Minister of Customs):

1. Yes.
2. J. B. T. Richard.
3. (a) Active political partizanship; (b) no information; (c) no information.

DRAWBACKS

Mr. FANSHER:

1. What amount of money collected in Customs duties was refunded under the Drawback Act, during the fiscal year ending March 31st 1922; (a) on goods imported and used in the manufacture of articles for export; (b) on goods imported and used in the manufacture of articles for home consumption?

2. What are the names of the twenty-five manufacturing firms which received the largest amounts, and what amount was received in each case?

Hon. Mr. LAPOINTE (For the Minister of Customs):

1. (a) $9,496,107.27; (b) $1,391,459.15; total, $10,887,566.42.

2. Atlantic Sugar Refinery, $1,572,846.81; Ford Automobile Co., $755,185.03; Harris Abattoir Co., $384,111.09; Canadian Kodak Co., $335,823.72; Davies, Wm. Co. Ltd., $335,757.30; Massey Harris Man'f'g. Co., $293,628.91; St. Lawrence Sugar Co., $273,632.70; Spanish River Pulp & Paper Co., $192,397.66; Algoma Steel Corporation $187,488.42; Fort Frances Pulp & Paper Co., $167,114.85; Steel Company of Canada, $159,050.36; International Harvester Co., $158,903.80; Quaker Oats Co., $155,745.34; Canadian Car & Foundary Co., $152,691.91; Canadian Consolidated Rubber Co., $152,-286.73; Canadian Packing Co., $133,510.62; Goodyear Rubber Co., $121,516.14; Dominion Corset Co., $120,152.82; Brompton Pulp & Paper Co., $117,341.88; Montreal Locomotive Co., $113,890.83; International Plow Co., $111,673.28; Laing Produce Co., $111,183.87; Singer Sewing Machine Co., $108,174.86; Page Hersey Co. Ltd., $107,-234.64; Maple Leaf Condensed Milk Co., $101,688.07.

ANTHRACITE COAL IMPORTATIONS

Mr. HANSON:

1. How many tons of anthracite coal were imported into (a) New Brunswick; (b) Nova Scotia; (c) Quebec, during the last fiscal year?

2. What was the average cost per ton of such coal (a) at point of shipment; and (b) delivered?

Hon. Mr. LAPOINTE (For the Minister of Customs):

1 and 2.

Anthracite—grate, egg, stove, nut and pea

Province	Tons	Value	Average Price
Nova Scotia ..	55,943	$ 562,532	$10 05
New Brunswick	77,846	747,920	9 61
Quebec..	1,154,825	9,281,267	8 04

Anthracite, n.o.p., buckwheat, rice and barley

Province	Tons	Value	Average Price
Nova Scotia ..	42	$ 63	$1 50
New Brunswick	.....	.....	.....
Quebec..	142,075	307,895	2 17

The price shown is the price at point of shipment including United States exchange. The cost, delivered, is not available from Customs statistical records.

CANADA—WEST INDIES SERVICE

Mr. DESLAURIERS:

1. What are the names of the persons who submitted tenders in connection with the contract given out by the Dominion Government on November 17, 1921, establishing a passenger, postal and freight service between Canada, the West Indies and British Guiana?

2. For what period has the above contract been given?

3. What are the conditions governing same?

4. Why was the Canadian Merchant Marine not given the said contract?

5. Is the Government in a position to cancel said contract?

Hon. Mr. ROBB:

1. No contract for the Canada-West Indies service was given out by the Dominion Government on November 17, 1921. Tenders for this service were called for on September 20, 1921, and were received up to noon of Januray 31, 1922. The only tender put in was from the Royal Mail Steam Packet Company, of London, England.

2. The previously existing contract was renewed for two years more from April 1st, 1922.

3. The contract provides for a fortnightly mail, passenger, and freight service from Halifax to Bermuda, the British West Indies, and Demerara, returning via the same ports to St. John, N.B. The annual subsidy is the same as before, £70,000. ($340,666.66.)

4. The Canadian Government Merchant Marine were asked if they wished to put in a tender, and they stated that it was not their intention to do so, as they have no steamers which would comply with the requirements as to passenger accommodation, or cold storage, should the latter be necessary.

5. The contract has been sent to London for the Company's signature, and while it has not yet been signed by the Minister, the Government has accepted the Royal Mail Steam Packet Company's offer, by Order in Council of February 10, 1922. Under the provisions of the contract the Minister may cancel it on thirty days'

notice, if there has been any breach on the part of the contractors of any of the agreements, stipulations, or provisions contained therein.

AIR BOARD ACT AMENDMENT

Hon. GEORGE P. GRAHAM (Minister of Militia and Defence) moved that the House do to-morrow go into Committee of the Whole to consider the following proposed resolution:

Resolved, That it is expedient to amend The Air Board Act, chapter 11 of the statutes of 1919 (1st Session), to provide that the Governor in Council may make regulations prescribing the compensation to be paid, the persons to whom, and the manner in which, such compensation shall be payable, for the death or injury resulting directly from a flight undertaken in the course of duty in the public service of Canada of any person employed in the public service of Canada, or employed under the direction of any department of the public service of Canada: Provided, however, that such regulations shall not extend to the payment of compensation for any death, or injury in respect of which provision for the payment of compensation, or a gratuity or pension is made by any other Act.

He said: His Excellency has been apprized of the subject matter of this resolution and has given his assent thereto.

Motion agreed to.

ST. LAWRENCE WATERWAYS

On the Orders of the Day:

Mr. T. L. CHURCH (North Toronto): May I be permitted to ask the Prime Minister one or two questions in regard to the St. Lawrence Waterways project? A great many applications are coming in for copies of the report of the International Joint Commission relating to the inquiry which has cost Canada a million and a half. That report has been printed in the United States and I have received telegrams from a number of public bodies in my district asking for copies of it. I think it is in the public interest that this report should be circulated, as the facts speak for themselves. I think the report should also be printed in Canada, and sufficient copies distributed to inform the public who are so interested in this scheme affecting the Great Lakes. I would also like to ask if it is the intention of the Government to have printed the correspondence which has been laid on the table at the request of the hon. member for West York (Sir Henry Drayton). I refer to the correspondence between the government of the United States and the Canadian government on this question; and further, whether opportunity will be afforded the House, before Parliament prorogues, of discussing the policy involved in the report referred to and the action taken by the government.

Hon. W. L. MACKENZIE KING (Prime Minister): In regard to the report itself, copies were laid on the table at an early stage of the session, as my hon. friend knows. It was then intimated that the government had a supply of printed copies, copies printed in the United States and supplied in large numbers to our government. I think it is probable that all the requests thus far made for copies have been met from this supply. If the government should find that it is not possible to meet all the requests for copies of the reports from its available supply I think the report should be printed in Canada as well; but it is an expensive report to reprint and if without embarrassment that amount of expense can be saved I believe the government would be justified in saving it. However, let me make it clear that if requests are made to the government for copies of the report in printed form beyond the supply available the government will consider the advisability of printing further copies.

As to the second question, concerning the printing of the papers that were laid on the table a day or two ago, it will be a pleasure to have them printed.

As to fixing a time to discuss this matter further, I think the House has already debated it for three or four days of the present session. I would not like to promise my hon. friend an opportunity to speak again on that subject, but we will take the matter into consideration.

Mr. CHURCH: Do I understand rightly, in view of the reply given to the government of the United States, that no further action on the findings of this report is contemplated by the Canadian government?

Mr. MACKENZIE KING: I think my hon. friend is as well able to read the reply already given as I am to interpret it. That reply stated that the government did not think it advisable to take up the matter at this time; it did not go beyond that.

CROWSNEST PASS AGREEMENT

On the Orders of the Oay:

Mr. JOHN EVANS (Saskatoon): I would like to call the attention of the Government to the reply received by the Calgary Board of Trade on May 18 from the Minister of

Agriculture in regard to the Crowsnest Pass agreement. The minister said:

> Your wire of May 18 duly to hand and note the position taken by your board in connection with the Crowsnest pass agreement. Let me assure you that the intention of the government is to try and get something better to meet present conditions than the Crowsnest pass agreement would do.

If such was the intention of the government at that time, why was the special committee appointed to consider railway transportation costs?

Hon. W. L. MACKENZIE KING (Prime Minister): As I understand the passage which my hon. friend has quoted it is equivalent to saying the government was moving in a particular direction with a hope of securing something better than obtains under existing conditions. If that is true—and I think it is perfectly true—the action of the government is to be interpreted in that way.

Mr. CRERAR: Just in respect to that, I would ask if it is the intention of the government to do something better than exists under the Crowsnest pass agreement?

Mr. MACKENZIE KING: I presume that the committee that is enquiring into the matter at the present time will report to the House what it thinks best to do. If the committee suggests something better than the Crowsnest pass agreement, certainly the House will have an opportunity to consider the better course.

THE BUDGET

CONTINUATION OF THE DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Wednesday, May 31, the debate on the motion of Hon. W. S. Fielding (Minister of Finance) that Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means, and the proposed amendment thereto of Hon. Sir Henry Drayton.

Mr. G. W. KYTE (Cape Breton South and Richmond): Mr. Speaker, I desire at the outset to join in the felicitations that have been extended to the Finance Minister upon the presentation of his sixteenth budget to the House of Commons. In a few days he will mark another mile stone in his long and useful political career. On June 13 he will see the fortieth anniversary of his entry into public life. Upon that date in the year 1882 he was first elected to the House of Assembly in the province of Nova Scotia to represent the metropolitan city of Halifax. After two years he was called to the premiership, the duties of which office, in addition to the office of provincial treasurer, he discharged continuously from that date up to 1896, when he was called to the government of this Dominion as the Finance Minister of that day. His record since that time is well known to every man in public life in Canada, and appreciation of it was abundantly testified to in this debate by hon. members representing all shades of political thought in this country. We down in Nova Scotia have a very great and natural admiration for the Minister of Finance. We regard him as one of the very best of our public men, a man who has rendered services most unselfishly to this country for a long period, and who will forever stand in the very front rank of the large number of public men which the province of Nova Scotia has contributed to this Dominion.

With respect to the particular subject that is now being discussed by the House I have, perhaps, not very much to say, and I want to state frankly at the beginning that I fear I shall not bring very much enlightenment to that question in which we are all so much interested. I think, however, it is proper that every shade of public thought should find voice in this debate. It is the foundation upon which the financial structure of this Government will rest from time to time, at all events during the period the present Government is in office; and as the Liberal party is a liberal party it no doubt contains within its ranks many men of different shades of thought but all prepared and willing to adjust and adapt themselves to the will of the majority. That, Mr. Speaker, I conceive to be real liberalism and from that point of view I desire to occupy the time of the House for a few moments this afternoon. The Finance Minister is extremely happy in the position in which he finds himself to-day. Although during the recent election campaign we were told that it was the avowed purpose and object of the Liberal party if they came into office to destroy the tariff, to bring down our manufacturing industries to a position of bankruptcy, and to further increase the unhappiness and uneasiness existing throughout the industrial world, the Finance Minister has had the satisfaction of having men sitting in the Opposition testify, since this debate opened, to the wisdom of the budget as he has brought it down. Yesterday evening the hon. mem-

ber from St. John and Albert (Mr. Baxter) spoke in the debate, and I will quote his words:

I believe the hon. gentleman is putting forward proposals which by no means go to the length he would like to have them go; they by no means meet his ideal of economic conditions; in fact I may also venture the suggestion that the proposals which he does make on this occasion approach much nearer to the economic ideas of the group of which I am a member than they do those of a large number of the group of which he is one of the exponents.

Again he said:

I think it is entirely a matter of congratulation to the country that the tariff has not been seriously disturbed.

What are we to think of the predictions that were made during the election campaign? We, on this side of the House, the great Liberal party of Canada, who support the Minister of Finance (Mr. Fielding) and the party in office of which he was such an outstanding member for eleven years, knew he would be no party to the destruction of any policy that would bring about the conditions which were anticipated by our friends. Then we have the statement of the hon. member for South Vancouver (Mr. Ladner), who said:

There is no substantial reduction at all, and I am glad no important changes have been made.

Therefore, the tariff is no longer an issue, so far as the Conservative Opposition is concerned. A few months ago the right hon. member who leads the Opposififteen years, knew he would be no party who are associated with him, endeavoured to make the tariff an issue in this country, but when it became known that the hon. Minister of Finance was a candidate of the Liberal party in that election, and when they appreciated the very probable fact that he would again be Finance Minister of this country in the new Liberal government, they were content to accept that as a guarantee that the tariff need not be an issue in this country, because he would see to it that no disaster would come to this Dominion by reason of any improper or drastic changes. Considerable fault has been found, and I am one of those who agree that it is rather disappointing, that the Finance Minister has not been able to go further in the matter of reducing the burden of taxation. So long as I have had any views upon political matters, I have not subscribed to the platform of that political party that thinks we should have a system of free trade in this country. I have been unable to find any country in the world that has a fiscal policy approaching to free trade. My idea of a policy for this country is one designed to bring a revenue to the government sufficient to carry on the affairs of the country, but that no further tariff ought to be imposed on the people than that which is necessary to encourage our industries. The budget has been criticsed in respect of the increase in the sales tax, but it has not been pointed out, up to the present time, so far as I am aware, that the sales tax does not apply to a large portion of the articles which enter into the daily consumption of the working man. One hon. member after another regretted that the Finance Minister has increased the burden of taxation in respect of the cost of living to those that are less able to bear it, and particular reference was made to the sales tax. I desire to make it perfectly clear that, as regards the sales tax, there is a list of items, numbering almost one hundred, that do not pay the sales tax, so that the burden of taxation on the common people, and those least able to bear it, is not affected by the increase of the sales tax by 50 per cent, as provided for in the budget. The people of this country, Mr. Speaker, are to be congratulated on the fact that, for the immediate future at least the interpretation of our customs law will be in the hands of a Finance Minister who will always give the benefit of the doubt to the consumer and to those least able to bear the burden of taxation, and who will not use his influence to give further protection to the protected interests by giving fanciful interpretations to the customs law. Let me make perfectly plain what I mean. Up to 1911, among the articles upon the free list were certain articles that are used by the fishermen in the maritime provinces. Section 682 of the customs law is as follows:—

That ropes twine, barked marline, net norsels of cotton, hemp, or flax, when used exclusively for the fisheries, shall be admitted free of duty.

These articles were admitted free of duty from 1897 until 1911, and the fishermen of the Maritime provinces had the benefit of being free to import the articles used for their purposes. But not more than two or three weeks has elapsed after the change of government in 1911 before the then Minister of Customs, gave an interpretation to that section of the law which immediately, and without any change in the tariff, removed barked marline from the

free list and subjected it to a duty of 25 per cent. The lobster fishermen of the Maritime provinces, who had enjoyed the advantage of importing all their twine necessary for the prosecution of the lobster fishing, found themselves, without a moment's notice, obliged to pay a duty of 25 per cent upon that twine. What was the explanation? The explanation was, as given by the Minister of Customs of 1911, that the customs officers who were performing their duties during the time the Liberals were in office were too generous in the interpretation of the customs law, and that, while unbarked marline, most frequently used by lobster fishermen, was admitted free of duty under the Liberal government, it should not be imported free of duty, but was subject to a customs duty of 25 per cent. But that is not the only instance. I referred to a case that applies to the Maritime provinces, but there is another case equally well known, and that is in respect to the duty upon rough lumber, which previous to 1911 came into western Canada free of duty. Article 504 of the customs tariff provides as follows:

Planks, boards and lumber or wood, sawn, split or cut, and dressed on one side only but not further manufactured, free.

Then article 505:

Sawn boards, planks, deals planed or dressed on one side or both sides when the edges thereof are jointed or tongued and grooved 25 per cent.

Well, Mr. Speaker, from 1907 to 1911 all rough lumber was imported into western Canada free of duty; and immediately after the change of government a ruling was obtained by the lumber combine of western Canada which immediately, and without any change of the customs law at all, imposed a duty of $2 per thousand upon rough lumber. The change was brought about in this way: The regulations provided that, whereas lumber planed only on one side came in free of duty, lumber planed on two sides or edged was liable to duty. They interpreted that to mean that rough lumber, the edges of which were sawed with a fine saw, became finished lumber and automatically lost its place in the free list, becoming subject to a duty of $2 per thousand feet. That was objected to by the settlers of western Canada, and they went so far as to test the legality of that new ruling by the customs authorities. The matter got into the courts, and I am not quite sure what the decision of the courts was; but suffice it to say that while the Liberal party was in office and while our customs laws were being interpreted by a Liberal Minister of Finance and a Liberal Minister of Customs, no such question arose, but in every instance of doubt the consumer got the benefit of it and the manufacturers' combine was obliged to submit to that ruling for the benefit of the people generally.

I repeat that, apart altogether from any reduction in the tariff which the Minister of Finance (Mr. Fielding) has brought down to this House, it is a subject for congratulation that, whatever freedom we have at the present time, whatever privilege we enjoy in respect to freedom from customs duties, will be preserved to us while ever a Liberal government is in power and will not be lost upon a technical ruling by officials in sympathy, not with the consuming public, but with the manufacturers of this country. I stated a moment ago that personally I stood for a policy of tariff for revenue.

Mr. LEWIS: Will the hon. gentleman say that the present tariff is a tariff for revenue only?

Mr. KYTE: Most certainly not. A tariff for revenue is the ideal condition, in my mind, as a free trade tariff appears to be the ideal condition in the minds of some of my hon. friends sitting in the Progressive quarter. But if my hon. friends sitting in the Progressive group were called upon at the present time to formulate a policy having regard to the necessities of this country for revenue and to meet our increasing obligations, I doubt very much if they would give full effect to the doctrine of free trade; I believe they would rather wait until a more favourable time for its full fruition.

Mr. EVANS: In regard to what the hon. member said a moment ago, I should like to ask if, under the present arrangement, implements of agriculture and other things can be imported on the invoice price of the manufacturer?

Mr. KYTE: I must confess that I am not an expert with respect to the importation of goods. I did not expect that I would be asked that question; but the tariff speaks for itself, and I assume that agricultural implements will be imported subject to the duties specified in the tariff.

Mr. EVANS: Would that be on the invoice price, or will a dumping duty be added as well? The hon. member said that the consumer was to get the advantage. What is it?

Mr. KYTE: This is a matter of interpreting the customs laws; and in view of the wide difference of opinion as to interpretation between the two cases I refer to, between a Conservative Minister of Customs and a Liberal Minister of Customs, I decline to give any interpretation at this moment.

Mr. EVANS: Might I ask another question?

Mr. SPEAKER: The hon. gentleman must be allowed to proceed with his speech without interruption.

Mr. KYTE: I have no objection to the hon. gentleman putting the question.

Mr. EVANS: I understood that it was altogether a matter of interpretation, and as the hon. member said that we were to get the benefit of the change now, will the invoice price be accepted as the valuation for customs purposes, or not?

Mr. KYTE: My hon. friend must know that I have no authority to speak for the Minister of Customs or for the Commissioner of Customs; but I repeat the statement that, wherever there is a question of doubt as regards the interpretation of the customs laws, I believe, having regard to the past, under a Liberal government, the consuming public will get the benefit of the doubt.

I was proceeding to discuss the subject of a revenue tariff. During the last campaign the leader of the Opposition (Mr. Meighen) visited Nova Scotia. He spoke in the large, important mining centre of Glace Bay, and I will quote a paragraph of his speech as reported by the Halifax Herald:

> In answer to his challenge, the premier stated Mr. King had said he stood for a revenue tariff. What was a revenue tariff? Did anyone know what was meant by a revenue tariff? No one on earth could know because there could no more be a revenue tariff than there could be such a thing as an expenditure tariff; one might as well talk about an atmosphere tariff or an algebraic tariff or a dynamic tariff. The term "revenue tariff" had been invented by Mr. King to evade responsibility for his real platform and was just another example of rot and humbug.

The leader of the Opposition has had occasion to express his astonishment at certain things that have taken place in political affairs during the last few months. But I should like to say to him, that the word "astonishment" but faintly mirrored the emotions of the people of Nova Scotia when they read that statement by the right hon. gentleman. "No such thing as a tariff for revenue" said the right hon. gentleman, "nobody ever heard of such a thing; it was rot and humbug and invented by Mr. King for the purpose of evading responsibility for the tariff." Every person knows that there is not a text book upon economics that does not deal with the subject of a revenue tariff. There are revenue tariffs, protective tariffs, and there is the policy of free trade. England herself is an example of what a revenue tariff is, and I should like to remind my hon. friend (Mr. Lewis), who interrupted me a moment ago, that England has not a free trade policy. The term "free trade" expresses what it means, and there is no need to give any further explanation; but England has not a free trade policy. Prior to the war, England raised more than £100,000,000 in revenue through a tariff, and much more since then. England's tariff provides for the collection of revenue upon goods not manufactured in England, so that the total revenue goes into the treasury of that country. England now goes a little further than that; more particularly in the last few years the British government has added to the list of articles subject to duty a number of articles that are manufactured in England; but in order to prevent the manufacturer from taking advantage of the increased duty and adding it to his profits, the British law compels him to pay, by way of an excise tax, the amount of the protective duty. That is my ideal of what a tariff ought to be. In my judgment, it is absolutely wrong that there should be developed in this country any industry in which, by class legislation or by special privilege, any man is permitted to put into the treasury of the corporation to which he belongs a larger profit than the custom of the trade or the competition of the world entitles him to.

We did not have a protective tariff on this continent until after the American war. Our American friends are now the greatest exponents of a protective tariff; but when did this policy begin? The protective policy was not suggested until after the American war, and why? We all know the tremendous struggle in which that great republic was engaged from 1861 to 1865. As you know, quite unexpectedly the United States government was called upon to furnish large sums of money for the purpose of carrying on the war and quelling the rebellion that had arisen in the south. It was necessary to secure ammuni-

tion supplies. They had to buy guns, shells and fuses, harness and all the other necessary equipment for the conduct of the war; and the manufacturers, who before had been content with a reasonable profit, suddenly found that there was a splendid opportunity accorded them to make great wealth. The profits that were made in the United States during that war were far greater than the profits that were made in peace time. And the United States is not the only country in the world that has had that experience. After the war was over these manufacturers came together to count up their profits, and they decided that war was a good thing for manufacturers because it increased their profits. And then they got to devising a scheme by which they could, in times of peace, extract from the pockets of the people the same profits, or profits similar to those which they had made during the war. The result of that conference on the part of the manufacturers in the United States was to evolve the protective system of government. They said: "We ought to maintain the home market for the home producer. During the war many men invested capital in the manufacture of munitions and they are prepared to continue investing in the manufacture of goods for the carrying on of the peaceful avocations of the country and in order to do that successfully it is necessary that we should have a monopoly of the home markets." They saw at once that if they could succeed in inducing the government at Washington to give them a protection upon their goods they would be able to preserve the home market and incidentally reap profits almost comparable to those which they had enjoyed during the war. That, Mr. Speaker, is the origin of protection in the United States. Up to that time the United States tariff had been practically a tariff for revenue.

Well, time has passed, and we have gone through a tremendous war ourselves. Canada participated in the late war with great glory, and the names of her men are enrolled in history's pages with those of the heroes of other nations who fought side by side with them on the European fields of battle. Now, we have had war profiteers in Canada. Perhaps I should not say profiteers; at all events we have had munition makers in Canada who secured large profits during the war. The fact will not be disputed by any hon. gentleman. But just as happened in the United States, since the close of the war there has been carried on in this country a tremendous propaganda by the manufacturing interests for more protection. For the last two years, beginning, in fact, almost before the ink in the signatures of the Peace Treaty of Versailles was dry, pamphlets have been issued from the city of Toronto and other manufacturing cities, signed by an alleged "reconstruction committee," pointing out what the people of this country ought to do in the matter of reconstruction with a view to promoting the prosperity of Canada. And the only suggestion with regard to "reconstruction" that was contained in those documents was the suggestion that there should be a higher tariff. What else could you expect from the gentlemen whose names were appended to these pamphlets—gentlemen well known in financial circles and prominently connected with the Canadian Manufacturers' Association. Following the example of the manufacturers in the United States after the civil war there, the manufacturers of Canada made a drive upon the government and upon the public men of this country in order to have the tariff increased. And this in the name of reconstruction! I say that, quite apart altogether from the merits or demerits of the budget brought down by the Minister of Finance (Mr. Fielding) a few days ago, Canada is to be congratulated upon the fact that, while this Government is in office, that particular element who tried to "reconstruct" Canada on the high protective basis will be out of a job. They will remain unemployed in that direction until our friends opposite may happen to come back to power.

These, Sir, are things that occur to the ordinary man who takes only a cursory view of the matters that appertain to government and social questions in Canada. In my opinion the Minister of Finance has gone as far as he could possibly have gone in the direction of reducing taxation. No man in this House would have been more rejoiced than I if he had been able further to reduce the burden of taxation as it applies to the great consuming population of the country. But on this question I am at one with the hon. member for Marquette (Mr. Crerar), who leads the Progressive group in this House. Speaking a few days ago, the hon. gentleman said:

> My hon. friend the Minister of Finance is coming down to-morrow to deliver to this House his annual budget. I may be mistaken—I hope I am—but I venture the prediction that the Minister of Finance, if he discharges his duty

to Canada, will not take the way of reducing the taxation, but must find additional taxation; there is no way out of it if this country is to meet its obligations.

I subscribe to that view, and it was the recollection of it that reconciled me to the modest reductions in the tariff which are set forth in the budget introduced by the Minister of Finance. We cannot get away from our obligations. It is all very well for us to talk about free trade and about tariff for revenue. But we are facing a condition in our financial history which is more serious than we have ever had to cope with. But, Mr. Speaker, the present Government is not in office only for a day or a year. The signs point overwhelmingly to the fact that, so far as our friends immediately opposite are concerned, the Liberal Government will be in office just so long as they want to be, at all events, so long as they fairly meet the reasonable expectations of the people.

Well, the Liberal party came into office in 1896, and we had the same propaganda during that campaign as we had in the campaign of 1921. It was stated that the Liberal party if they came into power would surely wreck and ruin every enterprise in the country. It was declared that capital would be unsafe and that bankruptcy would ensue where theretofore industry had been the order of the hour. The Liberal party, however, came into office and remained in office for fifteen years; and they went out, not on the cry that they not given good government to Canada, not on the cry that they had injured in the slightest degree any interests in Canada, but on the cry that they had governed the country so well for fifteen years that it was folly to try to improve upon their administration.

Now, Mr. Speaker, the question of reciprocity has arisen from time to time in this debate, and I desire to say to any hon. member who has any interest at all in any views that I may have upon the question, that I am wholly in favour of reciprocity with the United States. I was entirely in favour of it in 1911, and I would be equally in favour of it at the present time if we could only secure it on the same terms. The question of reciprocity did not arise in Canada only in 1911. Why, we had it discussed in every general election for forty years before that, and the gentlemen who were most in favour of reciprocity in those days were the predecessors of the hon. gentlemen sitting opposite to me to-day in this chamber. But the United States were not interested in reciprocity in those days. Why? Because we had falling revenues, we had deficits from year to year, and our pouluation was fleeing to the United States as though this country was stricken with everything other than that which invites people to dwell in a new land. Notwithstanding that large sums of money were spent from year to year to encourage immigration, our population was at a standstill. The fact is that the great republic to the south of us was not interested in cultivating trade relations with a country whose fiscal policy resulted in constantly recurring deficits and whose population was decreasing.

But, Mr. Speaker, after 1896 a great change took place. Instead of our people migrating to the United States the improved conditions encouraged them to remain and also attracted newcomers. In case I may be challenged upon this point, let me give figures: From 1891 to 1901 the increase in population was 11.13 per cent —and, bear in mind, Sir, that the last half of that decade the people enjoyed the advantages of a Liberal government. From 1901 to 1911, the first full ten-year period, during which the Liberal party was in office, our population increased 34.17 per cent. In the last decade, 1911 to 1921, the increase diminished and amounted to only 21.94 per cent. In other words, the population during the first ten years that the Liberals were in office increased 34.17 per cent, while in the decade preceding, under a Conservative government, the increase was only 11.13 per cent, and in the decade following, also under a Conservative government, the increase was only 21.94 per cent. During the period from 1911 to 1921 the Immigration Department brought in 1,728,876 people, and the excess of births over deaths was 1,103,630, or altogether an increase of 2,832,506. But, Sir, when the census figures were published a few weeks ago we were disappointed to discover that instead of that rate of increase having continued it had greatly fallen off.

Mr. CHAPLIN: Will the hon. member give the figures for the decade ending 1891?

Mr. KYTE: The only figures I have are in relation to the total population, which amounted to 4,833,239—after a period of more than thirteen years during which our friends opposite were in power. I was proceeding to say that our American friends were never very much interested in establishing reciprocal trade relations

with us until after the change in government in 1896. From then on to 1911 the statesmen of the United States discovered that conditions here had changed very considerably, that our revenues were increasing; that large sums of money were being spent for the purpose of developing our resources; and above all, that a large and steady stream of immigrants was flowing into Canada. They noticed these changed conditions and they said to themselves: While we did not regard Canada as of very much consequence commercially during the regime of the old Conservative party, but now we think it would be worth while to talk business with her. So the government of that country made a proposal for reciprocity with us; and that is how it was brought about. I remarked a few minutes ago what we might hope for in the way of further tariff reductions if the present Liberal government remains in office long enough, as no doubt it will.

4 p.m.

But, Sir, in addition to that, who knows what effect it might have upon the desire of our American neighbours for reciprocal relations if the present Minister of Finance and his colleagues bring about a recurrence of the condition of affairs that obtained from 1896 to 1911? There is not much doubt that there will be another offer from the United States for reciprocity.

Now, Mr. Speaker, I desire to put myself upon record as to where I stand upon this question. I repeat that, while I approve of the wisdom displayed by the Minister of Finance, I, in common with other hon. members sitting on this side as well as hon. members in the Progressive group, regret the circumstances were such as not to justify his making further reductions in the tariff. But I have confidence that in the next few years there will be such large increases in our revenues through increased prosperity and a large volume of immigration, that the Finance Minister of the day may be able to lop off here and there any objectionable features of the tariff so that in the near future it will approximate much more closely to a tariff for revenue only.

Mr. R. K. ANDERSON (Halton): Mr. Speaker, the budget debate so far has been interesting from several points of view: because it is the first budget of this fourteenth parliament; because we have heard the views of three distinct political parties; and also because we have a large number of new members who for the first time are looking upon national questions from the point of view of the legislator. It is also interesting because the budget has been presented by a minister who has had a distinguished political career. Although I do not agree with the Minister of Finance (Mr. Fielding) in politics, I have no hesitation in expressing my great personal regard for him as a statesman of no mean calibre. I desire to compliment him, not for the subject matter of his budget, nor for the reductions in duties announced, but for the manner in which he presented it to the House and for his ability in disguising its real character.

This budget pretends to reduce the duties on imported articles and at the same time lower the cost of living. But to my mind it would appear that the cost of living to the average consumer will be increased. The hon. gentleman has not blazed any new trail in the way of taxation, but has contented himself with following the well-beaten path laid out for him by his predecessors in office, the Right Hon. Sir Thomas White and the hon. member for West York (Sir Henry Drayton). They are the true pioneers in introducing new methods of taxation to enable the Dominion to meet her increased expenditure resulting from the war. These were the men who bore the burden of finding increased revenue during the years of war conditions, and, although I have no desire to minimize the difficulties of their successor—for I know those difficulties are great, our national obligations being burdensome and likely to remain so for a number of years—yet I think his responsibilities are light compared with those of his predecessors.

I have listened with a good deal of interest to the previous speaker (Mr. Kyte). Some of his remarks were interesting from more than one point of view. He made statements which to my mind are directly contradictory. Of course, he made mention of the different shades of thought on the Liberal side of the House. The difference has been quite apparent during this session of Parliament when we have seen hon. gentlemen opposite disagreeing with one another on the questions which have been presented to the House for discussion. He also stated that the tariff was no longer an issue. That was also said during the political campaign which ended on the 6th of December last, that

the tariff was not an issue so far as the Liberal viewpoint was concerned. He followed that up by saying he was no free trader, and then he said he was in favour of a tariff for revenue purposes only. To my mind, there is no difference between those two statements. A tariff for revenue purposes only, if carried to its logical conclusion, is essentially a free trade policy. I do not think any man in this House, no matter how clever he may be, could stand up here and convince any intelligent member that there is any essential difference between those two statements regarding the tariff. The hon. gentleman gave an example of how he would change the tariff duties and get the revenue which would be lost if the protective duties were repealed. He would place on articles which we produce in Canada an excise tax, instead of the tariff duty we now have, and he would put a tariff duty, I presume, on articles that we cannot produce in Canada. That is a free trade policy, because if you place a duty of 20 per cent on the articles manufactured in Canada, and put a sales tax of 20 per cent on articles imported into Canada which are also made in this country, you only increase the price of the article 20 per cent to the consumer, and give no protection at all to the Canadian manufacturer. The consequence is that the foreign manufacturer competes in our home market on an equality with the Canadian manufacturer, and that is essentially a free trade policy. It can have no other effect on the industries of this country than to bring them into ruinous competition with the manufacturing concerns in other countries. Nor would it in any way reduce the cost of living, which would remain just as high as it was before. In effect, it would be still higher, I imagine, because there are times when the customs duty collected on an imported article might possibly be paid, part by the consumer and part by the producer, but so far as a sales tax and an excise tax is concerned there is no doubt they will be paid by the consumer. There is no one else to pay it.

I was also interested in what the hon. member said with regard to the American system of taxation. He said they had no protective system of taxation in the United States previous to the Civil War. If I remember aright, Henry Clay, one of the most eminent American statesmen, was a great protectionist and advocated protection. He was dead before the Civil War. The United States, as appears from the World's Almanac, has had a protective policy for one hundred and thirty-one years, and I am quite satisfied that the Civil War did not take place that long ago. So the hon. gentleman was entirely wrong in his statement.

He also made mention of the small increase in population in this country in the last decade, as shown by the census of 1921. There were reasons for the small increase in population during the last ten years. The hon. gentleman has evidently forgotten that we had a war, which interfered very much with immigration to this country, and will probably interfere with it for a few years to come.

So far as the tariff reductions proposed by this budget are concerned, they are so small that they will not affect to any great extent the cost of living. We might designate this as a two and a half per cent budget, and so far it does not appear to be having any intoxicating effect upon hon. gentlemen to my left. They have not shown themselves very much in favour of it, and so far they have been keeping very much to themselves in regard to these proposals. I do not exactly know how it appeals to them, but taking it altogether a 2½ per cent reduction on the articles affected amounts to 2½ per cent on $40,000,000, or to about $1,000,000 a year. That is, the reduction in the tariff duties proposed by this budget amounts to about $1,000,000 a year. In 1919 the late government reduced the tariff duties of this country to the extent of about $17,000,000 a year, and at that time the reductions were not considered sufficient by the predecessors of the Progressive party in this House, and they crossed the floor in opposition to those proposals. I am very much interested in seeing how the members of the Progressive party to-day will view this small reduction of $1,000,000. This 2½ per cent reduction is offset by the fifty per cent sales tax increase, which practically kills the reduction altogether. Both the sales tax and the duties which are reduced by 2½ per cent are a tax to a certain extent. The effect of the changes that have been made is that the farmer receives no particular benefit in purchasing the implements of agriculture which he requires. The increase in sales tax will increase the taxes of this country something like $30,000,000. I think I am correct in saying that $60,000,000 was collected from the sales tax last year, and as it is now being increased 50 per cent, that will mean an additional $30,000,000. So we get a reduction of $1,000,000, and an increase of

$30,000,000, which means a net increase of something like $29,000,000. That $29,000,000 increase in taxation will certainly not decrease the cost of living. I have made a short computation of what the farmer who buys a hundred-dollar implement will save under this 2½ per cent reduction. The 12½ per cent duty is reduced to 10 per cent, but, put against this the increase in sales tax, and in the stamp tax, and on an implement on which the duty is reduced he will save, on a hundred-dollar transaction, about 36 cents, which amounts to 1-227th of one per cent reduction on that particular implement. If the Minister of Finance keeps up his present pace of reduction, he will reduce the cost of that particular implement to the farmer 1 per cent in 277 years, and if he continues long enough he will reduce it by the full 12½ per cent duty in 3,000 years. That is not so bad a prospect for hon. gentlemen to my left, one of whom said yesterday that the millennium was near at hand, and some of them might live to see it.

This is the first time in the history of Canada that a political party has been returned to power without a definite fiscal policy. The Liberal party in the last campaign did not have a fiscal policy which the people of this country understood. Such a fiscal policy as they had was interpreted in different ways by their own following. It was variously described in different parts of the country; it was all a camouflage. Liberal candidates in various parts of the Dominion asked for the suffrages of the people on policies of their own. One appealed to the electorate on a tariff for revenue purposes only. Another advocated freer trade. Another advocated a tariff for the producer and the consumer; while others asked for popular support as independent Liberals. Now an independent Liberal in taking that attitude really repudiated his leader and his leader's policy. The hon. member for Kent who now reposes in the Senate, and the hon. member for North Waterloo (Mr. Euler), and the candidate for the county of Halton, all asked for the support of the people as independent Liberals. As independent Liberals it is almost impossible to say in what position they were appealing to the people as far as the tariff is concerned. The leader of the government had a policy, and that policy was a tariff for the producer and the consumer. The Liberal policy of 1919, and of 1896 as well, was a tariff for revenue purposes only. While some of the jugglers in the Liberal party advocated freer trade and others, as I said before, professed to be independents so that they could assume any position they desired having regard to the conditions in the particular county in which they were running. Taking all these various names, and putting them together, is was impossible to understand, and the people of the country did not understand, what the real fiscal policy of the Liberal party was. However, the Liberals were returned to power on the 6th of December, 1921; they received a mandate from the people to come down here, and, I presume, put into effect what they thought wise with regard to the tariff of Canada. In 1906 the Liberal party of that time were elected to office on the issue of the construction of the Transcontinental railway. That was made an issue in the campaign at that time; the people voted for it; and when the Liberals came into power they built that road. That policy has resulted disastrously; it has been followed by unparalleled railway deficits which the people themselves have to pay. I cannot say that I blame the Liberal party for that; I think the responsibility rests directly upon the people who elected them to office. In the last campaign the people returned the Liberal party to power without knowing what their fiscal policy was, therefore the people are responsible for what may happen when the Liberals bring down their fiscal policy from year to year. This is the second time in the history of this country, Mr. Speaker, that the Liberal party have been returned to power and immediately proceeded to carry out the protective principle of the Conservative party, although they repudiated protection at the polls. The Liberals did that in 1896, and although they were elected then on a tariff for revenue purposes only, they kept the protective principle in existence for fifteen years.

I have no thought at all that the Liberals will keep that principle in existence for another fifteen years, because I see in the present budget, indications that they intend to carry out a tariff for revenue purposes only, more truly than they did before—a policy which, to all intents and purposes, is a free trade policy. There are influences in the Government itself, there are influences in the Government's following, and there certainly are influences in the Progressive group on this side of the House, that will insist upon the Government implementing its tariff policy by some legislation during the term of this Parliament. The country may as well understand this,

and understand it now. It has been heralded, as I say, in the budget speech, and was announced during the campaign although in a very obscure manner. During the budget speech the Minister of Finance said, as reported at page 2,184 of unrevised Hansard:

> The line upon which we ought to be expected to deal, and upon which we intend to deal, is expressed in a resolution that I had the pleasure of moving in this House a year ago.

This is the resolution referred to:

> That while recognizing that existing financial requirements of the Dominion demand the maintenance of a Customs Tariff, the House is unable to concur in the declaration by the Government that the tariff should be based on the principle of protection;

That is a clear declaration against the protective principle. It means that the Liberal party are opposed to that principle in the tariff. Now, if they are opposed to the protective principle, then it is quite consistent to believe that they will proceed at the present time to carry that principle out. The Finance Minister followed that up by a further remark in which he said:

> The policy so laid down is the policy we are prepared to carry out to-day.

That statement was received with applause not only by the members supporting the government, but by the Progressive members—a clear indication of what the country is to expect, and what the manufacturing industries are to expect, in a few years. The truth now appears in definite form, the truth is declared in unmistakable language in the present budget. Now, this will have a disturbing effect upon industry in the Dominion. Industry will be a little bit apprehensive that the protective principle is to be removed from our tariff. Those engaged in manufacturing will therefore cease to expand their plants, and a deterrent effect will be produced upon outside industries that otherwise might come and establish branch plants in the Dominion and thus help to manufacture articles here and contribute to the progress of the country.

Now, with regard to customs duties, the Finance Minister also made this statement —this is in the resolution already referred to:

> The tariff is a tax, and the aim of legislation should be to make taxation as light as circumstances will permit.

I do not think anybody will quarrel with that statement. I think it should be the aim of the government to make taxation as light as possible, as light as circumstances will permit; but I do not see that the government is succeeding very well in its present budget. Of course a protective tariff is a tax to some extent. It may be a tax entirely to the full extent of the duty; but there are times, I think, under proper circumstances the tariff duty might not be paid by the consumer. There are circumstances when the producer might have to pay part of that tax; but with regard to the sales tax that never can take place. The tariff duty also is a fair tax because it will compel a man with a large income to pay more duty. Having a large income he will purchase more dutiable articles and in that way he will pay more duty, and consequently a greater tax, than the man with a smaller income. The same applies also to the sales tax which possibly is a tax we will have to use a little more in the future. Now, duties can be applied for revenue purposes only, as they are levied in England; they may be applied on the protective principle only, just as they are in the United States; and they may be applied for both revenue and protective purposes, a combination of the two as used in Canada. England has had a revenue tariff for a good many years; but as the hon. member for South Cape Breton (Mr. Kyte) said this afternoon they were probably deviating a little from that principle. They have instituted a certain amount of protective taxes but, as the hon. gentleman said, they have also added an excise tax on the home-made article to obviate the protective principle, consequently they are a free trade country. In 1920 the English people collected $729,000,000 of duty, largely on articles produced at home. No industries were fostered, no protection was given, and the country did not receive any particular benefit from the duties collected, other than the revenue received. They collected in that year $16.20 customs duties per capita of her total population. The United States have a tariff for protection only. They have been making their tariff high enough to prohibit inportation from the outside world. The Fordney Bill, which is now before Congress, will practically prohibit outside manufacturing industries from putting their articles on the American market. Of course this is their own business, but only a country that is very much self-contained would be wise in adopting such a policy. I do not advocate such a policy for the Dominion of Canada. In 1921 the

United States customs collections amounted to $308,564,000, or $2.88 per capita. That means $2.88 per capita collected from the citizens of the United States in customs duty, in comparison with $16.20 collected by Great Britain, Great Britain being a free trade country, and the United States an exclusion country. Canada adopted the middle course by taking a policy of adequate protection, using the duty for revenue and protection as well. In 1921 Canada collected in customs duty $105,500,000, a per capita tax of $16.40, as compared with $2.88 of the United States. That goes to show to what extent the United States is practising an exclusion policy. May we not expect that they will continue that for a number of years? It is not to be expected that the Secretary of the Treasury in Washington would favour any reciprocity treaty at the present time. It is scarcely to be hoped for, and I question very much whether such a policy, if it were submitted to the Canadian people, would not receive just as high an adverse vote as it did in 1911. The people of Canada, at the present time, are not in favour of reciprocity with the United States. In 1921 the exports of the Dominion of Canada amounted to $1,210,488,119 and her imports to $1,240,158,882, a balance against Canada of 130 million. The dutiable imports were $847,561,406 and the free imports $392,597,476. That shows that the free imports of the Dominion are about 48 per cent of her dutiable imports. That is not the very high rate of protective duty, when almost half the imports of this country are free of duty.

There is another feature of the matter which, I think, members of this House and the people of the country should very seriously consider. My opinion is that the present Government is starting on a downward trend in tariff duties, that they intend to do away with them, and gradually place in their stead a sales or excise tax to prevent any advantage to our Canadian manufacturers from the duty which is collected. The thin end of the wedge has been introduced, and it would appear to me that during the years of their term of office they will continue their present policy, until they have done away with the protective principle. During the late campaign, noting the remarks made throughout the country, I could not help thinking that the Liberals were sincere, and if they were sincere, I see nothing for it but that they will continue on the road on which they have started and do away with protective duties. What influence will this have on manufacturing industries proposing to come into this country? Looking over the amount of investments in Canada, I find British capital is invested in Canada to the extent of two and a half billions of dollars. That means that two and a half billions of British money is invested in Canada, and it is invested largely in stocks and bonds. Money invested in stocks and bonds helps to build up the country. The money is invested in our industry, although the British investor does not run those industries. He lives in England, gets the interest, which is sent over to him, and spends it over there. But the money invested here helps to develop this country and to run our industries, builds up the cities, and gives employment to the labouring men. This was the policy of the British investor in past years, but there is a decided change coming over the British investors. During the last few years they are coming into this country more and more, and investing their money, and taking part in the industrial development of the country. During the last two years British firms have come to Canada and established their plants here in various cities throughout the Dominion—Quebec, Montreal, Toronto, Hamilton and other centres of population. They are coming here to manufacture articles which will compete in our home market, with the Canadian made article, and, by their competition, they will reduce the cost, and at the same time give employment to our people and furnish a market for the farm produce of the country. The number of American firms in this country is quite large. In 1921 there was invested $1,800,000,000 of American money in Canada, and, unlike the British investor, they placed their money in the industrial concerns and went directly into the business in the country. They employed our labour, built their plants in our cities, and helped, like the British investor, to build up the country. In 1914 there were something like 350 American concerns doing business in Canada; in 1921 there were 700 American concerns, an increase of one hundred per cent, showing the benefit of protection. Without that protection none of these firms would be in Canada. They would have their plants in the United States, and would do the manufacturing

there. The United States would have the money, we would buy the goods, and we would be building up the plants in their country. Instead, under protection they are building up our Canadian cities, furnishing a market for the produce of our farms, and helping to develop the natural resources of the Dominion.

Now taking them altogether, these people come here for the direct purpose, in the first place, of avoiding the tariff. Without that tariff they would not be here at all. They come here because of our stable form of government. We have a thrifty people, and varied natural resources from which they can draw the raw material. We have the market they want, and they can cater to that market better in Canada than from the home plant in the United States or in England. The consequence is that they are continuing to come. But if we interfere with the protective principle in our tariff, they will cease coming, because they will wait for the day when free trade will be in effect, and they can supply this market from their home plants. Hon. members to my left, and hon. members anywhere in this House, can readily understand that it is much better for this country to have the articles which we need manufactured in Canada. Canada is a large country, and it is well able to supply its own needs, and we should become, as far as possible, a self-sustaining country. There is no reason in the world why a people so verile, active and energetic as the people of Canada, with such a large tract of country, such great natural resources, able to furnish the raw materials for every kind of industry, should not develop the natural resources by its own people and make the country self-sustaining. During the war we found out that there were large numbers of articles which we did not manufacture at home and which we were buying abroad. We had to do without them until we were able to manufacture them for ourselves.

In the Dominion of Canada in 1920 34,000 manufacturing concerns were making in all 8,445 different articles of manufacture. In 1917, we produced 6,257 different articles, so that there was an increase of 25 per cent in those three years, directly resulting from increased activities due to the war as well as to the desire on the part of outside people to get into our markets. In 1917, 6,500 different firms were doing business in Canada, whereas in 1920 there were 8,500, an increase of 2,000, or 25 per cent. Each of these firms controlled about four different manufacturing establishments, showing the tendency on the part of various firms to branch out on account of the great extent of this country.

I wish to draw the attention of the House for a few moments to a comparison between these countries, Great Britain, the United States and Canada, as regards trade. In 1919—I am taking the year 1919, because it was the last year for which I could find any adequate returns—the total British trade amounted to $12,600,000,000, or a per capita trade of $380 for a population of about 46,000,000. Her imports for that year were $7,912,000,000, or $175 per capita, large, comparatively speaking; but when we examine her exports for the same year. In 1919, she exported $4,687,000,000 worth of goods, equal to about $93 per capita of her population, as compared with per capita imports of $175, or 59.25 per cent of imports. During the same year, the customs collections were approximately $720,000,000, or $16 per capita. In 1919-20, Great Britain imported $100 worth of goods for every $59.25 worth of goods that she exported; the balance of trade being so strongly against her in the world's market, she must pay the difference in gold, or her money will be below par. I do not know how any country can continue to do business on the basis on which England does it, always buying more than she sells. There is an explanation for that with regard to England; but I doubt very much if Canada can do the same thing and remain solvent. No private individual, no industrial concern could do business on the same basis, and remain solvent.

In the same year Canada had a total production of $4,993,000,000, or a per capita production of $587.50 for our people. This was made up of the two great branches of production, agriculture and industry, the amount as regards agriculture being $2,251,000,000, and as regards industry, $2,742,000,000, the two sources of production breaking almost even in the race. The greater part of this huge production was consumed in the country. According to trade returns, our total exports for 1919 amounted to $1,268,000,000, that is, the exports were almost exactly 25 per cent of the total production of the entire country. This leaves about 75 per cent of the production of this Dominion, in relation to agriculture and to our manufacturing industries, consumed in this country. This certainly is a good argument in favour of the home market and of our pro-

tecting that home market, not only for the agricultural producer, but for the industrial producer as well. Our exports amounted to $149 per capita, and our imports to $108 per capita. The total external trade was $257 per capita of the population. While we exported 25 per cent of our total production, we imported 18½ per cent of our total production, so that in reality the Canadian market could consume over 90 per cent of the total production of this Dominion if we catered to it in every way. This shows again that the home market is the best market which the people of this country can have.

In the United States, I took the year 1921, as that was the only year for which I could find complete returns. The United States in 1921 produced, on the farm, supplies of all kinds amounting to $8,420,000,000. This, I found from a statement by the Department of Commerce quoted in the World Almanac for the year 1922, at page 693. I was disposed to question that. I thought the agricultural production of the United States would probably be larger. I looked this up very carefully, and those are the exact figures stated. It was stated that they were taken from the Department of Commerce of the United States. The estimated population of the United States is 107,000,000 people. The industrial production of that country in the same year amounted to $24,624,000,000. That, added to the agricultural production, gives a grand total of $32,500,000,000 which is, roughly speaking, a production of $303.75 per capita, as compared with $587.50, the per capita production of Canada. Out of this total production of $32,500,000,000, $7,250,000,000 was exported, or approximately 22⅜ per cent of their total production. Thus, roughly speaking, 77⅝ per cent of the total production of farm and factory of the United States was consumed in that country. No other argument, I should say, was needed to show the people of this country and of the United States the necessity of protecting the home market. That is the market which is nearest to them, most accessible, and they know how best to cater to it. The same thing applies to the Dominion of Canada. The total imports of the United States for 1921 amounted to $3,090,000,000, or a little less than 50 per cent of their exports. But when you compare that with their total production, it amounts to 9½ per cent, so that 107,000,000 people purchase only 9½ per cent of their total needs from the outside world. You can easily see from this how very much self-contained they are. They can live almost within themselves and feel that they do not need to take any particular part in the disputes of Europe. They stand alone, and it will be very interesting for the people of this country to watch our neighbouring republic and see how they can get along with a total exclusion policy. The total external trade of the United States amounted in 1920 to $111 per capita while their exports amounted to $73 per capita, and their imports to $28 per capita.

For the sake of comparison, we will look at the trade of these three English-speaking countries that are doing business on a different basis: England as a free trade country, using the tariff for revenue purposes only; the United States as a highly protected country, and Canada as a country of moderate protection. The comparison shows that England leads in the general volume of trade and does much more business with the outside world than either of the other two in proportion to population. But she buys $100 worth of goods, while she sells only $59 worth in the world's market, having a reverse balance of $41 against her. The United States reverses this order very heavily. She buys only $42.83 worth of goods, while she sells $100 worth, thus having a surplus balance in her favour of $57.17. Canada has a medium position, selling $100 worth of goods, while buying $72.50 worth, thus having a surplus balance of $27.50 in the world's market. These figures with regard to Canada and Great Britain are for 1919, but with regard to the United States, they are for 1921. Canada, then, has a per capita production of $587.50, the United States $303.75. The per capita trade in the world's market is as follows: The United States, $96.40; Canada $257; and England $302.20. That shows the varying bases on which these three different countries compete in the world's markets. England maintains her position largely because she is a world carrier and is able to make up her deficits by the moneys earned in carrying exports from and imports into the country.

I do not think it is too sweeping a statement to say that the difficulties facing the Minister of Finance (Mr. Fielding) are largely due to the war. If you could eliminate our war debt and the deficits resulting from the operation of the Canadian National railways, the Minister of Finance would have a very easy task to perform in connection with our financial

situation. The hon. gentleman, when speaking on the budget last year, said in this House:

> In all that is necessary, as arising from the war, we desire to share with hon. gentlemen opposite the honour and responsibility of the occasion.

In these generous words he exonerated the late government from any blame in connection with the great war debt we have to-day. I do not think he could have done otherwise, since the late government had a record that has not been excelled by any other government in this country. They had to hew out for themselves a new path and follow an unknown course; they were compelled to face difficulties that were never before contemplated; and they showed great ability in meeting those difficulties and making revenue and expenditure meet. It was a very strenuous time and the government succeeded in discharging their obligations in a way no other government had done before.

There is only one way we can meet our debt, and that is by proper economy, making annual revenue meet expenditure. We must not go further into debt. I do not think there is any class of people in this country who object to paying our war debt. The only person I heard suggesting a repudiation of the debt was the hon. member for Winnipeg Centre (Mr. Woodsworth), who sits to the extreme left. I believe he made some remark to that effect the other day. But that view is not shared in by very many people of this country. Canada is a very wealthy country and we ought to be able to meet our obligations. It would be very much better if the same attitude were taken by Germany, and they went to work to meet their reparation payments instead of trying to evade their responsibility in this regard. I have sympathy with France in the position she takes in demanding these payments. The French people will not forget the treatment that was meted out to them in 1870 by Germany, when France was compelled to pay to the last cent. That fact will rankle in the mind of every Frenchman, and I sympathize with the French people in their demand that Germany shall pay on this occasion.

In relation to our debt and annual expenditure the Government has three definite duties to perform. First, they must practice economy in the annual expenditures. I think that economies could well be practised particularly in connection with the Civil Service, and I am not advocating that the civil servants shall be paid less. I believe, with the member for Sherbrooke (Mr. McCrea), that the Civil Service is very much over-manned. We could do with fewer civil servants, and those that are employed could work longer hours each day. In that way we should have more efficiency. It would be better for the civil servants to pay them more and make it worth their while to stay in the service. They could then be required to work longer hours, thus making their effort to help the government economise. I think that certain savings could have been effected in the estimates brought down this year in other directions than those in which the Government has economised. I do not think it is wise to pare down the estimates to the lowest possible figure, because that can very easily be false economy. The best economy is to get the utmost that is possible for the money you spend. I was not in favour of the reduction of $700,000 in the militia estimates, and I was sorry to see that the Minister of Militia (Mr. Graham) was compelled to submit to the importunities of hon. members on his own side. I compliment him on his ability to about-face at the command of his subaltern from Quebec South. It was certainly a manœuvre that the hon. gentleman did not learn in any British army, to turn his back so adroitly in the face of the enemy. I regret also that the naval estimates were cut down a million dollars. They were small as they were, and it was a great mistake to reduce them, because we ought to have a small navy in Canada. In 1908 or 1909, when the naval debate was in progress in this House, under the leadership of Sir Wilfrid Laurier, the Toronto Star sent out telegrams to all the leaders of the municipalities in Ontario asking their opinion on the naval issue. Replies were received, the great majority of which were to the effect that the Dominion of Canada should have a small fleet as the nucleus of a navy that could in future be sent to the relief of England in time of emergency. That was the proper policy to follow, and it is regrettable that the government has now receded therefrom and practically scrapped the navy. The naval cadets in Canada are very much displeased and disappointed as a result of the reduction in the estimates, because they will have to change the plans they had made for the present year. .It was scarcely fair to them to bring the matter

down at the last moment and now compel them to alter the arrangements which they have made.

There is another way in which the Government can help matters, and that is by assisting to give an equality of opportunity to all. In the matter of taxation no preference should be shown, and every man should share the responsibility of the national debt. Every individual citizen gets the benefit of the protection that is afforded by our laws, and he has a corresponding duty to the state which he should discharge. The Government can do much in seeing that every citizen has an equality of opportunity to obtain the means whereby he may provide himself with the necessaries of life and pay his fair share towards the revenues of the country. Another duty which devolves upon the Government and which the Minister of Finance takes cognizance of in the budget, is to extract from the pockets of the people, in the most equitable manner and to the fullest extent possible, the money that is required to meet our annual expenditures. This is a matter of some difficulty, and I believe that the minister has approached the question with considerable care.

The railway question has been referred to by various hon. members in the course of the debate, and I may say at once that I am in favour of the national ownership of railways. Those railways were taken over by the government, not because the government wished to, but because they were compelled to by the circumstances. I believe it is possible to conduct our National Railways as efficiently under public ownership as under private ownership, and I think it would be a national calamity if all our railroads were under one private company. Such a monopoly would not be in the interests of the country generally. I have a great respect and admiration for the management of the Canadian Pacific Railway, which is one of the most efficient transportation companies in the world, but I think it is absolutely essential that our National railway system should remain under public ownership. The Canadian Pacific Railway will be a stimulus to the management of our National system to get their fair share of traffic, and it is gratifying to know that last year they secured 54 per cent. After listening to hon. members of the Government and their supporters, it would not appear to me that the National Railways will receive a fair and just trial at their hands. When hon. members opposite are so outspoken in their opposition to public ownership in principle, it is not likely that they will make any very enthusiastic efforts to insure the successful operation of our National railway system.

With respect to immigration, I am of opinion that as far as possible we should seek immigrants from the British Isles, northern Europe, Holland and France. But I should like to see a very strict medical examination enforced either at the port of entry or the port of embarkation, for it is absolutely essential that newcomers should be medically and physically sound. From the discussion on the estimates of the Departments of Immigration and Health, I formed the conclusion that there is not a sufficiently strict inspection of immigrants from the United States. Undesirables may seek entry from the United States, and we should have a better system of medical examination. The United States authorities are ahead of us in this respect and frequently Canadians crossing the border are held up under slight pretexts, not so much in regard to their physical qualifications as their financial position.

The abolition of the dumping clause will prejudicially affect a large number of fruit and vegetable growers in Ontario extending along the shores of lake Ontario from Belleville to Niagara Falls, as well as those along the shores of lake Erie, who in the aggregate have a very large amount of capital invested in the enterprise. The American fruit—I am speaking particularly of the small fruits—is shipped in here two or three weeks ahead of our domestic fruit and secures the cream of the prices, and by the time our fruit is coming on the market the American growers will have a large surplus on their hands, which they are ready to dispose of at any price, thereby depressing the domestic market for our local growers. The same conditions apply to vegetables. In the county of Halton alone there are five or six thousand people interested in fruit and vegetable growing, and altogether we have about forty thousand people in the province who are interested in this industry. It is scarcely fair to leave them open to the bad results following from the dumping of American fruit and vegetables on our market at a time when the domestic production is being offered for sale. As stated by the hon. member for Yale (Mr. MacKelvie), the fruit

and vegetable growers of British Columbia will also be adversely affected. In view of these facts, I think the Government would be wise to consider this matter further, and I trust it will result in their deciding not to repeal the dumping clause.

The excise tax of 49 cents per 100 pounds on beet sugar will affect a large number of our farmers who are engaged in growing sugar beets, and in this case also I think the Government would be well advised not to place our farmers at such a disadvantage. I presume the matter was very carefully considered, but I hope it will receive further consideration.

5 p.m.

With regard to the amendment, Mr. Speaker, it seems to me that honesty and sincerity should characterize the undertakings of political parties. This is essential if our public life is to be kept at a high standard. The Liberal party has not been too particular in this regard either during the last campaign or in preceding campaigns. Candidates of that party made promises prior to the election which they knew there was absolutely no possibility of their redeeming. For instance, they promised that if their party was returned to power they would reduce the cost of living by reducing the duties on imported articles. But what has the Government done? While slight tariff reductions have been made, the increase in the sales tax will result in the cost of living being more burdensome than before. In a word, the Liberal party have secured office under what amounts practically to false pretences. This is not a desirable condition in our public life, and for that reason I shall support the amendment.

Mr. WILLIAM G. RAYMOND (Brantford): Mr. Speaker, as representing a constituency which perhaps is more affected by the tariff than almost any other constituency, I thought it desirable that I should say a few words upon the tariff as it appears to the workers in the industries at Brantford.

There are, of course, many views upon the tariff. Any one who has listened to the debate, so far must have noticed that all kinds of opinions are held by hon. members. In fact, one hon. member, I think from Fort William (Mr. Manion), did me the honour to allude to me in what I thought was intended to be the language of compliment—it might have been called flattery—when he said that I was a Liberal Protectionist. Now, I have no objection to the term if translated in the way that I would translate it. I do not know exactly what the hon. gentleman meant, but I would remind him that a countryman of his own once said "There is many a true word spoken in jest." I think from the point of view from which we regard protection, that is to say, of a tariff for revenue with incidental protection, not by any means a tariff for revenue only—

Some hon. MEMBERS: Oh, oh.

Mr. RAYMOND: What is the objection? A tariff for revenue with incidental protection—

Some hon. MEMBERS: Oh, oh.

Mr. RAYMOND: I should think that was easily understood.

An hon. MEMBER: Very easily.

Mr. RAYMOND: I am glad that some hon. gentlemen are so easily amused, Mr. Speaker. While we may differ on the tariff, while there are points, I think, upon which we can all agree. Every man who was elected to this House, I fancy would claim to be, and I think his constituents must have thought he was, at least a good Canadian, one who loved Canada; and those who love Canada must certainly honour those who serve Canada well and unselfishly, and do her good service. In that sense I believe it is the general opinion of this House that there is no better example among men of Canada, and we have many who have done great service to our country through a term of many years, than we have in the hon. the Minister of Finance (Mr. Fielding). I believe that on that the members of this House can all unite and be unanimous in congratulating him, and I believe they will agree that this budget that he has presented to the House is one that was produced under the most difficult circumstances. I believe that the people of this country look upon the hon. Minister of Finance as a wise administrator, as a true patriot, as an honest man, and an honest man, the poet has told us, is the noblest work of God. The hon. Minister of Finance is a man who has "talked with crowds and kept his virtue" and "walked with kings, nor lost the common touch". He is one whose name will be handed down with satisfaction and pride. I believe that his last achievement is one of which the country generally will feel that it is probably the very best that could be done under difficult circumstances.

There is one disappointment that I have, however, in this debate and it is this, that the amendment in the form in which it was moved, instead of expressing some sound or unsound economic principle, does not express any at all. It simply derogates the whole debate and draws it down to the field of mere party politics. Anyone who read the amendment introduced by the hon. member for West York (Sir Henry Drayton) will see at once that that is the object of it, the aim and the end of it—to open up a discussion that will go back to the last election; and I notice that the speeches of many members who have followed it are purely what might be called political speeches, instead of being on the broader field of patriotism, upon our national difficulties, upon our national aims and aspirations. I cannot believe that a man with the great wisdom of the ex-Minister of Finance (Sir Henry Drayton) and one who was concerned so intimately as he was with this country's financial affairs, could by himself have framed such an amendment. I believe it was thrust upon him, I do not think it was voluntary on his part. I think in the amendment we can see another form; we can see it has been suggested, it has been dictated, it has probably been written for him and placed in his hand to move, and he has moved it because he is under the discipline of his masterful leader the right hon. member for Grenville(Mr Meighen).

While I regret that the debate, as I say, has been drawn down to the field of party politics by the moving of this amendment, I do not think it is necessary to follow the amendment, because in doing that we are only going back to the argument, backwards and forwards, that were used during the last election. We have other issues before us. We have to consider how the budget proposals will affect, first, our constituencies, and then in a broader sense, how they will affect the country. That is, we should look at this budget both as representing our ridings, and in a general sense as Canadians. I endeavour, for my part, to regard it in that way, and I endeavour to represent the constituency that elected me. The members of this House are not automatons, nor are we delegates, but representatives, and we have to the best of our ability to speak opinions, not always our personal ones, but those of ourselves and our constituents. The very derivation of the name of this assembly is by many etymologists thought to be from the words "Parler le ment"—to speak the mind—and if we openly and plainly speak our minds, I think we shall produce better results than if we sail under any false colours or resort to any camouflage.

This House was told by an hon. member that I had out-priested the high priest of protection. That may be true. The returning officer said it was. While it is a fantastic and paradoxical phrase. I presume possibly it is meant for a reproof. If so, we can recall instances of where even priests and prophets were reproved. Balaam was reproved; we all remember that, and I believe in this case the reprover outbrayed the rebuker of Balaam. When I am called a Liberal protectionist, if that is what I understand it to mean, namely to desire a reasonable, rational revenue tariff on industrial products, the manufacturers of this country, I must acknowledge to being a protectionist, whatever odium the word may bear in some men's minds. But I claim that that has always been the policy of the Liberal party—always. If you go back to Confederation when the tariff was made by a coalition government, the first tariff we had was a matter of some 15 per cent, and the first time that tariff was raised, it was raised by the Alexander Mackenzie government, who were accused of being protectionist by the Conservatives of that time. The Liberals did not reduce the tariff when they came into power; they raised it because of the necessities of the country. Then, when they came back in 1896 the same thing happened. They maintained a certain amount of protection, but the present Minister of Finance so skilfully readjusted the taxes on raw material that the commerce of this country grew by leaps and bounds, and our population increased, as was proved to the House this afternoon. So free trade has never been a part of the Liberal party, neither in theory nor in practice, and I do not think any one expected that it would be. It is well known in the older settled parts of Canada that the factories existing there are dependent on a certain amount of reasonable protection that is afforded by a revenue tariff for their existence, and while that is felt it is not likely that the Liberal party would ever announce that it was going to renounce that policy which has so long been the accepted policy of Canada. Hon. gentlemen opposite are always endeavouring to say that the aim of the Liberal party is free trade, or, as they put it sometimes,

free trade as they have it in England. If they could ever prove that that was the object of the Liberal party, they know then that the policy of the Liberal party would not be popular with the people of Canada, and that is why they wish to foist upon them a policy which is not theirs, which does not belong to them, and which, when in power, they never put into practice.

Now I am not going into the details of the present tariff, there will be plenty of time for that when the House is in committee, if it is desirable; but on its general principles I will just say this. What affects my constituency is the removal of the two and a half per cent from agricultural implements—from ploughs, binders, cultivators and the various implements that are used upon the farm. Why should I feel so keenly when, perhaps, it appears to some gentleman but a small matter? The reason is this: our city is dependent upon the agricultural industry, upon the manufacturing of agricultural implements. When there are no agricultural implements making, our people are idle and the families are starving. At least, one-half of the employees in the city of Brantford are employed in factories that make these goods, and that half contains among it by far the larger number of the heads of families and householders in the community. When there is no manufacturing of agricultural implements, those people have no work, actually it creates a situation of starvation. The city has had to spend thousands and thousands of dollars during the last year or year and a half when this employment has been very precarious; now it has ceased in many of the factories altogether. In view of these facts when these implement manufacturers—

Mr. GARLAND (Bow River): May I ask a question?

Mr. RAYMOND: Certainly.

Some hon. MEMBERS: Louder.

Mr. RAYMOND: It isn't private, is it?

Mr. GARLAND (Bow River): The hon. gentleman made a statement that in several of the agricultural implement factories the work had ceased altogether.

Mr. RAYMOND: Yes, sir.

Mr. GARLAND (Bow River): Would the hon. gentleman have any objection to telling us reasons why that work has ceased?

Mr. RAYMOND: The reason the work has ceased is because the goods are manufactured, all the warehouses are filled, and until those goods are disposed of the factories naturally will make no more.

Mr. BRETHEN: May I ask a question?

Mr. RAYMOND: Certainly.

Mr. BRETHEN: My hon. friend has just made the statement that the prosperity of his constituency depended upon the implement manufacturers. Does it not depend upon the ability of the farmer to buy those goods in the manufacturers' warehouses?

Mr. RAYMOND: That is just what I said. You and I agree, evidently, very well.

Mr. SALES: May I ask a question?

Mr. RAYMOND: Certainly.

Mr. SALES: Have all your factories been closed?

Mr. RAYMOND: I believe so. I believe every one of them has been with this exception: I do not think the Windmill has actually shut right down.

Mr. SALES: The twine factory has not closed down?

Mr. RAYMOND: Not the twine factory.

Mr. SALES: I believe the twine factory operates under free trade?

Mr. RAYMOND: Yes, it does.

Mr. SALES: Thank you.

Mr. RAYMOND: Naturally, the twine factory operates under free trade, but I doubt whether the hon. gentleman understands the situation, although it was explained in the House a few weeks ago. There were twenty-four binder twine factories working against one another and keeping down the price of binder twine for the farmers in Canada; they were all in competition. However, when the duty was taken off these were all put out of business but three, so there was no competition amongst our Canadian factories, —that ceased. The industry was then in the hands of the American combine, and when they got these factories out of the business they raised the price to the farmers and you have to pay more for your binder twine than you would have if the factories alluded to had stayed in the country. That is the actual fact, and every

farmer knows it just as well as I know it. There are no other binder twine factories except, I think, this one in Brantford, and one in Welland. The farmers also know that the price of binder twine is fixed by the combine in the United States; and if ever it happens that they have a surplus of binder twine they could possibly put these factories, too, out of business. But the danger the farmers are in is this: if they have a shortage of binder twine in the United States and there is a shortage of binder twine also in Canada the farmers here will not be able to get it because there are not enough factories in this country to meet the demand.

Mr. SALES: What about Ireland?

Mr. RAYMOND: You might get some from Ireland. Now, although I am delighted to answer questions—

Mr. STEWART (Leeds): May I ask a question?

Mr. RAYMOND: Certainly.

Mr. STEWART (Leeds): Does the factory in Brantford which makes binder twine confine its activities to that product?

Mr. RAYMOND: Well, it makes some kind of rough rope too. I think it is also engaged in the manufacture of something like clothesline but binder twine is the article principally manufactured. It is a very successful factory; it makes twine of the finest quality, but it does not help to make more than, I think, about two-fifths of the needed supply. Hon. gentlemen opposite will correct me if I am wrong, but I think all the factories in Canada make about two-fifths of what we need; and you can see in a moment that if they have a shortage in the United States, through a good crop, and if we are likely to have a shortage from the same cause, the combine over there will not send their binder twine to us—they will use it in their own country. Now had we had the establishments which existed before, we would have had our own binder twine factories; they would have kept the price down, because, Sir, they would have been working against one another. I mention this industry of binder twine at the present time because, I say, the industries that supply the basic industries of the country are the most important that we have, consequently, they should be nursed and kept in Canada to develop and supply what we are pleased to call the more basic industries.

Mr. WARNER: May I ask a question?

Mr. RAYMOND: Certainly.

Mr. WARNER: Do you know of any of the United States companies that came over to Canada and manufactured on this side in order to dodge the tariff?

Mr. RAYMOND: No, I do not. Do you? As I was about to say—I will make another attempt at it—the binder twine industry brings us close to the argument I will present in a little while on basic industries. Now, two and a half per cent off these ploughs, cultivators, and implements of that kind, may seem to be a very small amount, it does not seem to some to be an appreciable figure; but when you remember that, for instance, on a binder the duty on which was originally only twelve and a half per cent, that two and a half per cent off is 20 per cent of the protection it had, you will see that it forms a considerable amount. Remember too, that these implements made to supply the Canadian market are made at the closest possible cost, but they were exported from Canada to certain countries in competition with the world. That trade has now been cut off; we have now nothing but the Canadian trade to depend upon. The condition of the money market in some countries, and the unsettled conditions in others, such as Russia, have made exports almost impossible—I think absolutely impossible. Take another cause of difficulty. There was one factory in our city, twenty-five per cent of whose output, I believe, went to Australia. That country has seen fit to put a prohibitory duty on implements and the factory in question, which employed 1,500 hands in Brantford, is to-day absolutely closed. Moreover, that firm is considering the advisability, instead of reopening their Brantford plant, of removing to Australia and establishing a branch factory there. Now, these are things that are serious, I take it, not only to Brantford, not only to the constituency that I represent, but very serious to Canada. If you are going to drive manufacturers out of Canada, or going to have them reduced to the lowest possible minimum, it would depreciate the value of farm lands and the value of farm produce in all these vicinities, and it would bring us down to where we should be only work-

ing to the one end, and that one end would be the development of agriculture. I doubt if this is advisable. I do not know if hon. members of the Progressive party really consider it advisable. From their arguments in this House, you would think sometimes they did but sometimes you would think they took a little broader view. Hon. members may think I am talking for the interests of Brantford and Brantford alone, but our business takes us over the whole of Canada from the Atlantic to the Pacific. The farmers are the customers for our manufactures. They esteem us as their friend, and we are all working for the one end, namely the success and prosperity of Canada.

On the other hand, some of the agriculturists who live upon the prairies seem to think that whatever they want to use should come in absolutely free of duty, because agriculture is represented as a basic industry. I would ask those hon. members to consider the situation a little more carefully. What would have become of this country if the early farmers had taken that ground? What would become of any country devoted only to agriculture? We are told that there are four basic industries, agriculture, lumbering, mining and fishing, and that what applies to one applies to another. What country on the face of the earth to-day that is dependent upon one of these four basic industries has amounted to anything? We are told that they produce the wealth, and that the wealth must come from the ground. What country in the world that amounts to anything has prospered from those industries alone? I do not think it is possible. I have ransacked my brain, and I cannot find it. I do not believe there is a country on the face of the earth to-day that dependent on those industries or other industries of a like nature that has taken a forward place in the march of civilization. Why is it? It is because the whole statement is a fallacy. It is said that all the wealth comes from the ground. That was true, perhaps, in the days of Adam and Eve picking fruit in the Garden of Eden, and might have been true of other generations after. But, take the case of a ton of iron ore produced in a mine. When it is converted into steel, it becomes much more valuable, and when it is converted into other branches of technical industry it is much more valuable. When it is made into razor blades, watch springs or needles, it is further enhanced in value. What has made it valuable? Human skill and labour has increased the value of that article. It is a mistake to tell us that all the wealth comes from the ground. Of course, we are willing to acknowledge that some wealth comes from the ground. I have referred to iron and steel, but you can take anything you like and you will find the principle is the same, but when speaking to men of the intelligence of the hon. member opposite, it is not necessary to multiply examples.

In the countries in the world of wealth, progress and intellectual development, which have gone forward in the march of civilization, you will find that while such industries may exist, to a certain extent, they have been able to take the raw material from the ground, or from the mine, and to manufacture that raw material into something better, and by increasing its value have increased their wealth. There is a little country in Europe where there cannot be much agriculture: Switzerland has its share of agriculture, of course, but it is certain that if they had to live upon the agriculture and agricultural products, they would have to deport more than half of their population to-day. Then, why is it that Switzerland is such a wealthy country and that the people live there in such comfort? It is because they are applying human skill and labour to the raw material that is produced in other countries. The same thing is true of little Belgium, of Holland, and of our own Mother Country. It is not what Britain grows or produces out of her soil that makes her prosperous, but it is the skill and labour that she puts upon it. She turns these products into the cutlery that holds the market of the world; she gets raw cotton from Egypt and from the southern states, and, after applying skill and labour to it, sends it all over the world. Would you compare the condition of those people in Manchester and similar districts with the condition of the negroes of the southern states, who produce the raw material? It would be absurd. And yet the logical thing according to the arguments of those members, is that this country should become a producer of raw materials, that we should look upon our basic industries, agriculture, mining, lumbering and fishing as the only thing, that the industries and energies of this country should be exclusively devoted to them, and that nothing more should be produced than is produced from them. It would reduce us to the position of Gideonites, and we would soon be hewers of wood and drawers of water.

An hon. MEMBER: Oh, oh.

Mr. RAYMOND: I hope the hon. member for South Grey (Miss Macphail) does not have to hew very much wood. I thought I caught a gentle voice—

Mr. McMASTER: Is the hon. member not aware that Switzerland, Belgium, Holland and Great Britain are free trade countries, or very low tariff countries?

Mr. RAYMOND: Not one of them is a free trade country, and upon what they call the key industries of Great Britain there is a tariff of 33⅓ per cent, which is just about the same as our tariff. I do not think there is such a thing as a free trade country in the world. Perhaps the hon. member for Brome (Mr. McMaster) could tell us.

Mr. McMASTER: Are they not free trade countries, or countries in which a very low tariff is in force?

Mr. RAYMOND: None of them has a low tariff. Holland has a high tariff, and Belgium and Switzerland—well, of course, it depends on what you call a high tariff and what you call a low tariff.

Mr. WARNER: Can the hon. member tell us how the tariff will help the farmer to buy the implements that are piled up in his town of Brantford?

Mr. RAYMOND: How will it help the manufacturer who has those implements piled up there to sell them by taking 2½ per cent off the duty?

Mr. WARNER: Is the hon. member asking me the question?

Mr. RAYMOND: How will it help him to sell what he has made up now by taking 2½ per cent off the duty, when the United States' manufacturers have their establishments crowded from the cellar to the roof with these implements and are only waiting for a chance to send them to Canada where they can sell them for anything? The hon. member cannot get away from the fact. The hon. member is more clever at argument than I am, but it is the facts we want.

Mr. WARNER: I could not hear the hon. member, and I do not know whether he asked me the question or not. I do not think 2½ per cent would make much difference one way or the other.

Mr. RAYMOND: Two and a half per cent would be that much less, and without the reduction the United States manufacturer would have to pay that much more. We all want to make Canada a good and prosperous country. I believe every hon. member is a loyal Canadian and looks forward with aspirations to the ultimate destiny of this country. I hope there is not one exception to that. I do not believe there is. If so, we should have some eye to the future when we are making laws that are going to govern the finances and the economic policy of our country. If we make those laws so that this country is always going to be a producer of raw material, we are going to put this country back until it will be in that position in which it was claimed to be before, namely, that of being merely an adjunct of the United States, producing the raw material for that country. If that happens, the United States will turn that raw material into something more valuable; their skilled labour will get the benefit from that, while skilled labour in Canada will be idle, and if industries are busy on the other side of the line, men on this side will shortly leave for the United States to get work. We know that takes place.

I believe we want to have other industries than lumbering, fishing, mining and farming. I have the greatest respect for all those occupations, but as I have endeavoured to point out, they are not all the occupations of the world. Those nations that make wealth, that advance in civilization, that raise their people to a higher plane of living, are those which support more varied occupations than those four. In order to become a great nation, what would it be more rational for us to do? Would it be necessary for us to foster by protection those industries which are not necessary to the basic industries of the country? That would be folly. If you want to have industries in the country, you must have industries that are necessary to the general population. If the general population are mainly employed in those four branches of industry, you must, of all things, have the goods that they want manufactured in the country and manufactured close to them. As I endeavoured to explain on a former occasion in this House, I think it is more important that we should develop the manufacture of the tools that we want, than to have a high duty on something that is not absolutely essential to the country. We should not foster manufactures that are more or less of an exotic nature. The proposition is a plain one; if we want to build up this

country, we must get wealth from other than those four important sources. The key industries, the essential industries to the country, are those that produce the tools, equipment, implements and manufactures that are used in our basic industries. If we develop those essential industries, the country goes on and develops centres of banking, financial interests, great transportation and carrying corporations and other facilities for the country, and in that way you have some chance of building up a nation. If you look at those nations that are happy, contented, prosperous, you will find that it is just in such diversified national business that they are engaged. In the year before the war, Great Britain, out of her transport alone, by means of her mercantile marine, received a sum approaching the sum total of our national debt. In the one year she made some £360,000,000 or $1,800,000,000 out of her mercantile marine alone. Why was that? It was because she traded with the world. If the British had all been farmers, would they have done so? It surely was not farm products that they were exporting all the time.

Mr. BROWN: Great Britain was trading with the world.

Mr. RAYMOND: She was trading with the world. She got the raw material from various countries in which it was produced, countries like Russia, Sweden, Norway and the like, and she manufactured that and exported it, because there was a market for it in the world. That was what made the trade of that country. Had the British people restricted themselves to farming—and the Old Country people take the lead to-day in agriculture; I believe, at all events, we import all our best breeds of horses, cattle and swine from that little island yet—had they restricted themselves to the production of agricultural products, to the production of coal, of ore and so forth, where would they have been? Instead of that, they have a trade that employs skilled labour, a trade by which that skilled labour is of value to the world at large. The policy which we want in Canada is one that will protect the skilled labourer, one that will protect labour, because it is labour that makes those products valuable. It is plain enough to me, and I think it ought to be plain enough to any man, that it is the labour that is put into an article that makes it valuable. Allusion was made to the first tariff that was put on in the United States in 1864 or 1865, during the Civil War. That tariff was established on the basis that there should be a slight minimum tariff on all articles coming into the country; that as labour was applied to each article, the tariff should increase by gradual steps, so that the more highly skilled the labour used on the article, the greater would be the protection upon it. That is how the United States were able to develop the manufactures that they have developed. That is why the United States afterwards became, to a great extent, an exporting country. I do not claim for one moment that we should put up, as they did, a Chinese wall that would keep everything out of the country. In many instances, they made importation almost impossible. I do not believe in that; but I maintain that we should have a reasonable revenue tariff that will be levied upon all goods coming into this country. I will not say for revenue only, because then some hon. gentlemen will say that they want an excise tax. But I say a reasonable revenue tariff that should be equal and fair, as far as possible, to all the different lines of manufacture, and that would give incidental protection to those who are engaged in industry. I do not think capital needs protection so much as it needs the safety of law, so that property should be absolutely safe. That is an essential to the success of any country, and it may be taken for granted. Capital is an elusive thing; it can generally take care of itself. The tariff is not, to my idea, for the protection so much of capital as of labour, of our mechanics and the men who do the work in the factories. As regards the sensitiveness of capital, we were all told early in life that "The fear of the Lord is the beginning of wisdom"; but I believe the financiers translate that differently, and they say: "The fear of loss is the beginning of wisdom." Therefore, capital, with that end in view, the fear of loss, is always able to look after itself. If it finds that the laws of this country are against it, that it is not beneficial to invest it in the industries of this country, but that it is beneficial to invest it in the industries of the United States, you may be sure that it will go to the United States. I am speaking, not for capital, but for the labourers, the working men, the skilled mechanics, who go to make up and build up a great country. If you look at the matter calmly, you will agree with me that the whole of Canada is not only the three prairie provinces any more than it is only the constituency which I represent. If we could get together and see these things

properly with the right idea of building up a nation, if we could build up a nation according to our own ideals and aspirations, every member of this House would join cheerfully in the work. But the thing for us to do is to get together on this idea, and then we must carry on with an open mind. When I am told that I am a Liberal Protectionist or a Protectionist Liberal, if you translate "protection" as I translate it, I may take it as a compliment, or flattery, or anything you like, but it, perhaps, does not carry all the sting that the hon. gentleman who used the expression intended it to convey. I am one who would like to see this country developed upon those lines that I have mentioned. I should like to see progress made, and I do not think the theory of protection is altogether unknown to hon. members of the Progressive party. If, for instance, they suggested a tariff on oleomargarine I would have voted for it. But they were not satisfied with that. They wanted to make it absolutely prohibitive; it was their view to prohibit its manufacture or importation, and I could not go that far. I would have voted for reasonable protection, but that was going too far.

Mr. CRERAR: If the hon. member throws his mind back to the evening on which that vote was taken he will find that the Progressives, practically unanimously, opposed the resolution.

Mr. RAYMOND: I am very glad to hear it. I know that as I journeyed on the train west one man I heard arguing most strongly against it was a Progressive.

Mr. CRERAR: One, yes.

Mr. RAYMOND: Those who voted in favour of the resolution were certainly arguing for the strongest kind of protection.

Mr. MARTELL: I voted in this House to prohibit the importation, manufacture and sale of oleomargarine in Canada. I am not a protectionist.

Mr. RAYMOND: Are you not, sir?

Mr. MARTELL: So long as there is a tariff on anything that competes against the products of the dairymen, the dairymen have a right to be protected. If you are going to have free trade, then pull down the tariffs altogether and let everything be unprotected.

[Mr. Raymond.]

Mr. RAYMOND: Perhaps I may refer to another article that receives a certain amount of protection. I mention these little things merely to show that protection is something that may be found on either side of the garden wall. I fancy that the Wheat Board was not altogether a free trade measure, was it?

Some hon. MEMBERS: Oh, oh.

Mr. LAPOINTE: He is right there.

Mr. RAYMOND: I listened to a most interesting argument that was delivered by one of the witnesses who testified before the Committee on Agriculture. He said that the Wheat Board would increase the purchasing power of the farmer of the West, and if the purchasing power of that farmer were increased it would benefit all the rest of the provinces. The farmer of the West would want more fruit, fish and lumber from British Columbia, more manufactured goods from Ontario, and from the maritime provinces he would want, for instance, more steel from Nova Scotia. I daresay hon. gentlemen all recall the argument; it was a very interesting one and I listened quite attentively to it. The witness said that every man who farmed a half-section had from 12,000 to 15,000 pounds of steel and iron in use, the average life of the implements being twelve years. So that every man on every 320 acres in the West would be a consumer of no less than 1,000 pounds of iron and steel per annum; and that was cited as one reason why the Wheat Board would benefit Nova Scotia. Now, if that is the case, I should like to ask hon. gentlemen, if these goods were purchased in the United States, having been manufactured in Milwaukee, Chicago and other centres, how would Nova Scotia be benefited at all?

We should aim at producing a rounded out nation; and if hon. gentlemen think that the three prairie provinces constitute the whole of Canada, their ideas are just as erroneous as mine would be if I suggested that my constituency represented the Dominion. The best policy for Canada is to look to the future and build up a nation that will develop an attractive place for people to come to—a country that will not be devoted exclusively to any industry, or any particular line of business, and, especially, one that will not be merely a producer of raw material for shipment to other countries. We should have a country in which skilled labour

can produce the things that are needed by the people, thus adding to the wealth of the nation. In the little town of Paisley, in Scotland, there are 12,000 operatives employed in the manufacture of ordinary cotton yarn used by ladies in sewing. Think of the conditions that exist in those places from which the raw material is secured. Think of the conditions in the southern states and in Egypt, where the raw cotton is produced, and you will see that wherever there is wealth and advancement in civilization it is because of the existence of skilled labour and an economic system that protects that labour until it is fully developed and becomes an asset to the country, and becoming so produces such other things as a mercantile marine, and a great banking system by which capital is invested all over the world. We have been told that Great Britain has $2,500,000,000 invested in Canada. Well, that money did not originate in agriculture, or lumbering, or fisheries, or mining, but in the manufacturing industries. And if Canada is to prosper as she should, the Canadian people must, in their wisdom, adopt such a policy. If it is to be a protectionist to hold such a view, I am one, whether the term is meant as one of compliment or of opprobrium. If it is a protectionist to hold the view that we should have a revenue tariff giving incidental protection to manufacturers, I am certainly a protectionist; and as to being a Liberal protectionist, sitting on this side of the House, holding such a view, and supporting the Government that has removed from the manufacturers 2½ per cent of the protection they have enjoyed, there are strong reasons that are as deep as my very being why I could not be anything else.

Mr. NEILL: How did the hon. member vote on the oleomargarine resolution?

Mr. RAYMOND: As I said just now, if it had been for a duty on oleomargarine as against the article made in Chicago I would have voted for it. But I would not make it a crime for a man to make oleomargarine in Canada or to import it, and as I told one gentleman who spoke to me on the question, there are mechanics in our town who, during their long period of unemployment in the past year, had all they could do to keep their families without seeking charity, and they were obliged to buy oleomargarine, because they could not afford butter. If I went back to one of these men who told me that he could not afford butter at 50 cents and therefore had to buy oleomargarine at 25 cents, he would naturally say to me: "Why did you vote for a law that took that substitute from my children's bread so that they have now to eat dry bread? Why did you do it? What answer could I make to such a query? I know that the hon. member (Mr. Neill) is a reasonable and rational man, and I ask him, how could I answer such a question? I simply could not. I would have voted for a duty, but not for the total prohibition of an article, thousands of tons of which were used in Great Britain as food during the war.

Mr. NEILL: Does not that apply to binders also?

Mr. RAYMOND: Yes, I think so. I would not vote for the total exclusion of binders. I never favoured the total exclusion of binders, and I never said it should be a crime in this country to make them. But I do say that a reasonable protection on binders is only rational and proper and right in order that we may have them made at our door and not be under the control of an American combine that could charge what price they choose, if those machines were not made in this country. Now, key industries are absolutely necessary, and hon. gentlemen must realize that they should be kept up. Not only for their own sake as well as for the sake of the country, but from their own selfish standpoint, they should cherish those industries.

Mr. BLACK (South Huron): Will the hon. gentleman allow a question?

Mr. RAYMOND: Certainly—delighted.

Mr. BLACK (South Huron): You said a moment ago that with the duty taken off binder twine the manufacturers were all put out of business except three. How is it that the manufacturers of binders have all been put out of existence although the duty has been retained?

Mr. RAYMOND: They have not all been put out of business.

Mr. BLACK (South Huron): Just as many as in the other case.

Mr. RAYMOND: There is a very large concern in Hamilton called the International Harvester Company.

Mr. BLACK (South Huron): Only two binders are manufactured in Canada to-day against nine or ten twenty-five years ago.

Mr. RAYMOND: If you will allow me a moment since you raise the question. The International Harvester Company was started as a branch of McCormick's and Deering's, and the reason was that those two companies thought they would rather start a branch factory in Canada than pay duty on binders from their American factories. So they started this factory at Hamilton, whence they distribute binders all over Canada. That is now a Canadian industry, and if there had not been a duty on binders you would not have got that factory established at Hamilton.

Mr. BLACK (South Huron): Binders were manufactured in Canada before that.

Mr. RAYMOND: Certainly, but not by the International Harvester Company. Binders were manufactured in Brantford by the Massey-Harris Company and at Smith's Falls by the Frost & Wood Company. There are several other companies that make binders in Canada.

6 p.m.

Mr. BLACK (South Huron): Just two to-day manufacturing binders against ten manufacturers twenty-five years ago.

Mr. RAYMOND: We not only make binders in Canada but we export them. The question brings back to my mind my first association with the International Harvester Company. When the company was coming here from Chicago an effort was made to get them to locate their factory in Brantford, and I saw their representative as I happened to be a member of the city council at that time. They were going to start this branch in Canada, and this gentleman, who came from the McCormick company, said they were going to start a branch in Canada rather than pay the Canadian duty on their American product.

Now, Sir, does not that prove, or at all events, strengthen my argument that it is to your interest to have these factories at your command, to have them developed close to you, so that if those industries are the four basic industries, the industries from which they derive supplies, tools and employment should be close to them and dependent on them, and that we should endeavour to foster such industries rather than exotic industries which are not so immediately necessary to our people.

At six o'clock the House took recess.

[Mr. Raymond.]

After Recess

The House resumed at eight o'clock.

Mr. RAYMOND: Mr. Speaker, when the House rose at six o'clock I was endeavouring to make plain my attitude towards the tariff and my constituency in occupying the place I do on this side of the House, and being, as it is termed, a Liberal protectionist.

I endeavoured to show that the position I held was not at all incompatible with the principles of the Liberal party, and that if to believe that a revenue tariff adjusted in such a way as to provide an incidental protection to the manufacturing industries of our country was to be a protectionist, I must acknowledge that in that sense I am a protectionist, because I believe that is the best tariff. As I stated before six o'clock, the consistent attitude of the Liberal party has always been, when it was in office, to carry out that policy. I am aware that at election times gentlemen on the other side of the House have endeavoured to state that the only policy of the Liberal party was free trade, or, as they loved to put it, free trade as they have it in England, but I think I was successful in showing that that had never been the policy of the party, was not now, and is very much less likely to be the policy of the party in the future. I think that we have in the present tariff one that is in the general interests of this country, and if the manufacturers of agricultural implements in my constituency have to lose 2½ per cent of protection, if that is in the general interests of Canada, as it must have been thought to be by the Finance Minister, I believe they are men who will cheerfully acquiesce in that tariff, though realizing it would have been better for their own business, if the old policy had been maintained. Why there should be anything incompatible in one holding such views being on this side of the House, or in being a Liberal, it is impossible for me to understand. I can only say in defence of my being a Liberal and being on this side of the House, that as I read history, and as I always have read it from my youth up, I have always inclined to the Liberal side of politics and to the principles that that party have held and have carried out.

I was very much surprised when I heard an hon. member who has charmed this House with his eloquence and inform-

ed it with his erudition, the hon. member for Centre Winnipeg (Mr. Woodsworth), say that as he read history he could see no difference between the two old parties. I hope that as he reads it with added years he will see a vast difference between the principles of the two old parties, for as I read history I find on every page the principles, wherever there is action, of the one side or the other always at work. Not to mention what is trite and obvious, and well known to hon. members of this House, who are, of course, all readers of history —it is not necessary for me to recapitulate the gradual growth and development and building up of our freedom, of our liberties, and of this very assembly of the people, as a product of the growth and development of Liberal principles. If you go back to the earliest days and take those measures which have been for the good of the people at large and in the direction of good government, in which power has been made to feel its responsibilities and obligations to those over whom it exercises control, I say that there you will see the growth and development of what I consider and call Liberal principles. If you take the other side—you need not go further than Magna Charta. Everyone knows who was the Tory on that occasion; they do not need to be told it was King John. If you come down further in our parliamentary development you will find it was the people of Liberal principles who rose and fought for the liberty of Parliament against the Stuarts, and in that long and bloody war achieved an independent place for the Commons of England such as they have never lost to this day. If you want to find the opposite principles, the principles of true Toryism, you find it when the thirteen colonies of the United States were forced away from Great Britain by the exercise of tyrannical power by George III and his Tory advisers. One can hardly read a page of history from earliest times down to the present day without seeing these principles clearly and plainly at work.

I will not weary the House but if you come to the emancipation of the slaves, if you come to the Catholic Reform Bill if you come to the Great Reform Bill when the franchise was given to the people, and so on right up to the present day, you will find that those who resisted those movements were those that believed in the practise and exercise of what I call the principles of Toryism. In fact you have it right down to modern times, right down to our own days. Those were the principles that so actuated the Government of this country that after ten years experience of it, from 1911 to 1921, the free independent spirit of the people of Canada rose against it and in one form or another the people said they had had enough of it. On the other hand, if you take those things of which we as Britons, as Englishmen, have most justly to be proud I maintain it is where Liberialism has won victories, where we have gained constitutional liberty, and where such a system was established,—in which Canada took the foremost place, resulting in the institution of representative government in this country,—that we now have the free governing nations that now form the British Empire held together—sometimes they say by the spirit of loyalty. But it is not loyalty alone, gentlemen, in the case of those men who were driven from England by Tories and helped to establish the thirteen colonies in the country to the south. They were loyal, just as loyal as anybody else; but they were driven out because there was not such a system in which they could exercise what they considered their just freedom and their just liberty.

It is because of these things that have been accomplished, because we have autonomous nations within the Empire—self-respecting, self-governing, but united in forming the great galaxy of nations that we call the Empire—that I see the great triumph of Liberal principles and hence, Mr. Speaker, I feel that I should have no occasion to defend myself against the charge of being a Liberal. If I have, then the crime charged is one of which I have always been guilty in the past, and I fear I cannot, at my time of life, so change as to be innocent of it in the future. For it seems to me that those things of which we are most justly proud, those things of which we have the most right to boast of in the achievements of our race—not merely what we have done in the way of commerce, of colonizing, of producing great money or wealth, although those are great things and have filled their purposes—those things that we have done in solving the problem of the proper government of the people, for the people and by the people, have been accomplished through the agency of Liberal principles.

I hope, Mr. Speaker, that the gentleman who referred to me as a Liberal protec-

tionist will feel satisfied with my answer, and that the hon. members of the House will think that I have so far made clear my position that at all events it will be worth the consideration of those who did not at first agree with me.

Miss AGNES C. MACPHAIL (South-east Grey): Mr. Speaker, I want at the outset of my remarks to assume full responsibility for what I am about to say; I do not want any one else to have to bear that responsibility with me except my constituency. Now almost all who have spoken in this debate have made pleasing and kind remarks about the Minister of Finance. I am glad that I also can say that personally, I do admire very much, as I am sure every one in this House does, the Minister of Finance. It would be too much, however, to go further and say that I was disappointed in the budget. I was not disappointed in the budget because I did not look for anything from it. I could not be after having studied the Liberal budget of 1896; knowing as I do that under the Liberal regime we got the rebate; knowing also that the British preference was not increased but decreased under Liberalism in 1907; knowing, or suspecting at least, that had there been a desire now to bring down a more generous tariff it could not have been brought down because of the high protection which to-day permeates the Liberal party and the Liberal Government. Of course, this is nothing startling that I am telling you, the country knows this and knows it very well. And so it would be going too far to say that I was disappointed in the budget. It has been said many times that the budget was a step in the right direction. If that be true then I think it was one step forward and one step back; because anything that was gained was pretty nearly lost in other directions and so the total, or the sum gained, did not amount to anything of any material value.

We have heard some interesting things this afternoon from the hon. member for Brantford (Mr. Raymond). It seemed to me as I heard him present his argument that he was building the roof of his house first, and I wondered all the time how he could support that roof while he was getting the walls built and then the foundation. I think he was going on the assumption that if it were not for protection, or other artificial stimulation, there never would be any manufacturing to supply the need of the four basic industries; that those key industries he speaks of would never develop, unless under protection of an artificial character. That, I think, is a fallacy. I think, just so surely as there are four basic industries, just so surely will the secondary or key industries follow the development of those basic industries. Then one must wonder, too, what we are to do if we are to buy everything at home and not buy from any other nation in the world. We must sell—everybody admits that. Then, who is going to buy from us? Can we always sell but never buy? Such a thing, in neighbourhood terms, would mean always borrowing from your neighbour but never lending to him.

Now, possibly it would be a very good thing to test protection by seeing what has been the effect upon the greatest of the basic industries under the protection we have had for some time in Canada. I think it is true that rural depopulation has become so intensified a problem that it is a worry to every one, not only those who live upon the land but those who earn their living in these highly stimulated industries. Because, as we were told this afternoon, they want someone who is going to buy the product of the labourers in the factories; they cannot keep factories going if the warehouses are full. And just here let me ask: Why has trade been very dull lately? Of course there are world conditions which tend to make it so, but surely every one in this House knows—I am sure hon. members know and I hope they will admit—that the lack of buying power of the four basic industries has had a great deal to do with the full warehouses that made trouble for the key or the secondary industries. We find that of the population of Canada in 1901 the rural percentage was 62.04, and the urban 37.06. In 1911 the rural population had fallen to 55.05, and the urban had gained until it reached 45.05. In Ontario, between 1901 and 1911, the rural loss in population was 52,184, without taking into account the increase in birth and immigration, which would have brought it to a total loss of 373,567, or 29 per cent. In obtaining the census they are not always strictly accurate. Take such ridings as East and South York; the city of Toronto has over-run into the surrounding country, and the people there live on very small holdings, which they do not work, because they go back and forth to their work in the city. These people are, in a great many cases, called rural people, when, in truth, they are not. I gave these figures before, but not completely, and I

desire to repeat them, because I was startled when I saw them. My own riding of Southeast Grey, since 1911, has lost 14.22 per cent of its people. My riding, with the ridings that border on it, Dufferin, North Grey, including Owen Sound, South Bruce, North Simcoe, and North Wellington, have together lost 18,170 people. The township of Egremont, which is one of the best townships in Grey, and has splendid land, lost 15 per cent of its population between 1901 and 1911. The question is, can this go on longer, or how much longer is it to go on? Has protection, under which we have been living, been good for the basic industries of Canada? Can the manufacturing industries continue to flourish, if the very roots that nourish them die? I do not think they can.

I always take it for granted that we are all loyal Canadians, and I never question any one's loyalty. I believe that each member in this House hopes for the day when Canada will be even a greater nation than she is to-day. But when I look at it from a national viewpoint, I am alarmed when I see the artificial stimulating of the secondary industries at the expense of the basic industries. Those basic industries, of which the greatest is agriculture, are slowly—not so slowly either—and surely, dying in Canada. The history of the world proves that in civilization finally urban life dominates the rural, and then rural life dies, and then, finally, we have national decay. History teaches us that lesson. It is true that the people of Denmark and the people of the Scandinavian peninsula have gone one step further than we have, and they are trying by their own exertion to save rural life, and it seems that they have been successful. The odd thing is that when we try to do that here we are called very hard names, and you would think that we were trying to disrupt all the national life in Canada, though in reality we are trying to save that national life by saving the foundation on which it is built. In 1918, in Ontario out of 5,957 rural schools we find this result:

Schools	No. of pupils
5	1
12	2
33	3
46	4
79	5
524	6 to 9, average
1,400	10 or less

Mr. DUFF: Is that in the whole of Canada or one province?

Miss MACPHAIL: In the province of Ontario.

Mr. ARCHAMBAULT: You do not see that in the province of Quebec.

Miss MACPHAIL: Then they say that they can protect the farm. Well, if you ruin it first, you can try to protect it afterwards, but you must first ruin it, and we have not done that yet. The United States is further on in the same road of protection than we are. Their farmers are demanding protection for themselves, and there must soon come a reaction, and in the very thickly populated portions of the United States half or more of the population are going to be clamouring for no protection on food and will wage a similar fight to that which took place at the time of Cobden and Bright long years ago in England. So it is going to go on in a circle that gets nations nowhere.

I do not for a moment assume that protection alone is the cause of the deplorable rural condition. I do not even think that. I think there are many causes for rural conditions such as we find to-day and I think possibly it is not asking too much to take just a few minutes to tell you what I truly believe they are. I believe one of the basic things that makes life unsatisfactory to-day is our school system—a school system which is based on the idea of classic education, a system which has got into a rut. You go from public school to high school and from high school to the university, and once you have gone all the road you very rarely come back to live by any of the basic industries. There is no rural system of education. It is true there is an urban education transplanted into the country.

Then, again, we have the lack of cheap credit, and of long time loans. It is very difficult for farmers to get credit, because the assets they have at their command are not accepted as security for loans. With regard to transportation, our railways having been built away ahead of the development of the country, the overhead cost that has resulted has led to heavy transportation charges. I hope it is not too much to say that I think our national ideal is not a true ideal, that we have in the last 25 years possibly allowed ourselves to think that money, dollars and cents, the successful gathering together of a large pile of capital, is success, when it is not really success. Everyone has tried to acquire capital by doing his fellowman, and if he could not do him well enough without legislation, he cleverly sought legislation to help him do the other fellow more successfully. Because of that we have had legislation

which no one can deny has taxed all the people for the benefit of a few.

I want to give you what I consider three or four proofs that farming does not pay to-day. Of course, any one who farms does not need any proof, but, possibly, it is well for the people who do not farm to realize something about farm conditions at the present time. Not one per cent of the farmers pay an income tax. Only 45 in Ontario paid the tax last year. People do not run from a paying proposition, and they are running from the farms in Ontario at the rate I have quoted to the House. Not one farm between one ocean and the other will rent for enough to pay 6 per cent on the investment. Two or three generations ago the old pioneers came out to Canada and with great labour hewed down the forests and established homes. Gradually one generation after another improved the property, put buildings upon it, draining it, fencing it, and to-day their descendants find that they have not help of their own, and that their children will not stay with them because they cannot pay them as other industries can. When they cannot afford to hire help they give up the struggle and sell the property that their parents and grandparents have possibly hewed out of the bush. They find that they can sell the land and give away the buildings and improvements if they like, or they can sell the improvements and give away the land; but they cannot sell both because nobody will pay for both. Anybody who has tried to sell a farm knows that is true. When we went on to the farm that we are now on seventeen years ago this spring, the taxes were $16; this year they are $92, and yet what that farm produces to-day is no greater than it was then. One is, therefore, led to think that sometime, somewhere, an end must come to this thing. It cannot go on, because the basic industries cannot carry the overhead expenses that are thrust upon them; so people are trying to get out from under the load and are going into other industries that are artificially stimulated. No less eminent an authority than Sir Thomas White referred to this when he said:

> The future of Canada rests with the development of its great resources, of which the greatest and most fundamental is agriculture.

I hope his followers will remember that. It is true, and it is something which Canada, a young nation, should learn now before it is too late. When we look at the trade reports of Canada, we find what a prominent place farming and the other basic industries play in it, because, for the year ended March 31, 1921, the total export trade was $1,190,000,000, of which farming, lumbering, mining and fur-trading, with almost no manufacturing—with a little, I will grant you, the manufacturing of wheat into flour—provided 80 per cent. Of this total, manufacturing provided 20 per cent, and agriculture alone provided 47 per cent. That surely convinces one that we need to stimulate the basic industries if we are going to build up an export trade. I think—and I hope I am not wrong in thinking; I am willing to be convinced if I am wrong—that trade is what makes a nation great. That is what made Great Britain great, because she is the greatest trading nation on the face of the earth to-day. If trade is not a thing that nations should seek, why is it then that we do not find small nations with poor harbours and high mountains, nations that cannot trade much, the greatest nations in the world? One would almost think trade was fundamental because, in spite of all the artificial restrictions that parliaments and men can throw up around it, trade persists, and the United States, one of the greatest of high protectionist nations, rejoiced some years ago when her foreign trade approximated that of Germany. One would wonder why they should do so if trade is something to be deplored. For many years many people thought, when you had high protection, you produced a revenue; but you cannot make them believe that to-day; the people know better. The fact of the matter is that we who sit in this corner of the House are the proof that the people know better. When you make protection so high that goods do not come into a country, you produce no revenue. Then the manufacturer who stands behind that wall of high protection gets the benefit of that protection, and he waxes rich and strong, so that now we, who live in the country, cannot keep our hedges or gardens looking well on account of the motors that pass them on the way out from our large, well filled cities.

Supposing that we did give protection and that this protection made the quality of Canadian goods greater than the quality of any other goods; or supposing that all the protection went into the revenue; or supposing all the protection went into the workingmen's wages, there might be some plea made for protection. But since none of those three things is true, one wonders

why we have tolerated it so long. I am sure no one in Canada wants to cut off protection at one fell swoop, because if a person has never learned to walk, it will be difficult at first, so it will possibly take some careful teaching. I remember that, a long time ago, when people first wanted protection, the idea was to help infant industries. Those infants have now become so strong and heavy that we can scarcely carry them; but yet they want protection.

Cotton and woollen goods are two things that we use a great deal. The farmer is favoured no more than the person who lives in the town or city if we have cheaper cottons and woollens. They are two articles that are highly protected; and we find, if we look back over the history of the cotton and woollen trade, that they have waxed exceedingly strong and fat, and that capital invested in them receives very good returns, better than 6 per cent on the investment. We find that all down the tariff list there has been a discrimination against ordinary things that are used by everyday people, in favour of the luxuries that are used by the few, and which could be easily done without. What I, in this corner of the House, believe in —whether the rest do or do not is for them to say—is that as rapidly as possible we should get away from the idea of indirect taxation and should get back, or come, to direct taxation. Possibly Barnum really found out the trouble when he said that the people loved to be fooled. That may be true; it seems sometimes that people would rather pay $5 indirectly than $1 directly. Possibly it is like getting a tooth pulled. You could get one pulled painfully and the whole set out painlessly; and only afterward do you realize the awful damage. I often think that is the way with taxation. People would be much better off if they paid their taxes directly; and when they are educated up to the true idea of taxation, where the money goes and where it comes from, I think any one would be willing to have direct taxation. That would tend towards the careful expenditure of public money, because when people know that they have paid the money out of their own pockets, they are going to watch it more carefully than if they did not know that. The national expenditure has reached a most alarming figure, and it must be cut down. I know this is hard, and I very much sympathize with the Minister of Finance, because, no matter whom you tax, nobody wants to pay the tax; every one wants the other fellow to pay it. That is true everywhere and at all times; but we have paid it so long, we think it would be very well for the other fellow to pay it for a while and see how he likes that. Therefore, we look with hope to a day, when the indirect method of collecting taxation will be abandoned and the direct method adopted. I do not believe we should be ashamed to say that; I believe we should take definite steps in that direction, and I am willing to say that a government that starts this is possibly going to take its life in its hands; but a government that is not willing at any time to take its life in its hands for what it deems best, is not perhaps the best kind of a government that a nation could have.

Mr. JAMES MALCOLM (North Bruce): Mr. Speaker, at the outset of my remarks, I should like to compliment the Minister of Finance (Mr. Fielding) on his very excellent presentation of a most excellent budget under most trying circumstances. I only hope that the budget which the minister has presented will be followed with the same degree of prosperity that followed his famous budget speech of 1897. The minister has pointed out, and the fact has been dwelt on to a large extent and in an able way by hon. members who have preceded me, that the obligations of the country are great; and were we not an optimistic and resourceful people I think the chances of meeting those obligations would be very slim indeed. I think, however, that as a young country, with the natural resources which we have and with that buoyant optimism which is inherent in all Canadians, we shall be able eventually to solve the problems with which we are now faced. The Minister of Finance in considering the proposals of the budget has, I believe, acted very wisely in providing for the payment of the national charges for this year. To discharge the obligations for interest on the national debt, for the expenses of government for the re-establishment of and the pensions to soldiers, and for the interest charges and probable deficits for some time at least on the National Railways, he has imposed all the taxation which he considers the country can bear at the present time. Had he made provision to meet capital payments he would have been imposing a degree of taxation which would have been a hindrance to the development of the national industries on which so much of our prosperity depends, and would have been placing upon the people a load which

at present they are not able to bear. I think, therefore, that we should compliment the hon. gentleman for at least devising a system of taxation that will meet the obligations of the country for the year; and we must also compliment him on his wisdom in not burdening the country with taxation to meet capital payments during the present period of industrial and agrarian depression.

Knowing the West as I do, and having been associated with many of the western and Agrarian members, I believe there has been exhibited here a very much broader spirit of co-operation in legislation than the majority of hon. members might think. All hon. members of the House have evidently come, after a few weeks of parliamentary experience, to recognize the fact that Canada is not so easily governed. There is an East and a far East, there is a West and a far West; and there is a new North developing. And the Minister of Finance in preparing his budget has, I think, given a good deal of thought to the interests of each section of the country and has acceded, in so far as it is possible for him to accede, to the ideals and the hopes of the Dominion as a whole.

In order to meet the taxation which is inevitable this year, the Minister of Finance has increased certain existing kinds of taxation. He has also proposed entirely new methods, and has returned to some of the luxury taxes that were in existence during the war. I will refer to the increase which he has made in the existing method of taxation, and justify it, so far as it can be justified, because no tax such as the sales tax can be justified by anything save necessity. Some hon. members have pointed out that the sales tax falls equally heavily on those who have many dependents. The hon. member sitting beside me representing the constituency of Cape Breton South and Richmond (Mr. Kyte) pointed out this afternoon the exemptions that exist in connection with the sales tax. I need not therefore dwell on that point. I would point out, however, that while the sales tax undoubtedly falls more heavily on the man with a certain income and five dependents than it does on another man with the same income and two dependents, the tax does not really change the ratio; the only difference is in the amount. The sales tax is levied on what we buy, and it must be clear to every hon. member that a man spends money according to the wealth he has. It could be said with equal truth that the man of means having a great many dependents would naturally pay a greater amount of sales tax than the man with fewer dependents. The tax is levied entirely on the amount spent, and inasmuch as the spending is heavier among the wealthier classes, in the long run the very large percentage of revenue from the tax comes from those that spend the most money. We had an investigating body in this country from Washington recently looking into the Canadian sales tax. I was told that, in a jocular way, one of these men remarked when he went home that the only criticism which the American government had of the Canadian government's tax was that they could not suggest any improvement upon it.

The Minister of Finance has introduced a new piece of legislation in the stamp tax and also in the share tax on the transfer of stocks. Both these taxes will undoubtedly be subject to criticism by the bond dealers and the brokers, and possibly by the bankers. But I want to compliment the minister to-night on his courage in introducing this legislation, the first of its kind that extracts money from this particular class in the community. The average business man will not complain because he has not in the past complained of taxes administered by the late government for war purposes. The stamp tax and the transfer tax may possibly be subject to some modification, but they will produce a decided revenue and will not fall heavily on the shoulders of the average citizen. The minister has seen fit to revive a tax, put into force by the late government, on motor cars. I do not think that hon. gentlemen will disagree with the statement that there is possibly no industry in Canada that is in as good a financial condition as the motor car industry. An automobile is possibly a necessity, but it is mostly a luxury; and as regards tractors, the late government exempted them from customs duties while the present Minister of Finance proposes to make that exemption permanent by act of Parliament. The minister regards motor cars as to some extent a necessity, and as such he has exempted them up to $1,200. The tractor is free from duty while the commercial machine is exempted from the tax.

In dealing with the general tariff the Minister of Finance has pointed out the relations that exist between ourselves and

our natural geographic customers, the United States. He has explained how that country, which has always maintained a high tariff on manufactured goods, has now turned to a tariff on the products of the farms and intends shortly to supplement that legislation by still higher protection for the farmers, which is the request of the agrarian bloc in the American Senate. He mentions with a good deal of justifiable pride his reciprocal bargain with the United States in 1911 and points out that as that bargain was agreed to by the American government and rejected by the people of Canada, it is natural to expect that in any reopening of negotiations with a view to entering into another bargain for reciprocal trade the initiative must be taken by this country. He has stated that such an advance was made by himself, but that in the meantime the American government knowing the mind of the Minister of Finance, naturally cannot expect him to make tariff reductions on American goods entering Canada that might influence a bargain for a reciprocal agreement which he will eventually make if he gets the opportunity. That is the point which he made clear, 9 p.m. and I think his logic is perfectly sound and acceptable to the majority of hon. members. The exceptions made on implements of industry are in line with the views he expressed last session, and taking into account the conditions I have referred to, I think that is as far as any reasonable member could expect the minister to go.

Regarding the British preference, I feel that as an integral part of the Empire hon. gentlemen will agree with me that everything should be done as far as possible to encourage trade with Great Britain. The minister has made a decided step in that direction by granting a greater preference on goods of British manufacture, and I heartily commend him for his action in this regard. I would, however, point out to the British manufacturer (if he were here) that he himself would do a very great deal towards capturing Canadian trade if he would be willing to make the style of merchandise that appeals to his overseas customers instead of following his more or less timeworn custom of trying to make us buy what he has to offer.

The hon. member for Halton (Mr. Anderson) expressed the opinion, with which I do not agree, that American branch industries are being established here because of our protective tariff. I do not think that is the principal reason for their locating here. I think the main reason at the present time is because of the better trade relations existing between Canada and the other parts of the British Empire, and the American manufacturer, who is now more or less in trouble with his export trade, sees a possible way of doing better business with the British Empire from a Canadian branch than he could from his headquarters in the United States, as on his goods exported from the United States he is probably not going to receive the same preferential treatment from the British dominions that he will receive on goods exported from his Canadian branch.

I am very heartily in accord with the establishment of American branch industries in Canada. Some people contend that the profits from those industries usually go to the States; but, Mr. Speaker, the past history of American branch industries has been that after one generation, if not before, they have a habit of passing into the hands of Canadians, or the principals of those branches in many cases become Canadianized and real citizens of our country.

The Marking Act and the Depreciated Currency Act have been abolished, I think very much to the satisfaction of the Canadian importer and consumer. In the case of the former act the minister stated when introducing his budget:

> We propose, in any particular case of an exceptional character, when there are reasons why articles imported from abroad should be marked, that we should have the right by Order in Council to deal with the matter; but we propose that, as a general law, this provision shall be repealed.

With respect to the Depreciated Currency Act, I would point out to the hon. minister that he has apparently overlooked making a similar provision. It must be admitted that the German mark has fallen in Germany compared with its trading value for merchandise; but it is not to be admitted that it has fallen to anything like the same extent as in relation to British, American or Canadian gold. If he is to consider his tariff for revenue alone, he will find that the revenue to be derived from the importation of German goods will be entirely wiped out in many cases by the depreciation, so that if he leaves the protective side of the argument out altogether and considers only the revenue side, he will do well to make provision also that in exceptional cases of a like nature,

or for obvious reasons, it will be necessary to have some sort of legislation. The British government, which has been cited so often as being very much of a free trade government, has an act known as the Safeguarding of Industries Act, providing that where goods are to be dumped into England to the detriment of British workmen, the government may take cognizance of the fact and govern itself accordingly.

The minister has not informed the House what he proposes to do in regard to the income tax. I refer to this item only on account of a remark made during the course of the debate by the hon. member for Centre Winnipeg (Mr. Woodsworth) whose speeches we have enjoyed on several occasions. The hon. member refers to a capital tax to pay the national debt. I would point out to the minister, in dealing with the income tax, that all countries such as Canada are more or less in competition for foreign capital, and that with the United States having a maximum income tax of 50 per cent and we having a 75 per cent maximum, we are not likely to share to any great extent in foreign capital which will be necessary to develop our natural resources, if we are going to maintain a 50 per cent higher maximum. The United States did not build itself up by a natural process of development, but by importing capital and workers from the Old Land to a great extent; and if the growth of this country is to be in any degree rapid, we will of necessity have to follow similar methods. Therefore I contend that as capital is very necessary to our development, we will do well under existing circumstances to hold the capital that we have here, and try to attract more, and I think the minister will have to consider that point very carefully when bringing down his income tax proposals.

There always seems to be in the remarks made by the hon. member for Centre Winnipeg a rather mistaken idea with regard to capital. His viewpoint has always appeared to me to be that capital is the property of a few individuals. In my opinion capital is largely the accumulated premiums held by the big insurance companies for their beneficiaries, and the accumulated savings held by our banks and trust companies. These funds they lend to governments, municipalities and individuals, and when you start in on a plan to tax capital you are taxing not only the wealthy man but also the small man—the small investor and the small policyholder, whose funds in the aggregate constitute these insurance companies, banks and trust companies, the greatest capitalistic institutions in the land, and that if you enforce any policy of confiscation, you must of necessity pretty well confiscate the capital of all together.

Another factor which to my mind must be very carefully considered by the Minister of Finance in dealing with income tax is not to discourage enterprise. We in Canada have as much enterprise as the people of any other country on the face of the globe, and enterprise is a very necessary third factor along with capital and labour in developing our country. It does not make any difference how enterprising we are to-day, if we have not the capital and labour along with enterprise we will not get very far. Nor does it, in the second place, make very much difference how much money we have if we have not the enterprise and the labour to use that money, and in the third place, we may have much unemployment and much loose labour, as we have in Canada to-day, if we have not the enterprise and capital to make use of that labour. It seems to me that hope of reward is at the very foundation of all endeavour, and if you take away or discourage that hope of reward, you cannot expect enterprise to be exhibited. I rather like the thought that Providence has placed an abundance of wealth in the earth, but that it takes enterprise and labour to get it out.

I would like for a moment to deal with the problem of immigration as it pertains to industry. I most heartily agree with what has been said by practically all hon. gentlemen who have preceded me, that we must put immigrants on the land if we are to develop this country in a way that will be reflected in our national credit. I consider the development of our western prairies as probably the most important factor in our national growth. It is important from the standpoint that it will be practically impossible for the Minister of Railways (Mr. Kennedy) to meet with any degree of success the deficit on our national system unless we have a more thickly populated western territory, and I agree very much with some of my Progressive friends that industry in the East cannot flourish until we have people in the West to consume the products of those industries. I do not altogether agree with the ex-Minister of Interior, the Hon. Sir Clifford Sifton, that the reason why

we lose our immigrants is because they go to a warmer climate; that they are not able to stand the rigours of our winter. I am rather inclined to agree with the remarks made by the ex-Minister of Trade and Commerce, the Hon. Sir George Foster, that what Canada is guilty of is importing muscle and exporting brain. We have in Canada a very highly developed educational system. The average Canadian wants his children to be educated, and it is only natural that a large percentage, or some percentage at least, of the students of our Canadian schools will turn to occupations more or less suitable to their individual tastes, and if they cannot find that occupation in professional, business or industrial life in this country, they will naturally migrate to the country where that opportunity can be found. I do not think you will find very much Canadian labour in the United States, but I believe the House will agree with me that one cannot but be impressed by the great number of very prominent and very clever men and women in the United States who were born in Canadian homes, and who for lack of opportunity in their chosen calling in their own country had to seek employment elsewhere.

Therefore, I think that the making of farm life more profitable and attractive will not altogether solve the problem that the Canadian farmer has to face, of keeping the people on the land and to which the hon. member for Southeast Grey (Miss Macphail) has referred. In so far as legislation can be passed making the condition of the farmer more prosperous, I am very willing to support it, because I feel that on the prosperity of the farmer depends to a very great extent the prosperity of the whole Dominion. But there is a fact which I want to point out to my Agrarian friends. The country which has the most diversified occupations, which has a highly developed industrial and business life working in conjunction with the fine agrarian life, is the country, that is the most independent. It is self-contained, able to absorb within itself practically all its sons and daughters, and for that reason I feel that to the Canadian farmer the industrial life is a very important factor from the standpoint of his home, and I would point out that not many hon. gentlemen in this House, in my opinion, are more than one or two generations at least removed from farm life.

Much has been sald in the House as to the problems of the producer in the prairie provinces. The hon. member for Last Mountain (Mr. Johnston) has referred to the one great need, the need of a better market. He says that better markets are essential if farming is to be successful. Is not that also the very need of eastern industry—a better market? We have heard a great deal about the deplorable condition of the western farmer, and I know that it is practically all true, and that half has not been said. We can use the same language practically in describing the position of the mechanic and of industry in the East during the past winter. Their problems are indentical in the sense that a broader market is the one thing they both need. Therefore, we can attack their problem with a feeling that what we do for the one will be of benefit to the other.

There is a matter before a special committee of this House, and I do not care to discuss it for that reason, and that is the question of lower transportation costs. I agree with the hon. members for Toronto that the greatest blessing that will ever befall the western provinces in the matter of transportation is when they are able to load ocean steamers at the head of lake Superior, but so far as our agrarian friends are concerned I think that probably the solution of the problem as presented by the hon. member for Last Mountain (Mr. Johnston) would give them the greatest amount of relief. The Minister of Finance (Mr. Fielding) has given to them that degree of relief which he feels they are entitled to and he has not hesitated to ask them to share their burdens along with other parts of the Dominion in paying direct taxation on sales, on cheques, and so forth, and if broader markets are as important a factor as our agrarian friends think, they could not possibly have any one in charge of the fiscal policy of this country to whom a broad market is as much an ideal as the present Minister of Finance. So if that is their solution, I feel they are perfectly safe in leaving that matter in his hands.

In closing, I only want to repeat my remarks on rising, that Canada is an extremely difficult country to govern, and so far as her fiscal policy is concerned, no matter whether it be a Conservative, Liberal or Progressive government that is in power, it will have to formulate a policy which will be expedient unto the day. It will have to raise the revenue by direct and indirect taxation, and it behooves the individual members of this House, no matter what their particular calling or geographi-

cal location may be, to expect something, and to expect to concede something. I think there has been a very fine spirit shown by the majority of the members of this House in dealing with the fiscal policy, and I want to congratulate the minister not only on his budget but on having such a considerate House behind him as will give him a fair chance to finance this Dominion in these trying times.

Mr. T. L. CHURCH (North Toronto): Mr. Speaker, judging by the attendance in the Chamber it seems to me that the races at Connaught Park are proving a greater attraction than the budget debate and yet there is somewhat of a resemblance between the two; like the budget the races take all the money that one has, leaving scarcely sufficient to buy cigarettes and soft drinks.

The tariff should not be a political question at all in my opinion. I agree with my hon. friend from Fort William and Rainy River (Mr. Manion) that an authority should be set up that could act in an advisory capacity to the government in relation to this particular problem. The tariff should not be made a political football by one party or the other. It is not a political question; it is a business question, and a great economic question; it is a great national and patriotic question that concerns the welfare and the comfort of every man, woman and child in the community. As to my attitude on this question I have no apologies to make. I am a Tory, a Tory of the old school. I am proud of being a Tory because, after all is said and done, a Tory is a man of his word. A Tory is a protectionist, but all protectionists are not Tories. To-day political names do not mean what they meant twenty-five years ago. They called Sir Adam Beck and the late Sir James Whitney Tories in the province of Ontario, yet they were two of the greatest radicals the province ever produced; they are two men who did more for the province than any other men that I know of. I see some hon. members opposite me that probably would not like to be called Tories; but I brand a number of them as the biggest Tories that have ever been seen in this country. My hon. friends may not agree with me, but everybody is entitled to his opinion and I am giving mine; in expressing that opinion I speak for no one but myself.

I repeat that I am proud of the Tory party. They have always been consistent protectionists from the days of Sir John Macdonald down. Every Conservative government we have had since then has been protectionist; it has preached the same gospel down in the maritime provinces as in the West. In the late election the then leader of the government, the Right Hon. Arthur Meighen, preached the same gospel in Prince Edward Island that he did in Nova Scotia, that he did in Ontario and Quebec, and that he did in the western provinces. That gospel was the gospel of protection—moderate protection, adequate protection for the industries of this country. After all it was not any political party that made Canada a nation. The people themselves had something to do with making this Dominion a nation as well as the governments, but in my opinion it was the National Policy that made this country the nation it is to-day. You may criticise the National Policy as you like, you may criticise the principle of protection, but we never had any-anything else but protection in this country so far as I know. I have placed the tariffs of the respective governments in Canada in parallel columns and compared them; and I doubt whether anybody could call the tariff that has been in operation from 1896 down until to-day anything but a protective tariff. I think that any economic writer would certainly consider that the tariffs for which my hon. friend the Minister of Finance is responsible were protective.

I was very much surprised to hear the remarks of some of the Progressives here to-night, as well as the remarks of some of the Government supporters. If there are two counties in the province of Ontario that owe something to protection they are the two counties of Huron and Grey. Eighty-five per cent of the crops produced in the county of Grey have a home market in the near cities and towns—at the highest price that can be got in open competition in the world to-day. That home market is a steady market. It is to be found in the cities and towns that surround both the two very fine agricultural counties that I have named. I have been in some election campaigns in those counties and I do not think the farmers there believe in free trade. If it were not for protection, in view of the hostile tariff in the United States these farmers would be one hundred per cent worse off than they are to-day, and I believe that remark applies to eastern Canada generally.

The late Hon. J. Israel Tarte once said—that platforms were made to get in on

but not to stand on. We have also heard to-day a lot about political nomenclature. Hon. members to my left call themselves Progressives. I do not know who gave them the right to use that title; probably they adopted the name themselves. The fact that they call themselves progressive does not make them Progressives. The fact that I call myself a millionaire does not make me a millionaire. I have been sitting here for some weeks and I have yet to learn of one progressive measure which hon. members to my left have brought forward, by resolution or otherwise, to remedy the economic problems of this country or to improve the condition of the people of Canada.

Why do these hon. gentlemen not seek to carry out here the platform upon which they went to the country—the United Farmers' platform? When the amendment at present before the House has been disposed of, let my hon. friends the Progressives move another amendment, or take other steps, to give effect to the planks laid down in their platform. Liberal members should also follow that course. But no, the Liberal party go back on their policy of free trade as laid down in the platform of 1919. I heard the present leader of the Government preach this doctrine in the province of Ontario; but it would appear that he enunciated a different doctrine in every county that he went to. And the hon. member from Brantford (Mr. Raymond) who spoke this afternoon, during the election, preached high protection, and added protection, for the industries of this country especially those in his own city.

The industries there were built up under protection; and what is true of Brantford, is equally true of Toronto, Hamilton, Montreal and all our other large cities—they have been built up by the National Policy. Take the city of Toronto which I represent. In 1878 soup kitchens had to be established there to meet the wants of the large number of men who were out of employment. Vacant houses and stores were many; and there were evidences of distress on every hand. But the policy of protection was adopted and it stimulated the growth of our city in many ways. The trade and commerce of Toronto greatly increased; the population doubled almost every ten years; the receipts from customs, post office, to say nothing of the bank clearings grew prodigiously, and Toronto is only one of the many cities of Canada that has made tremendous strides as the result of protection.

Now, geography has taught the people of Canada a lesson in more ways than one. It has taught them not to leave themselves at the mercy of a foreign country in regard to their fiscal affairs, especially when that country is one of the most wealthy, powerful, prosperous and ambitious in the world. I refer to the United States. Every country in the world including the United States is increasing its tariff. Not only the various countries in Europe and the United States but Australia, New Zealand, and the countries of South America are all increasing their protective tariffs. Is it to be argued that these countries are all wrong and that the Progressives of Canada are all right? I say no. I maintain that as a result of the Great War more protection will be required to meet the changing conditions that arise as the years go by.

I once heard Sir Richard Cartwright and Sir Oliver Mowat say that if the Liberals were returned to office in 1896 they would remove the last vestige of protection, but they did not do so. Examine the sixteen budgets of the present Finance Minister and what do we find? We find that each and every one is protection. What have we before the House to-night in this budget in the various resolutions? It is all protection. The hon. Prime Minister (Mr. Mackenzie King) said he would reduce the tariff. He took approximately from the tariff $1,000,000, and then increased the sales tax from $60,000,000 to $90,000,000. It will run up to $95,000,000 before they are through and I venture to predict it will go over a hundred million by the end of the fiscal year.

There will be thirty or forty million dollars added to the sales tax which the consumers of Canada will have to pay. The poor man, the middle man and the rich man will have to pay these taxes. The budget presented to us does not reduce but increases the taxes to the consumer.

Speaking about the group system of government the hon. member for Southeast Grey (Miss Macphail) spoke the other night in Montreal to the Women's Club of Notre Dame de Grace, and the report of her speech in the Ottawa Evening Journal of May 21st reads:

> She declared that the farmers had been forced by combinations of other interests to get together to protect their own requirements, and she remarked that if any of the Progressives in Parliament wished to say they were not there in the special interests of the farmers, she wondered what they were there for at all. The farmers had been driven to concrete political effort, and she hoped the movement would continue.

Miss Macphail spoke strongly in favor of a general reduction in the tariff, especially as it would assist farmers in buying what they needed. She further criticized what she described as a combination of the transportation and banking interests with the Canadian Manufacturers' Association, with a view to securing all the protection and benefits they needed.

Well, why do not the Progressives go after these big interests, then? If there is such a combine and such restraint of trade, why do they not break these combines up instead of talk? The farmers are highly organized and it is about time also the consumers and the town and city man got organized to protect his interests and not be made the target for all kinds of taxation. The producer is highly organized; and it is about time for the consumer to do likewise.

You have here the big interests. Why do the Progressives not bring some measure before the House to protect the consumers and go after these big interests and the combines if they exist as they say? They are a group organized in the farmers' interests, but they are not doing anything. Who pays most of the taxes? The bulk of the new taxes have now been put on the city and town man, and the town people and consumers are soaked all the time. The small wage earners are especially hit by the tariff. The man with a small income has to pay a municipal income tax and an income tax to this Government. I contend the federal authorities and the municipal authorities should get together and co-ordinate that income tax, so that the small man and the middle man would not have to pay double income taxes as they are doing to-day. They will be driven to the wall, if the present condition continues.

This remark applies to other forms of taxation such as those on cigarettes and tobacco. Eight years ago you could buy a package of Players cigarettes, which the soldiers smoke largely, for 10 cents a dozen. When the war came on the price was raised to 15 cents. Then the price was 17½ cents, and now the price is 10 for 22 cents. So that they are going to make the smoking of cigarettes a luxury. It is not a luxury, but a modern necessity for the soldiers, the working classes and everybody else, and should not be taxed in this way. It is double the tax imposed in Great Britain. I think the tax in Canada is $10.50 a thousand. In the United States it is $3, and in England $5.20 per thousand. That is altogether too much. These other countries have larger war debts than Canada. It was said by the medical officers in the war that cigarettes were a necessity, and it was so held by the army surgeons. The placing of a tax on cigarettes and soft drinks is going to cause more unrest among the working classes. We should do something to put it down, and, in that way, we would perhaps prevent unrest. We should not tax articles which are more or less of a necessity, and not a luxury. If they are a luxury, they are the only luxury the poorer classes enjoy to-day, about the only thing left to them, and they are taxed heavily—too heavily for them already. You will kill the consumption of cigarettes.

In view of the Fordney bill I do not see what the farmer is going to do. He is shut out of the United States, but he has a home market, the best market I know of, which will take care of 80 to 85 per cent of his crop—in the East. If the Government can solve the railway problem, and bring the railway rates down, a great step will have been taken. Mr. E. W. Beatty, K.C., was here a few days ago and was very polite, addressed everybody from Mr. Speaker and the members to the pages as "Sir." He is pretty smooth and is well liked by every one. The Canadian Pacific Railway boasts of half a million active and inactive surplus. The Canadian Pacific Railway Company should be told to carry out the Crowsnest pass agreement, and if they did the farmer would be benefitted. The Canadian Pacific Railway are just stalling and bluffing and should not be allowed to break their agreements as scraps of paper. The hon. members opposite are responsible for the Crowsnest pass agreement, which has cost the people of this country from $400,000 to $500,000. This House should insist on finding out who is the boss in this country. Is it this Parliament, or is it the Canadian Pacific Railway with headquarters in Montreal? I think the Government should stand by the Crowsnest pass agreeement and notify Mr. Beatty that it must be carried out to the letter and at once. If this House passes legislation to solve transportation questions, lessen freight and passenger rates, and get a live and up-to-date railway commission properly regulating railways in this country, I think it will be accomplishing more to relieve the farmer out West than could be accomplished in any other way.

I am opposed to the principle of opening up trade with Germany. It is too soon after the war. As the hon. member from Fort William (Mr. Manion) said, the budget means free trade with Germany. In

many cities and towns in this country the returned soldiers and their wives have started little toy and smallware stores and factories. They have opened up, without much capital or money, and have built up a trade in a small way in toys, small wares and fancy goods. Will Parliament take away from them the little protection they now have, simply for the benefit of Germany? I think trade should follow the flag and we should deal with our allies and only with those countries that were loyal to the Allies during the war, for a few years at least. It is too bad that we should take away from the small dealers, who are principally the returned soldiers, the small protection which they have in the sale of their toys.

In looking over the proposed resolutions, I am surprised to find that there is no mention of the trusts, combines and the war profiteers at all, but there is mention of the small man. I asked the question as to how many combines had been proceeded against in this country. We heard the Minister of Labour say what he was going to do to fight the combines and lower the cost of living if he was returned to power but he has done nothing. Many of these combines and companies are interlocked and do not pay much in taxes. We had an illustration of that in the case of a jobbing concern in Toronto, who made a return for a five thousand dollar income, and paid the business tax on $5,000, but they charged up about $280,000 in bonuses, and thus escaped a great deal of their federal taxes on a technicality. Then we have the war profiteeers and we have some corporations which, by means of technicalities in the law are able to evade the tax.

I should like the Finance Minister to look into the system of taxation by the government of the province of Ontario. A lot of revenue has been taken from this Government by acts which are ultra vires of the province. Take the Wartime Amusement Act which was passed. Under section 91 of the British North America Act militia and defence is a matter for the Parliament of Canada, but the Ontario legislature in my opinion illegally collect a wartime amusement tax—illegally tax both the municipalities and the individual. I contend their action is illegal and I hope the minister will look into some of these matters. The province of Ontario has a very extravagant and spendthrift government which receives a federal subsidy to maintain provincial institutions and spends the money otherwise, making up the deficiencies by innumerable and questionable forms of direct taxation more or less illegal. That government is imposing additional taxes on the working classes of Ontario.

There are many other sources of revenue of which I might speak, and I want to refer briefly to-night to this additional tax on cheques. Let me refer to a letter written to the Minister of Finance by the commissioner of finance of the city of Toronto, acting for Toronto and other municipalities. In this letter he goes on to refer to the great loss that this tax is going to impose upon the city and municipality, including the board of education and other similar boards. During the last two weeks, they have taken in $15,000,000 worth of taxes, and the bank opens at 7.30 a.m. to take in the money which continues to come in all day. They will, on this $15,000,000, have to pay twice under this tax; they will have to pay when they deposit the money in one bank, an amount of $6,000; and if they transfer this money to other branches, for the school board, the hydro board, and the library board, they will have to pay an additional tax on the aliquot part of the cheques to the sub-boards, thereby paying a double tax. This commissioner of finance is acting as well for municipalities out West, because he has telegrams from them asking him to act for them. He gives the cost of education in Toronto this year as $8,000,000, and it will be his duty to pay this amount over to the board of education. This will call for stamps to the extent of $3,200, and the sub-board will have to pay an additional tax of $3,200. He refers also to $6,000,000 worth of sterling and New York exchange which was purchased in 1921, and he says:

> You will appreciate the fact in making such large purchases, considerable transferring of bank balances was necessary. Had your proposed stamp tax been in force, we would in many cases have had to pay the charge three times. As I understand it, we would have to pay the charge at least twice, that is for stamps on the bill of exchange and stamps on the cheque issued to pay for the bill of exchange.

Another illustration is in connection with $10,000,000 worth of bonds sold for the betterments of the Toronto Railway Company. The brokers in bidding for those bonds, could take into consideration the fact that they would have to pay this additional tax on the cheques. This figures out at one-twenty-fifth of one per cent which will undoubtedly be deducted from the amount to be paid to the city; so that the city and municipality will have

to pay the charges on this loan. On that, they would have to pay three-twenty-fifths of one per cent, or $12,000. Other municipalities are affected to a lesser extent; but this tax is going to cause a great deal of trouble in trade and commerce. Collections are going to be hard to get. Any mercantile agency will tell the minister that this tax is going to make collections more difficult, and collections are bad enough now, especially for the retail man. I do not think this tax is in the interest of trade and commerce. It is not supported by any business concern. The business man is soaked in many ways for taxes, by this Parliament, by the provincial legislature, and by the municipalities, and he cannot stand this much longer. I do not know who advised this cheque tax proposition; I do not know why we should copy every piece of legislation passed by the United States in order to raise taxation, because our circumstances are different. This additional stamp tax is being opposed by municipalities, by business men, by boards of trade, and by bond dealers and brokers, who advise that it is going to tie things up more or less and to make business much more difficult. Dear knows, there are enough stumbling blocks in the way of trade and commerce and business men now without our adding any more to them.

In my opinion, posterity ought to pay some of these war bills and taxes, and altogether too much effort is made to make the men of to-day pay them. This generation has suffered in flesh and blood for the amount of debt added by this war, and we should not adopt a policy of pay as you go, and make them pay now for the war also. Posterity should be called upon to pay some of the national war debt.

The farmers of this country are no more entitled to a wheat board than the people of the cities and towns are entitled to a coal board, or a rent board, or a food board, or an ice board, and so all the way along. It is contended that the wheat board is necessary, probably because agriculture is a basic industry. There may be some argument in that; but there is an argument on the other side, and I contend that all these commodities should be left as far as possible to supply and demand. I believe a wheat board will not do very much good, as the farmers may find out later on. If the producer is to have a board to protect him why should not the consumer also have a board? Better leave things alone.

During the election we heard a great deal from the Minister of Labour (Mr Murdock) about the high cost of living What does the Government propose to do for the working classes of this country along that line? On several occasions, I have asked the Minister of Labour in regard to that; but he has not been able to tell me anything yet, nowithstanding the fact that he has a large department and a large staff. During the election, he went through many Ontario constituencies denouncing the late government as being the representative of the special interests and as having done nothing to lower the high cost of living. What is he doing to prosecute the special interests and combines in this country? How many prosecutions has he started? I asked him the question the other day, and there has not been one prosecution. Let him be up and doing to bring down the cost of living.

In conclusion, I want to refer to three or four other matters, which I think should be mentioned in this debate, because this is the only opportunity we have of doing so under the rules of the House. If there ever was in this country an act that needed overhauling, it is the much heralded Bank Act. Some newspapers are beginning to wonder whether there is to be one law for the rich and another for the poor in this country. I have read, in some very reputable newspapers, in Canada, articles referring to some people who stole $8,000 out of a bank, and some other poor fellow who took $1.25 out of a postal envelope. The people who stole $8,000 got a life sentence because they robbed the bank with violence; the poor postman, on a small salary without a bonus, who took $1.25 out of an envelope, was sent down. This matter of the Merchants Bank should not be left to any superior or high court judge of the province of Quebec; or the Appellate division either; there should be an independent enquiry by the High Court of Parliament and no whitewash. We should find out whether we have a Bank Act, whether it is a mere scrap of paper or not, and whether the monthly returns made by the bank to the minister are scraps of paper or not. I believe the losses will run to twelve or thirteen million dollars before they get through. What protection has the investor, the stockholder? I know one man in my city who has started to sell out every dollar's worth of stock he has in

some small banks. When I asked him the reason, he said that he was very doubtful if, in some of the smaller banks, the shareholders have the protection which they should have. This Parliament should be big enough to go into the whole question of the Merchants Bank. The banks have been allowed to increase their note circulation; they have been given many special privileges, and a thorough enquiry should be made into the whole matter. The House and the country expect us to do our duty in this matter. Where do the Progressives stand upon it?

The other night, I referred to judges serving on political commissions, and I have had no opportunity of bringing this matter up before. I hope something will be done to stop this practice, because the public are utterly disgusted with the way in which some judges of the High Court in Ontario were allowed to leave their judicial duties for months in order to serve on these political commissions. I hope the Government will see to it that this practice is abolished in the country, so that the public will have, for the judiciary, the respect which they have had in the past.

I am sorry that something is not being done by this Parliament in regard to prison reform. I see in this morning's paper, that there are 879 people in Kingston penitentiary; that the authorities have had to have double cells; that the place is crowded, and that they have no more accommodation. As I said in this House the other night, if there was one thing we learned in the war, it was from the Red Cross. The Red Cross restored to society about 79 per cent of those who were wounded in the war, and that was a great work. We should try to do something in this country to restore to good society that class of the people which I have mentioned. In the United States and other countries rapid headway has been made in this regard. Prison reform is absolutely necessary. It has been too long delayed in Canada and conditions in these places are deplorable. There is practically no inspection of them. The provincial reformatories are inspected by the grand jury, but there is no inspection of these prisons except by officials.

The minister (Sir Lomer Gouin) said the other day in answer to a question that the matter is being looked into, and I trust that proper steps will be taken to remedy the present state of affairs. There are about 120 children between the ages of 16 and 17 in these institutions, and these are not circumstances under which the rising generation should be brought up. I referred the other day to the fact that a child had broken into one of the Canadian Pacific Railway box cars and stolen some fruit and is now in one of these institutions. I fancy that if the Grand Jury had an opportunity of going through some of these federal institutions I have named we should have some real reform. The people in charge of them know when the inspectors are due and the result is that there is practically no real inspection at all. Where does the public come in, anyhow? Are they not entitled to know what is going on in these places? And are we going to stand still while the same condition of things that existed 25 years ago is perpetuated? A royal commission was appointed a year ago and made certain recommendations, and I think that it would be a work not only of good government to check this economic waste but also one of religion if the Government would take such action as would restore the confidence of the people in this branch of the public service and stop this economic waste in our population.

Mr. BEAUBIEN: The hon. member said a little while ago that the Farmers were not entitled to the Wheat Board. Why, then, did his party give them the Wheat Board in 1919 when the prices were going up?

Mr. CHURCH: Probably the former ministers can tell you that better than I can.

Some hon. MEMBERS: Oh, oh.

Mr. CHURCH: I do not believe in such a board. It would take me too long to go into an explanation of that to-night, and I know that the hon. member would like to go to the races to-morrow. Now, I was very much surprised to hear the remarks of the hon. member for Sherbrooke (Mr. McCrea) in regard to the Civil Service. I have the greatest respect for the Civil Service. We have, I believe, on the whole a highly courteous and capable body of employees. From deputy ministers right down they are all highly efficient, and very many of the civil servants receive a small salary that is inadequate to meet the cost of living. I doubt whether some of the better paid civil servants can meet expenses. I say that we have a high type of civil servants in this country and they are entitled to respect. From what I have seen of the Civil Service since coming to Ottawa I have come to the conclusion that

the civil servants attend to their duties thoroughly, and I know that they are polite and courteous. We have a very efficient public service and I hope that the Government will now come across with the bonus that is so badly needed. After all is said and done, I do not believe that the cost of living has declined very much for the small wage earner, for the two main items in the household budget, coal and rent, are still very high. Soft coal is produced at $1 a ton, and hard coal at about $5, at the Pennsylvania and Virginia mines, and by the time transportation is paid the latter costs over $15 a ton. Some people are of the opinion that it will be still higher this winter. The same thing applies to rent, which in Ottawa is a considerable item. I was reading recently that in Montreal, owing to the increase in rents, very many people were obliged to move on May 1st who did not know where to get houses within their means. I do not think the time has yet come when the Government should cut out the small bonus which the civil servants have been receiving. They earn it and are entitled to it, especially the men of the customs and post office services.

I was greatly surprised to learn of the attitude of the Government in regard to the St. Lawrence deep waterway. I hope that the reply they have made to the United States government is not definite and final. This is a big question, it should be discussed in a big way, and I hope that in the recess the Government will again take the matter up, because sooner or later the work will have to be done. There has been a lot of loose talk about the cost of this undertaking by people who do not know anything about the subject. The only basis upon which we can go in regard to the cost is the estimates of $250,000,000 made by the International Joint Commission, which made a thorough investigation into the question from the engineering, financial, business, water power, and traffic standpoints, and from all these various angles they found the project feasible and recommended it. An adverse opinion has been expressed by a senator and by an engineer of Three Rivers who never made a survey of the St. Lawrence. But the report of the International Joint Commission, which is backed up by the Hydro Electric Commission of Ontario, is that sooner or later the work will have to be gone on with. It is true that at the present moment our financial condition is rather straightened, but in two or three years the work ought to be undertaken; when prices will have reduced and in the interval additional surveys should be made. In answer to one Progressive member who spoke the other day I would say that the work would amply pay for itself and cost the country hardly a cent. For these various reasons, Mr. Speaker, I shall support the amendment that has been moved, and which I know commends itself to the wisdom and judgment of the country.

Mr. H. E. LAVIGUEUR (Quebec County): I endorse all that has been said by my hon. friends on this side of the House complimentary of the hon. the Minister of Finance (Mr. Fielding) in regard to the admirable budget that he has submitted to the House. I am sure that the budget this year will meet with the approval of the great majority of the people. The minister had a hard task before him in preparing it, and he has certainly performed it well. When the Liberal party took over the reins of administration on December 6th last they realized the enormity of the burden they were assuming. The situation that faced them was no doubt largely due to the war; but at the same time it was due in a great measure to the bad administration of the late government. Since 1911 there has been great extravagance, and millions of dollars have been wasted in all parts of the country on all kinds of public works and war contracts. The debt of the country, which was $350,000,000 in 1911, is to-day $2,500,000,000, and the country is faced with an enormous deficit in connection with the National Railways. Although hundreds of millions of dollars have been expended since the Conservative party came into power in 1911, the province of Quebec, and especially the city of Quebec, to which I belong, has been refused the most urgent public works. The government was always very free with its promises, but when we called on the late Prime Minister the answer we invariably received was: There is no money available for public works. But there was always money to spare for public works in the other provinces.

The citizens of the city of Quebec and district have always borne their share of the burden of taxation, and they are quite willing to shoulder their part of our national obligations to-day, but they deserve better treatment than they have received since

10 p.m.

1911. I referred a few minutes ago to our railway deficits having very seriously added to our financial burden. I have not objected to the decision of the present Government to give public ownership and operation of our National Railways a fair trial, but I wish to state here that I think that trial should be of short duration, because, speaking for myself and for a great many citizens of our province, I must say that we have no confidence in public ownership and operation. And I think that any business man after investigating the administration of our National Railways in the province of Quebec, and especially in the city of Quebec, would share our opinion.

Before 1911 plans were agreed upon for the construction of a large station on Champlain Market in Quebec city to accommodate the business of the Transcontinental Railway, the city having entered into an agreement with the late government to transfer property worth over $2,000,000 on the specific condition that the government would spend $2,000,000 on a new railway station, and also provide a grain elevator and other public works. But after the election of 1911 everything was cancelled, and instead of building a $2,000,000 station the government erected on the Champlain Market site a building at a cost of about $30,000 which is a disgrace to those responsible for its erection and a disappointment to the city. The city never consented to the cancellation. The government also made an arrangement with the Canadian Pacific Railway Company for the joint use of the latter company's station at a very heavy rental. So now we have our Canadian National Railway using that station with its competitor,—the Canadian Pacific Railway ticket office on one side, and the Canadian National ticket office on the other side of the building.

But what prospect has our Canadian National Railway of securing a fair share of passenger traffic in competition with the Canadian Pacific Railway, when its competitor's train takes only five hours on the run to Montreal against six or seven hours required by its own trains to reach the same point. It may be asked why there is that great disparity in time between the two routes. It is simply because of the change made by the government in the plans which were prepared by the late hon. Mr. Parent, who was the first chairman of the Transcontinental Railway Commission, who was for many years mayor of the city of Quebec and prime minister of his province—a man who knew exactly the requirements of the city and district of Quebec.

The contract that had been given for the construction of the Champlain Market station was cancelled and arrangements were made instead with the Canadian Pacific Railway. No citizen of Quebec can understand why the National railways should have chosen this way of coming into the city from the bridge. It is only four and a half miles from the bridge to the Champlain Market station, but instead of that the trains are going around eleven or twelve miles to get into the city. Furthermore, at the Canadian Pacific Railway station there is just a few thousand feet of yardage and the trains block the busiest street in the city of Quebec. No such difficulty would have arisen if the Champlain Market plans had been adhered to, for they would have given first-class accommodation and there would have been no congestion as there is now. The citizens of Quebec, the Board of Trade, and other public bodies in the city have called the attention of the Government and of the railway officials to this matter, but our demands were always met with the answer that there was no money on account of the war.

Plans were made for the construction of repair and construction shops for the railways to be erected in the city of Quebec. The most important shop in the East was to be built in Quebec city. It is only after three years of repeated endeavours that the citizens of Quebec have succeeded in getting these shops erected. In the meantime cars that should have been repaired in Quebec city have been hauled five or six or eight hundred miles, and sometimes as far as Winnipeg to be repaired. The St. Malo shops have been built at Quebec, but the main building which the government agreed to build for the construction of engines and cars has never been built. The shops that are there now have cost this country $2,000,000, and one would think after spending so much on them, these shops would be utilized. To-day there are employed in the St. Malo shops three or four hundred persons, where there should be three or four thousand, and that was the promise given. In the district of Quebec there are now five or six hundred disabled cars waiting to be repaired, and

these cars were lying there idle when the merchants and shippers were urging the Railway Commission to provide them with cars for the shipment of their goods, and they could not get a car. We have the proper equipment for repairing these cars at Quebec, but the cars lie there idle and no repairs are made.

Another very important enterprise was started by the government before 1911, and that was the St. Charles river improvements in Quebec. The government had proceeded with these works a certain way and had expended, if the figures given by the ex-Minister of Public Works are correct, over $1,600,000. During the war that work was stopped, and although the citizens of Quebec have repeatedly urged that it be continued, and have pointed out that the work already done will be completely wasted if it is not carried to completion, the answer has always been that there was no money available. That is the situation to-day generally in the city and district of Quebec with regard to any requests that are made. We have a great many urgent demands for public works and necessary improvements, and the maintenance of different works throughout the district of Quebec, but we are told there is no money available at the present time for public works.

I wish to put on record here a demand I have made of the hon. Minister of Public Works. I hope that the Minister of Public Works will see fit to put a reasonable amount in the Supplementary Estimates to provide for the expropriation of a wharf property at Ste. Petronille. There is another demand which I have made of the hon. Minister of Public Works for repairs to a wharf at St. Gregoire de Montmorency which was destroyed by the high tides in 1918. I hope the minister will provide an amount for this work in the Supplementary Estimates. There are lots of other improvements and works that are very necessary, but of which the city and district of Quebec is now being deprived. For many years now the citizens of Quebec have not enjoyed the favours of the government of the day, and it seems harder at this time that these works should not be gone on with. We are paying our share of the taxes and it is always hard for a citizen to pay taxes. Those in affluent circumstances find no difficulty in paying the taxation that is levied; it is far different with people of the lower classes. It is gratifying to the citizens of Canada to realize that the present Government is taking adequate steps to meet the existing situation and to improve the conditions with which we are faced. One of the most effective means of doing that is by the exercise of economy. Already we have seen a great cutting down of expenditure in connection with the military and naval departments. The two ministers responsible for these reductions deserve well of the people for their courageous action. I hope that similar steps will be taken in other public departments so that ere long the public expenditure will be down to something like normal figures. From the budget speech of the Minister of Finance we have had the opportunity of learning the true situation of the country to-day. Every hon. member, and every citizen that desired enlightenment in this respect has had his wishes gratified. Measures of a practical nature will be adopted to meet the obligations of the country. Although from some of the budget proposals a diminution of revenue may result, on the other hand from other sources the receipts will be augmented. So that we have every reason to be satisfied that the affairs of the country are in such competent hands as they are to-day.

Mr. W. J. WARD (Dauphin): Mr. Speaker, I listened with a great deal of interest, some surprise, and considerable disappointment to the 1922 budget; but before commencing my remarks I would like to associate myself with those who have preceded me in congratulating the Minister of Finance upon his health and upon the vigour with which he introduced that budget to this House, because, I am sure it must have taken a good deal of nerve to present such a financial statement. I used to read with some pride the free trade and progressive speeches of the Finance Minister, and I had hoped that on returning to his old job as budgeteer he would implement some of those good old convictions into this year's budget. Alas, my disappointment, as I listened to him unravel that reactionary and mysterious budget! I use the term "reactionary" because I believe that any government that would introduce a fiscal policy imposing a tax upon thrift and industry and allowing the real wealth of the country to go practically scot free can only be termed reactionary. This budget represents the fiscal policy that will be applied to the commerce of Canada for the coming year. Immediately we mention the tariff we associate ourselves with taxation, and as I

believe that taxation is the paramount question in the country to-day. I will therefore deal first with that phase of the budget. The budget we are now discussing is, in my judgment, the champion of high protection and of the indirect method of taxation. Personally I am opposed to the principle of protection and the indirect method of raising revenue. I believe that by the adoption of a more direct method of taxation we would at least exercise greater scrutiny as to where the public money was being spent. I believe that if we had raised all our taxes by a more direct method we would have at least seen that the late government did not spend $73,000,000 on a merchant marine that is practically tied up to-day and that is virtually worthless to Canada. I think we would have at least seen that the late government did not let a four or five million dollar contract to build a dry dock on Vancouver island in order to elect a minister of the Crown, when three months previously the last dry dock constructed on the Pacific coast went into the hands of a receiver.

Mr. LADNER: Does my hon. friend suggest that a dry dock on the Pacific coast in the neighbourhood of Vancouver and Victoria is not required as an actual business necessity? Is he founding his remarks upon facts within his own knowledge?

Mr. LAPOINTE: Perhaps one, not two.

Mr. WARD: I am founding my remarks on this; that three months previous to the letting of that contract the dry dock at Prince Rupert went into the hands of a receiver.

Mr. LADNER: That is 700 miles away.

Mr. WARD: Does the hon. member not know that the Vancouver dock was also in the hands of a receiver? I repeat that if we paid our taxes in a more direct way we would at least exercise greater scrutiny as to where the public money is being spent.

Now, let us examine for a moment, if you will, the purpose or the principle of protection. Is it not for the purpose of permitting the Canadian manufacturer to charge a higher price than he otherwise would? I am quite sure that when protection was introduced into the fiscal policy of Canada in 1878 it was not the intention of the government of that day that it should continue longer than was necessary to establish the Canadian manufacturer, so that he would be able to get on his feet, so to speak. I am sure it was not the intention that it should be carried down to this date. With the immense natural resources of this country, and with the natural opportunities that exist for manufacturing, and after forty-five years of protection, if our Canadian manufacturers are not able to compete in the markets of the world, I say, for God's sake, let them get out of the way and make room for someone else who can.

The present Prime Minister (Mr. Mackenzie King) when leader of the Opposition, had a good deal to say, on his western trip, about the "invisible government" in Canada. He had a great deal to say about how that invisible government had fastened its fangs upon the late government, and with that I think his hearers all agreed. I do not think it takes a very far-sighted man to see the hand of that invisible government upon the budget that was introduced in this House a few days ago. The Canadian manufacturer is utterly Bourbon. He never forgets and never remembers anything, and his only conception of national prosperity is the gold he brings to his own chest. I think it was the hon. member for New Westminster (Mr. McQuarrie) who asked what would happen to the Canadian manufacturer if we had free trade. In reply I would say that the Canadian manufacturer has always enjoyed a very large measure of free trade upon everything he had to buy, but he has constantly refused to extend that privilege to others, and I would like to remind the committee that the Canadian manufacturers have been able to very successfully compete in the markets of the world. Of that I am very proud, but I have noticed quite frequently that the Canadian manufacturer sells to the foreigners cheaper than he sells to the Canadian people. The Canadian manufacturer contends that he must be able to purchase his raw material in a free market, in order to carry on his business successfully.

I contend, Mr. Speaker, there is no such material as raw material. We go to mother earth, and take the ore from the mine, which is the finished product of the mine. It is the raw material of the smelter, and the pig iron is the finished product. The pig iron is the raw material of the steel refiner, and the steel is the finished product. The steel is the raw material of the manufacturer and the plough is his finished product. The plough is the raw material of the farmer, and wheat is his finished product. The wheat is the raw

material of the miller and the flour is the finished product. The flour is the raw material of the baker and his bread is his finished product. The bread is the raw material of the working man who goes out to perform all these duties. The only raw materials we have are the earth, the water and the air we breathe, placed here by the Almighty for the use of mankind.

I contend that the moment we extend privileges to, or subsidize, one industry we must, of necessity, take that much from another industry. The business of Canada is what we might term one great universal, commercial intricacy, of which we are one large family. In looking over the Dominion, I do not see one single industry we do not need. I am proud of them all, I am proud to be a Canadian and proud of our Canadian institutions, but I think it is time that some of our Canadian industries got off the backs of the Canadian people, and stood on their own feet. If we ever expect this Canada of ours to be the prosperous country we would all like it to be, we must extend to others the privileges we would like to enjoy ourselves. We are all in a great family here on Canadian soil, and if we ever hope to make Canada that great country that we all look forward to, we must develop on Canadian soil a moral and a prosperous people, and we cannot develop that class of citizens in the presence of a privileged class, or with a fiscal policy that permits the massing of immense wealth on the one hand and dire need on the other.

I would like to point out the effect of the fiscal policy, or this indirect system of taxation. It is a sort of camouflage or a painless-extraction way of getting money. In looking over the budget I find that, according to the figures, we will extract by this painless extraction method in the year 1922 about $110 per family in Canada, while the average farmer will pay about $220. I shall deal with it in the broader sense, so that I will take $110 as the amount which the average family in Canada will have to pay under this budget. If that $110 were all they had to pay it would not seem so bad, but the impost continues to grow and the farther it goes the bigger it gets. That $110, when it reaches the ultimate consumer, or in the final analysis in many cases, amounts to fully $200. The tariff is of a snowball nature; the further you roll it the bigger it gets.

I became somewhat curious and I thought I would like to learn the origin of this indirect method of taxation. I discovered that its origin was about the time of the Napoleonic wars. The people had been taxed so insistently through the direct method that they rebelled and refused to pay any longer, but along came some evil genius with this new idea of taxation and it worked so well that it has been carried on to the present day. However, going back to the snowball nature of this tariff, we will go across the border into the United States, or anywhere and we will purchase $100 worth of woollen goods. Those woollen goods are subject to a tariff of 35 per cent. When the goods reach the border the importer must pay the duty. I put the profit of the importer at 10 per cent, which I think reasonable.

Mr. BRISTOL: I think you are giving an illustration of woollen goods and saying if you bought them in the United States for $100 you would pay 35 per cent duty. Are you aware, as a matter of fact, that all the woollen goods that come into this country come from England?

Mr. WARD: I will accept my hon. friend's statement that goods from England are bearing a tariff of 27½ per cent under the new tariff proposals.

Mr. BRISTOL: No, 17½ per cent.

Mr. WARD: I looked this up only to-day and, according to the new schedule, I think the duty is 27½ per cent. Possibly I did not read the figures aright. I am, however, merely using woollen goods as an illustration. I do not wish to infer that we buy all our woollen goods in the United States. I only wish to make a comparison, because I have a long list of goods, many of which come from the United States or other foreign countries and which bear, on an average, a duty of 30 per cent. The list is:

Glass, 25 per cent; leather goods, 30 per cent; furniture, 30 per cent; stoves, 25 per cent; electrical goods, 27½ per cent; coffins, 25 per cent; tombstones, 35 per cent; screen doors, 30 per cent.

You cannot avoid this tax; indeed, it follows one from the cradle to the grave.

Medical goods, 30 per cent; cottons, 32½ per cent; woollens, 35 per cent; soap, laundry, 1 cent per pound; castile soap 2 cents per pound; all other soaps, 32½ per cent.

So that the average tariff is about 30 per cent. The point I wish to make is this: If we buy $100 worth of goods outside of this country, when they reach the borders of Canada, the importer must pay, say 30 per cent, which amounts to $30. He passes the goods on to the wholesaler,

and I put his profit at 20 per cent, which, I think, is very reasonable. The goods have now cost $139.60. He passes those goods on the retailer, who is possibly your merchant in Ottawa, and the tariff charges which were $30 have now become $51.48. I have taken the shortest possible route. There are, however, many cases where goods that the good housewife buys every day, pass through five or six middlemen's hands, and the tariff reaches, in some cases, 100 per cent before the goods arrive at the home. This is the evil of the present system of taxation, namely, that there is no end to it, and the ultimate consumers, who, in a large measure, are the agricultural people of this country, have their backs against the wall. When the tax reaches them, it can be passed on no further. This tax is the one that we are positively opposed to, and we must consider that the average family in Canada have, in addition to their $110 of federal indirect tax, other federal taxes and municipal and provincial taxes, the total amounting to the enormous sum of $507 per capita or $2,850 per family. I would like to ask the House and the people of Canada if they think that the families in our small towns and villages and in the rural districts of this country can bear a public burden of $2,850 in addition to their own financial burdens.

It has been my privilege in the last couple of years to visit many rural homes in western Canada, and as one hon. member remarked to-night, the story has not been half told of conditions in that part of the country. No one is more desirous than I am of seeing the whole of Canada go hand in hand and the whole country developing; but if agricultural conditions remain as they are, it is impossible for Canada to prosper. Agriculture to-day in western Canada is on the brink of a precipice; and I want to ask the business men of this country what they are going to do about it. Are they going to let it go over the precipice, or are they going to bring it back and place it on a sound, satisfactory and remunerative basis? The debt of this country will never be paid, and it will be humanly impossible to meet our obligations unless agriculture is placed on a sounder and more satisfactory basis. It is from the top six inches of the tillable soil of this country that the large measure of our debts must be paid.

I have visited not one but almost thousands of homes in western Canada; I have slept in many of those homes, and I have seen where a mother has raised a family of six, eight and even as many as ten children in a little log shack. The parents have been there in many cases for twenty years or longer, they have produced tens of thousands of dollars worth of wealth; but the system of taxation does not permit them to retain enough of that wealth to put in even the commonest kind of furniture into their homes. In many of these homes the mother is still scrubbing a rough board floor, home-made furniture, and there is not even a blind on the window. When such is the case, how can we expect the boys and girls to remain on these farms or in such homes, of which we have thousands in western Canada?

In my district, that of Dauphin, which, without any boasting, is, I think, the richest municipality in Manitoba, let me take the farmers or the class in that municipality who have been there for twenty years or longer. I will not take the others, because they may have bought their farms at enhanced values and all that sort of thing, and they may have met difficulties that may be almost insurmountable. I will take the men who have been in the district for a longer time and who have secured their farms at a low figure or have homesteaded them. If you go to any of those farmers to-morrow morning and ask them to liquidate, 75 per cent of them cannot liquidate with enough to pay their debts. How much longer can this state of affairs continue?

A couple of weeks ago I made a visit into south Huron, and in driving along one line, I noticed five beautiful farms in succession, with brick houses, and nice barns, well fenced, but no one living on those farms. We counted, through that district, many farms with no one living on them. What is the reason? Out in Ottawa South where I live, a new home has been born nearly every day since I moved out there last February. I noticed, in looking up the census records, that in 1870, 83 per cent of the population was engaged in the industry of agriculture in Canada. I see to-day that about 50 per cent is engaged in agriculture, and I think, if a close analysis were made, we would find that the percentage was nearer 45. I venture the prediction that, unless the fiscal policy of this country is changed so as to place the burden of taxation more equitably upon our people, the influx from the rural parts of this country to our cities will be very much greater in the next few years than it has been in the

past. I do not attribute all these troubles to the fiscal policy of this country, although I think it has a great deal to do in creating these conditions. There are many other natural and unnatural problems surrounding agriculture that make farm life almost impossible in these times. I believe, if we took the $220 a year that the average farmer pays in tariff taxes and placed that upon the natural wealth of this country, it would go a long way in relieving the apprehension that now exists.

I should like to deal for a few minutes with the railway situation. We speak about the railway problem as being the great problem of this country. It is a great problem, but I think that problem could be solved very quickly if we set about it in a proper manner. Some twenty or twenty-one years ago I spent a summer in Saskatchewan in search of a homestead, and after spending some months travelling through part of Saskatchewan, I came back to Dauphin without a homestead. You might ask why. I travelled over what represented millions of acres of good arable land, but there was none of it to be homesteaded; it was all bought up by speculators. The government of that day had a flat rate of selling land at a dollar an acre, and they sold millions of acres at that price. I know one company who bought 3,000,000 acres, in what was then called the Northwest Territories at one dollar an acre. The average selling price of raw land in that province according to statistics, is about $21 an acre, so that those land speculators have taken out of the province of Saskatchewan, and other western provinces, an unearned increment of about $21 an acre. This is what happened. The legitimate settler when he came to settle was forced to go away back, 30, 40 and 60 miles from the railway in order to get cheaper land or a homestead. They developed settlement and then demanded railways, and the railway companies, or the government, as the case might be, eventually came to their relief. But in order to do so they had to build long stretches of railway over unproductive, speculative territory which in many cases is still lying idle waiting for a higher price. Now, if the Government really wants to usher in prosperity let them be willing to give land free to all those who are willing to give time and energy to the production of wealth and give the settler an outfit to work the land at 4 per cent interest.

It is humanly impossible for a man to buy a farm to-day, and pay 7 or 8 per cent interest on the farm and 7 or 8 per cent interest on the outfit to work it. I know this to be the case, because farmers in my own district, who have been there for 30 years, find themselves bankrupt after producing tens of thousands of dollars of wealth. I do not wish to be misunderstood when I refer to these matters. I do not wish to be pessimistic. But I think the East should compromise with the West. I told my constituents before coming here that any representative coming from western Canada to this Parliament would have to bear in mind that it was necessary that he should show a spirit of compromise. I told them that so long as the seat of government was situated in Ottawa—and I hope it always will be here—we should always have to come here in that spirit. And I say so still. But I do not think that eastern Canada recognizes the conditions that exist in western Canada to-day. The hon. member for Brantford (Mr. Raymond) this afternoon complained of the assistance that this Government was giving to agriculture. Well, in the year 1920, according to our trade returns, we consumed in Canada some $600,000,000 worth of goods, three-quarters of which were manufactured within the borders of this country, the other quarter having been imported. We paid an average tariff of about 30 per cent on these goods. Now, the tariff is there for a purpose, and our experience shows that the Canadian manufacturers simply raise the selling price of their articles to the amount of the tariff. If that be true and we imported only one quarter of the goods consumed that year, on which the Canadian government collected $156,000,000 revenue, then we paid into the pockets of the Canadian manufacturers $450,000,000. And yet an hon. member can get up in this House and criticise the Government for spending $6,000,000 on agriculture, which furnishes from 45 to 65 per cent of the exports of this country. After all we must admit that the only source of wealth is in our exports, whether they be agricultural or manufactured products.

Mr. BRISTOL: What is the hon. member's view as to gold, silver and iron mines? Are they sources of wealth?

Mr. WARD: Absolutely. Professor Ely, in his book on taxation in the states of the American Union, made a statement in regard to this question. He is one of the recognized authorities on this subject in the United States, and he says that taxes might be so levied by a skilful hand as to give free scope to every opportunity and promote industry to the highest degree. He referred to this as the taxation of natural resources. On the other hand, he says, taxes may be so levied by ignoramuses as to place a dead weight about the neck of the community. These are his words, not mine. Not long ago a piece of property, a waterfront, was sold at Fort William for $1,600,000. Now, to whom did that $1,600,000 really belong? Did it belong to some land speculator that happened to buy a piece of land up the river, and then sit tight until the people built railroads, and the grain producers caused elevators to be built, when he found the opportunity propitious for the sale of this land?

The national debt of the country is enormous, but it is a mere bagatelle compared to the vicious and inefficient system of taxation that has governed this country for the last thirty or forty years and which has permitted speculators to carry away, in the form of unearned increment, billions of dollars from this country. We are told by economists that there are over 200,000,000 acres of land held by the speculators between the Great Lakes and the Rocky mountains. Well, let us get some of the revenue that we ought to derive from these lands instead of taxing the children of the country. It is little short of a crime that in a country where we have six or seven months of winter we should tax the food and clothing of the poor people. While the great natural wealth of this country is passed up. Every time a babe is born the first thing the mother gets is a slap in the face to the extent of 30 per cent when she goes to buy woollen goods to wrap that infant in. And the tariff follows us all the way to the grave. Professor Drummond makes this observation that in our big cities to-day we find that the families are all becoming triangles, pa ma and Mabel; the only place where we come across the old fashioned family is in the little town, and village or the rural district.

Mr. HANSON: Is that due to the tariff?

Mr. WARD: I say that we are simply penalizing every mother who brings forth a child, and it is a crime that the government of a country like this should have to resort to these forms of taxation, when the land which is affording the speculators such opportunities to make money could be so easily taxed. Of all the countries that went into the war, Canada had the best opportunity to emerge without a debt. There was no other country that participated in the war that had the natural resources that we had. And what did Canada do? She paid on her war account, by direct taxation while the war was on, only 6 per cent, while Great Britain, with her resources all gone years ago, was able to pay 86 per cent, and the United States 82 per cent.

Mr. STEVENS: Where did the hon. member get the 6 per cent? Is he aware that Canada paid, out of revenue, war expenditures to the extent of $553,000,000? That is certainly more than 6 per cent of the total expenditure for war purposes.

Mr. WARD: I was referring to direct taxation. All that Canada raised by direct taxation was 6 per cent.

Mr. STEVENS: There is no record that the hon. member can quote to substantiate that statement. I have not the exact figures before me but they are certainly very much in excess of the figure my hon. friend has given. He is utterly unable to quote anything to substantiate his statement.

Mr. WARD: I have my figures from the Grain Growers' Guide.

Some hon. MEMBERS: Oh, oh.

Mr. WARD: Hon. gentlemen may smile, but the Grain Growers' Guide is a reputable journal, and if it or any other journal made a false statement hon. members to my right would be the first to call them to order.

Mr. STEVENS: I do not undertake to call them to order, but I have pointed out on frequent occasions the absolute fallacy of their statements and have given the official figures to prove it. Unfortunately I have not those figures by me to-night.

Mr. WARD: I do not wish to pursue that point with the hon. member. However I should like to answer another statement that the hon. member for Brantford made this afternoon in dealing with the binder twine situation. I do not know whether he deliberately attempted to mislead the House, but he certainly left a wrong im-

pression. He gave as the reason the binder twine industry was in its present unsatisfactory condition was because binder twine was on the free list. That is not the reason at all, and I am sure the hon. member must surely know the facts. Some years ago the International Harvester Company cornered practically all the land in Yucatan where sisal is grown, and they still retain control. Therefore it does not make any difference whether we have one or twenty binder twine factories in Canada the price of the product would go up.

In conclusion, Mr. Speaker, I would again appeal to this House to give favourable consideration to the industry upon which all our other industries must depend. I look upon our industries as one great tree, with agriculture representing the roots, and it seems to me that any fiscal policy based on protection endeavours to develop the branches without taking care of the roots. If we develop our basic industries there is no question about the position of our manufactures. In my judgment we need more manufactures in Canada to-day. If we have freer trade we shall have an expansion of all our industries. I am not a free trader in the sense that some hon. members have branded the Progressive party. I do not believe we should move one whit faster than it is possible for the manufacturer to adjust himself to changing conditions, but I do say that in view of the intricacies of our business we will never develop that sound economic stability so essential to our national progress unless our manufacturers are willing to compromise with our agriculturalists.

On motion of Mr. Bristol the debate was adjourned.

On the motion of Mr. Mackenzie King the House adjourned at 10.55 p.m.

Friday, June 2, 1922.

The House met at three o'clock.

AGRICULTURE AND COLONIZATION

STANDARDIZATION OF PARTS OF AGRICULTURAL MACHINERY

Mr. W. F. KAY (Missisquoi) moved:

That the proceedings of the Select Standing Committee on Agriculture and Colonization had last session on the question of "Standardization of parts of Agricultural Machinery" be referred to the Select Standing Committee on Agriculture and Colonization.

Motion agreed to.

Mr. KAY with the consent of the House, moved, that the House return to the Order of Motions.

Mr. MEIGHEN: The hon. member should state the object he has in view in returning to the Order of Motions.

Mr. KAY: I desire to move a resolution, and I think that if I read it the object will be clearly apparent. I move, seconded by Mr. Sinclair:

That a message be sent to the Senate requesting that their honours will give leave to the Hon. Archibald B. McCoig, one of their members, to attend and give evidence before the Select Standing Committee on Agriculture and Colonization.

Motion agreed to.

COAL FROM JAPAN

CANADIAN GOVERNMENT MERCHANT MARINE ON THE PACIFIC

On the Orders of the Day:

Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, may I take advantage of this moment to correct a false impression that seems to exist in regard to the use of Japanese coal by the Canadian Government Merchant Marine on the Pacific. The impression seems to have got abroad, that the Government Merchant Marine intend to use Japanese coal, or are bringing Japanese coal to this country. The matter came up some time ago in connection with a question asked by an hon. member, and a reply was given at the time that the coal that came from Japan was merely in the nature of ballast; it was cheaper to the company at the time to purchase coal for that purpose than to purchase ballast in some other form. I understand that recently the matter has come up again, and some fear is expressed on the part of certain hon. members from the West that the Government Merchant Marine intend to adopt as a policy the bringing of coal from Japan to Canada. Hon. members know that the Merchant Marine is under the Board of Directors of the National Railways. The Government has not to do with the control of its affairs, or the operation of its steamers; but in answering the question that was asked some little time ago the following statement was made:

As far as they can possibly do so the steamers of the Government Merchant Marine will hereafter use only British Columbia coal on the Pacific ocean.

That statement was given to the Government by the Board of Directors of the National Railways and, as I understand it,

indicates its policy then and its policy at the present time.

Mr. W. G. McQUARRIE (New Westminster): May I be permitted to ask the Prime Minister if he is aware that the ships of the Canadian Government Merchant Marine are purchasing their coal from mines at Cumberland which employ orientals underground?—and that these mines are the only mines in Canada where orientals are so employed?—and if the Government will take action to see that this condition is remedied?

Mr. MACKENZIE KING: The complaint I had was that the board was purchasing coal from Japan instead of British Columbia, but I will take occasion to inquire into what my hon. friend has just represented.

THE BUDGET

CONTINUATION OF THE DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Thursday, June, 1, the debate on the motion of Hon. W. S. Fielding (Minister of Finance) that Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means, and the proposed amendment thereto of Hon. Sir Henry Drayton.

Hon. EDMUND BRISTOL (Centre Toronto): Mr. Speaker, I join with other members of the House in congratulating the Minister of Finance upon the manner in which he delivered this—his sixteenth budget speech. I do not believe that there is any man in Canada better equipped, by long experience and by ability, to present that speech; and I do not suppose that the Finance Minister, well informed as he is, was ever confronted by a more difficult situation, because he has to satisfy everybody on his own side of the House, from the free trader in the person of my hon. friend from Brome (Mr. McMaster) to the ultra-protectionist, my hon. friend from Brantford (Mr. Raymond). Anybody who can do that is certainly something of a magician as well as an able finance minister. Now my hon. friend had a great many difficulties to encounter, and I have no doubt that if those difficulties were not so numerous he would have presented a budget more on the lines of his budget of 1907 rather than the class of budget which he brought down recently. But the criticism that I would offer in respect to the budget as a budget is, that substantially it does nothing for the stimulation or promotion of Canadian trade or Canadian agriculture. It is what you might call a "safety first" or "stand pat" budget. Whatever reductions or changes have been made are for the benefit of our business competitors the United States, Great Britain, and particularly Germany. Now, everybody in this House knows that, since the war, every civilized country has been doing everything it possibly could to protect, preserve and maintain the home market of that country for its own people and to protect and maintain its own home industries. I suppose the two most conspicuous examples with which we are familiar are Great Britain and the United States of America, and I would have thought that under those circumstances, a Finance Minister of the wide experience and great ability of the present occupant of that office would have taken into account the necessity in this country of not merely preserving matters in statu quo, but of doing what he reasonably could, so far as the tariff will do it, to promote, advance and protect the industries already existing in this country, to bring in other industries, and to give the people who have money to invest in industries a confidence that, so far as Canada is concerned, the policy which has been in force practically from 1879 to the present time is to be maintained unimpaired, and that the small modicum of protection given to our industries is not to be whittled away for the benefit of our American, English and German competitors.

I am going, first of all, to take up the case of Germany, because that is the most flagrant case, and I am rather inclined to think, from the way the minister spoke, that his mind is open to conviction, and if I can help him in any way to come to a conviction which will protect Canadian labour against the cheap and efficient labour of Germany, I think something of advantage will be done. What is the position in Germany as regards the wages paid to labour? It is well known—and the Finance Minister (Mr. Fielding) stated—that the value of a German mark to-day is a third of a cent. The latest information I can get from Germany is that skilled labour is paid 60 cents a day, and ordinary unskilled labour is paid 30 cents a day. But we will take sources perhaps more authentic, or, at least, more to be relied upon. I take Industrial and Labour Information, Volume II, No. 6, of 12th May, 1922, published at Geneva, by the Inter-

national Labour Office, and I find the following item:

It appears that the highest wages were paid in Hagen, dyers, 639 marks ($2.13) per week; belt makers, 650 marks ($2.17) per week; ribbon makers 654 marks ($2.18) per week, Essen and Hamburg, and the lowest in Bautzen (353 to 508 marks ($1,18 to $1.69) and Munich (409 to 524 marks ($1.37 to $1 75)).

The memorandum states that in most cases the weekly wages were lower than the minimum cost of living of a family of two adults and two children. In Berlin, for instance, the weekly minimum cost of living in December 1921, amounted to 557 marks ($1.86) per week, while in the same month the average wages in certain occupations were as follows: Printers (married), 553 marks per week ($1.84), railway mechanics, 418 marks ($1.40); railway labourers, 379 marks ($1.27); bricklayers, 552 marks ($1.84); building labourers, 522 marks ($1.74); navvies, 381 marks ($1.27). In Hamburg, the wage of bricklayers, 620 marks ($2.07), building labourers, 594 marks ($1.98), and navvies, 589 marks ($1.97) were in excess of the minimum cost of living, while those of joiners, 561 marks ($1.87).

I am not suggesting these figures for Government employees in Canada, but I find in the Frankfurter Zeitung, of 28th March, 1922, that they paid their Government officials the munificent salary of 11,000 marks per annum, or $36.67 for the lowest group, and for the highest group, No. 12, a salary of 40,000 marks, equal in Canadian funds to $133.34 per annum. It is not necessary for me to tell this House that the German mechanic is as well equipped for his work as any mechanic in the world, and they are not working six or eight hours a day; they are working all they can—ten hours a day, and an extra two hours for the Fatherland. The present tariff brought in by the hon. Minister of Finance takes for the valuation of German goods their fair market value in the country of production—Germany. You can figure what this value in Germany would be. Labour is 50 per cent of the cost of producing an article and then we have the raw material. I have shown you the labour cost, which is a prevailing cost. It practically means that the Germans can produce everything that is produced by factories in this country for about one tenth of our cost, and the freight rates from Germany to Canada are cheap. That is the real situation. Let me show you what Germany exported to Canada and the kind and character of the merchandise sold by that country to Canada in 1913. The total value of these imports was about $10,000,000. Some of the importations were as follows:

[Mr. Bristol.]

Breadstuffs (grains and products of)	$ 63,055
Peas n.o.p.	60,647
Buttons of all kinds n.o.p.	65,197
Cars, railway and parts of	84,854
Clocks, time recorders, etc.	119,555
Cocoa paste or liquor etc., Chocolate mfrs.	73,512
Combs	81,507
Cotton fabrics, dyed or coloured	63,770
Clothing n.o.p.	71,268
Lace, white and cream coloured	226,904
Socks and stockings	441,898
All other drugs, dyes and chemicals, n.o.p.	77,807
Tableware or china porcelain	300,586
Electric Apparatus n.o.p.	79,799

Just referring to electrical apparatus, Germany to-day is the first country in the world in manufacturing along electrical and radio lines, and it will practically mean that great companies in Canada, like the General Electric and the Westinghouse and the other large company at St. Catharines, an English company, will be put out of business by Germany, or very seriously injured, when the Germans got started under the proposed tariff. Other articles imported were:

Boxes, fancy, ornamental cases	$ 63,280
Braids, cords, fringes, etc.	141,124
Artificial feathers, flowers, etc.	127,684
Lace, n.o.p.	198,238
Toys and dolls of all kinds	534,010
Furs, skins, wholly or partly dressed n.o.p.	377,135
Caps, etc. of fur	63,988
Glass, carboys or demijohns	66,248
Glass balls and cut pressed crystal glass	64,766
Gloves and mits of all kinds	380,057
Rubber cement and all manufacture of rubber n.o.p.	59,744
Hops	56,674
Machinery, composed of iron or steel n.o.p.	240,616
Tubing, wrought iron and steel	65,069

—on which the tariff has lately been reduced and is particularly reduced in the present tariff.

Knives and forks of steel	$ 67,759
Cutlery n.o.p.	302,015
Tools, hand, all kinds, hoes, rakes, forks etc.	52,039
Manufactured articles of iron and steel n.o.p.	142,903
Jewellery n.o.p.	175,296
Lamps, lanterns and chandeliers	177,687
Other musical instruments, n.o.p.	135,207
Optical instruments	52,256
Zinc, white	109,283
Paper, manufacture of n.o.p.	130,050

It is well known that the Germans have been shipping paper into New York for some time back, in competition with the Canadian paper manufacturers.

Pocket books, port-folios, leather goods	$ 78,693
Ribbons of all kinds and materials	17,776
Seed, clover and timothy	37,185
Silk Fabrics for neckties	52,724

Silk socks and stockings	80,602
Sugar n.o.p.	300,914
Knitted goods, including knitted underwear n.o.p.	104,159
Woollen fabrics, n.o.p.	214,415
Clothing, women's, children's outside garments, cloaks, suits and costumes	148,048
Clothing, readymade, (wool) men's	246,454

I thought it proper to read this list of articles to the House to show that, as far as competition with Germany is concerned, our mechanics have not only no protection, but there is practically nothing that is manufactured in this country, or that can be manufactured under reasonable competitive conditions, that Germany cannot today put on the Canadian market under the present tariff and easily undersell its Canadian competitors. It would be interesting to see, in this regard, what Great Britain has done to protect her industries—England, that free trade country that was once the proud boast of my hon. friends on the left. The British people are pretty level headed, when the question becomes one of real competition. They have passed what they call the Safeguarding of Industries Act. It reads, in part, as follows:

1. If, on complaint being made to the board to that effect, it appears to the board that goods of any class or description (other than articles of food or drink) manufactured in a country outside the United Kingdom are being sold or offered for sale in the United Kingdom—

(b) At prices which by reason of depreciation in the value in relation to sterling of the currency of the country in which the goods are manufactured are below the prices at which similar goods can be profitably manufactured in the United Kingdom;

and that by reason thereof employment in any industry in the United Kingdom is being or is likely to be seriously affected, the board may refer the matter for inquiry to a committee constituted for the purpose of this part of this act.

2. If the committee report that as respects goods of any class or description manufactured in any country the conditions aforesaid are fulfilled the board may by order apply this part of this Act to goods of that class or description if manufactured in that country:

They go on to state that where this is found, the customs duty, in addition to the ordinary duty,—shall be a customs duty equal to one-third of the value of the goods —in England, not in Germany. If England has to do this, what about poor Canada? Let us go on and see what the United States have done. They have not completed their legislation in this regard.

Mr. MURPHY: Before the hon. gentleman deals with the United States, will he state to the House the effect, as to volume and amount, upon the trade of the United Kingdom and Germany, of the legislation to which he has just referred?

Mr. BRISTOL: I can give my hon. friend only the information I have. I am not going to vouch for this; but I am told by responsible people that British merchants are merchants first, and they are importing German goods, adding a little work and a made in England label and thus taking advantage of German cheap labour.

Mr. BIRD: Is the hon. gentleman aware that the cotton spinners of Lancashire and the dye industry of England are agitating for the repeal of the Safeguarding of Industries Act, and that on May 16 a motion which was introduced in the House of Lords for the repeal of that act, was lost by only two votes? Is he aware that the Liberal federation which met at Blackpool last month also adopted that as a plank in their platform?

Mr. BRISTOL: I only want to say to my hon. friend that he is not asking a question except by way of making a long statement. Of course, there are people who will object to this act just as, if the Minister of Finance imposed a duty on German goods of one-third of the value in Canada of similar goods there would be people who would object to it. I have no doubt that in free trade England many people are agitating against the act, but I do not happen to know about that. If the hon. gentleman has information of that kind, he will have an opportunity of presenting it to the House. I am only pointing out that such an act is in force in England, and that it has not yet been repealed. This shows that British industry, in a country which has been free trade from 1846 to the present time, is so much alive to the situation and the necessity of protection against German goods that the British authorities are protecting, not merely industries that are at present in existence, but industries that might be brought into existence and that might be injuriously affected. I will come back to this matter later on.

I want now to deal with the situation in the United States, because it is just as well to see what is done by our neighbours, although some of us may think they are foolish. No group of farmers in the civilized world, except the farmers of western Canada, is arguing in favour of free trade. The farmers of western Canada may be right in their views,—possibly but not probably;—honestly I have my doubts.

This is the bill as it is before the United States Congress at the present time. Let me cite section 315 of the new United States Tariff Act of 1922,—and in my humble judgment this is useful as showing the proper view of protection, which may be up or which may be down, but which is real only when it fairly protects industries essential to the development of the country giving them such protection as will put them on a fairly even footing with their competitors in other countries. It gives a smaller country an opportunity to develop its industries in competition with more powerful rivals. Section 315, to which I have referred, reads:

(a) That in order to regulate the foreign commerce of the United States and to put into force and effect the policy of the Congress by this Act intended, whenever the President, upon investigation of the differences in conditions of competition in trade in the markets of the United States of articles wholly or in part the growth or product of the United States and of like or similar articles wholly or in part the growth or product of competing foreign countries, shall find it thereby shown that the duties fixed in this Act do not equalize the said differences in conditions of competition in trade—

That is the aim of proper protection, namely, to give the people of the country a return for their money when they invest their capital, and to give the labourers a fair chance to get a fair day's pay for a fair day's work.

—he shall, by such investigation, ascertain said differences and determine and proclaim the changes in classifications or forms of duty or increases or decreases in any rate of duty provided in this Act shown by said ascertained differences in conditions of competition in trade necessary to equalize the same in the markets of the United States; that thirty days after the date of such proclamation or proclamations such changes in classification or in forms of duty shall take effect and such increased or decreased duties be levied, collected, and paid on such merchandise when imported directly or otherwise from the country of origin into the United States: Provided, That until further provided by law the total increase or decrease of such rates of duty shall not exceed 50 per centum of the rates specified in this Act, or in any amendatory Act.

The next clause is a very interesting one:

(b) That in order to regulate the foreign commerce of the United States and to put into force and effect the policy of the Congress by this act intended, whenever the President, upon investigation of the differences in conditions of competition in trade, in the markets of the United States, of articles wholly or in part the growth or product of the United States and of like or similar articles wholly or in part the growth or product of competing foreign countries, shall find it thereby shown, that an industry in the United States is being or likely to be materially injured by reason of the importation into the United States of foreign merchandise, and shall find it thereby shown that the value as determined under the provisions of paragraphs (1), (2), or (3) of subdivision (a) of section 402 of this act, is not a certain basis for the assessment of the particular duties, he shall make such findings public, together with a description of the class or kind of merchandise to which they apply in such detail as he may deem necessary for the guidance of appraising officers; that in such cases and upon the proclamation by the President becoming effective the ad valorem duty or duty based in whole or in part upon the value of the imported article in the country of exportation shall thereafter be based upon the American selling price,—

The duty is not based upon the value of the article in the country from which it comes, as such an article is being valued by our new tariff.

—as defined in subdivision (f) of section 402 of this act, of any similar competitive article manufactured or produced in the United States embraced within the class or kind of imported merchandise upon which the President has made public such a finding and proclamation.

I most respectfully submit that it would be wise for the Minister of Finance to reconsider this question in regard to German goods, and to provide that the ad valorem duty or duty based in whole or in part upon the value of the imported German article in the country of exportation shall thereafter be based upon the Canadian selling price of any similar competitive article manufactured or produced in Canada. There are various other provisions in the act showing that the United States is looking after its own interests from every angle. For instance, section 316 of the act reads:

That unfair methods of competition and unfair acts in the importation of merchandise into the United States, or in its sale by the owner, importer, consignee, or agent of either, the effect or tendency of which is to destroy or substantially injure an industry, efficiently and economically operated, in the United States, or to prevent the establishment of such an industry—

You will note how far it goes.

—or to restrain or monopolize trade and commerce in the United States, are hereby declared unlawful, and when found by the President to exist shall be dealt with, in addition to any other provisions of law, as hereinafter provided.

So much for the United States. Now, I would call the attention of the House to the fact, if it is necessary to labour the point further, that France, on the 28th of March, 1921, increased the maximum rates of duty, making the maximum rate exceed the minimum rate in varying proportions,

not exceeding 300 per cent, whereas formerly the difference between these rates was 100 per cent. The preamble to the decree explained that the measure is one of the results of the investigation which has been made of the steps which need to be taken in order to safeguard French industries, the very existence of which is threatened by the competition of goods from countries with depreciated exchange.

Now, if that applies to England, France and the United States it certainly applies with equal, if not greater, force to Canada. The last country I shall mention is Australia. Paragraph 8, Customs Tariff (Industries Preservation Act) reads:

(1) If the minister is satisfied, after inquiry and report by the Tariff Board, that the exchange value of the currency of the country of origin or export of any goods has depreciated, and that by reason of such depreciation goods have been or are being sold to an importer in Australia at prices which will be detrimental to an Australian industry, the minister may publish a notice in the Gazette specifying the country as to the exchange value of the currency of which he is so satisfied, and the goods originated in or exported from that country to which in his opinion the provisions of this section should apply.

The Minister of Finance (Mr. Fielding) says that if you want to prohibit Germany from sending goods here you should say so. I am certainly not advocating that. He says::

If you want to say that German goods shall be prohibited say so; if you shrink from saying that in such a direct way, then put on a 1,000 per cent duty.

It is not necessary to do that. Just put a value on German goods for tariff purposes that you would put on similar goods produced in Canada. Take the Canadian selling price of similar goods as the basis on which to value the German goods and put a reasonable duty upon them so as to give the Canadian factories a fair chance to compete with German exports on even terms. Before leaving this point I would refer to a statement made by Mr. Tom Moore, president of the Trades and Labour Congress, after his return from a visit to Germany in 1921. He said:

Skilled mechanics in Germany must work one day to earn the currency which will purchase one pound of butter; they must work one week to earn a pair of shoes, or one month to earn a suit of clothes.

The Minister of Finance, in concluding his very able speech, referred at some length to the subject of capital and labour, declaring that the condition of labour in this country should not be placed again on a pre-war basis. I am entirely in accord with the remarks of the hon. gentleman in that direction. But if we are going to pass legislation practically preventing the immigration of certain races into this country because we believe that their entry into Canada would have a tendency to lower the standard of living of our own working people, then I hope that the Minister of Finance, who I am sure is sincere in the view he has expressed, that the Canadian labourer should receive a fair and reasonable degree of protection, will give further consideration to the question of the values that are to be put on German goods, and will take such steps as will fairly and adequately protect the workingmen and commerce of this Dominion.

We have been told for a long time now that we have a high protective tariff in Canada, and I have often wondered whether hon. members, particularly my hon. friends on the left, who are of this opinion, have really studied the subject at all, and have given any thought to the tariff conditions under which the United States has come to its present state of prosperity. I am not going to advocate to-day that Canada needs the same high tariff that the United States has had for some considerable time —their tariff has averaged from 1870 to to-day between 47 and 57 per cent on imported articles. I do say, however, that the fact that the United States has seen fit to impose such high tariffs on goods entering that country is a very considerable argument in support of the contention that if we are to have factories in Canada, whether they are ten or twenty years old, such factories, except perhaps lumber, pulp and paper, cannot reasonably be expected to compete with American factories ten times their size, which can easily and with slight added cost manufacture an extra eleventh or twelfth of surplus and ship it here. Our factories cannot stand up against such competitors unless they are afforded a fair protection that will equalize the conditions that exist between the cost of production on an enormous scale, as is the case in the United States, and the cost of production on an average scale, or one-tenth of the American production, as in the case of Canada.

My hon. friends to my left say that they believe in the development of the basic industries of the country. Now, I suppose that coal would fairly be regarded as a basic commodity, although one hon. gentleman

says that there is no such thing as raw material except earth, air and water. However, I conceive that coal, so long as it is in the ground and untouched, is a raw material; and the same is no doubt true of iron. After the United States civil war in 1868, the manufacturers of that country were practically forced to go out of business as a result of the operations of the war. But the Americans saw that they had deposits of iron and coal in close juxtaposition and they made up their minds that they would become the dominating factors in the iron and steel world. At that time England and Germany, particularly England, were supreme in the iron and steel business. The Americans, however, in 1868, put on a general tariff of 37 per cent on imported articles. In 1870 they raised the tariff on articles to 47 per cent, cutting it down 10 per cent in 1872. In 1875 they put it back again at 47 per cent. The Democratic low tariff of 1894 was 37 per cent, and the Dingley tariff of 1897 was an increase to 57 per cent, that tariff practically continuing in force on imported articles until 1909, or almost up to the period of the Great war. After the civil war, in the year 1871, the United States put on a duty of $28 per ton on steel rails. The gross product of the United States in that year was 34,100 tons, and over half a million tons were imported. The average price at that time was $91.70 in the United States and $57.70 in England, the American price exceeding the English price by $34. By 1885 there were produced in the United States 967,000 tons of rails and only 2,200 tons were imported from England. The American price had come down to $28.50, the English price being $23.65, or an excess of the American price over the English price of $4.85. In 1883 the industry had so far progressed that the tariff was reduced from $28 to $17. By 1890 the tariff was further reduced to $13.44. In 1890 the United States produced 1,871,400 tons of steel rails, not one ton being imported, and the difference between the English and the American prices was $4.45 in favour of the United States. In 1897, the duty had been reduced to $6.72, and the quantity of rails produced was 1,630,000 tons, no rails being imported. The average price of the United States produce was $19.60 per ton, the English price being $21, or $1.40 more than that of the United States. To-day steel rails in the United States are on the free list. There is no country in the world to-day that has iron ore deposits in such vast quantities and of such high grade as has the United States in Pennsylvania and Minnesota. When the world war came the United States was supreme in the steel industry, and it has achieved that position under a tariff of the kind I have described which had absolutely excluded English and German rails, with the result that domestic rails were reduced to a lower price in the United States than in any other country in the world.

But let me tell my hon. friends something more; it relates to the German situation. A short time ago certain German companies bought 500,000 tons of Wabana ore in Newfoundland, which they are taking over to Germany and turning into steel rails, and those rails they are able to sell in Cuba in competition with the United States rails. That is what German competition means in rail to-day. Since the war the United States Steel Corporation, which, I suppose, is one of the best organized and most powerful corporations in the world, has not been able to successfully compete against German rails and steel in other parts of the world. That is an added reason for my argument that Canadian workingmen and manufacturers should be protected against German competition.

A similar illustration as to the value and benefit of a protective tariff in building up the iron and steel industry may be taken in the case of nails, on which the duty was originally $80; now they are on the free list. When the duty was first imposed the United States was buying millions of dollars' worth of nails in England and Germany; to-day their own manufacturers are able to meet the whole domestic demand.

In the great province of Nova Scotia we find fifteen per cent of the coal deposits of the world. At Wabana, in Newfoundland, is one of the largest ore deposits in the world. Cape Breton and Wabana are in just that position. But what is their relation so far as competitive conditions with the United States are concerned? The deepest United States coal mines to-day are not more than one thousand feet, the shafts are a mile apart, ventilation and haulage are easy, and in many places in Pennsylvania the mines are on the sides of hills or mountains, the coal is brought down an easy slope, and the working conditions enable mining to be carried on at a minimum cost. The result is that in the United States to-

day the miners of bituminous coal produce just twice as much per man as the miners can produce in Nova Scotia, no matter how hard they may work. The cost of coal is largely the cost of mining it. So it is essential that we should build up the coal industry in Nova Scotia, for it would never do for this country to be at the mercy of the United States for soft coal as we are for anthracite coal. But we would be at their mercy if we allowed United States coal to be dumped here at a price that would put our Nova Scotia mines out of business; those mines must be granted reasonable protection. What that reasonable protection should be is a matter for investigation, but there is no doubt of the disparity in conditions, it costing just twice as much to bring a ton of coal to the surface in Nova Scotia as in Pennsylvania. It takes four tons of coal to make a ton of coke for use in the steel industry. If it is costing you twice as much to get your coal, you can figure what your steel is going to cost you. Mining coal in Cape Breton is a submarine proposition, and when you go down two and a quarter miles under the sea, haulage and ventliation are costly and difficult factors, and it takes twice as much time and money to get your coal out as it would if it comes up a straight shaft, and this additional expense cannot be avoided. Then again the Mesaba iron ore is dug out with a steam shovel; the Wabana ore has to be blasted out under the sea. The adverse conditions in Wabana ore are not so bad as in regard to our Cape Breton coal, but it is infinitely more costly mining ore at Wabana than at Mesaba, in Minnesota, and the latter ore is of higher grade.

It follows from the start that we cannot compete on even terms with the steel industry of the United States either in regard to coal or iron. Now, are we to follow the policy of my hon. friends to my left and say to Nova Scotia: You shall have no protection; we will tie up your coal mines for two or three hundred years until the American mines are down two thousand or three thousand feet, or they are exhausted—are we to adopt that course? Or are we to follow the policy which has been followed for the last forty years and give reasonable protection and assistance to our Nova Scotia coal and steel industries? It seems to me that if you are to develop your basic industries you must recognize the competitive conditions under which they have to be developed. When I say to you that, as against the protection of $28 to the United States steel rail industry, you can see that our industry is not over-protected, or even sufficiently protected to equalize conditions with American competitors. It also explains why so many steel rails are imported, and why we have our Algoma mills using American coal and iron instead of Canadian or British.

I suppose that if the Minister of Finance had not come from Nova Scotia he might have been a little more just to that province. But I do say as a Canadian who has investigated the matter that I do not think the great province of Nova Scotia has received fair play for her coal and iron industries. Coming into Confederation, she was practically shut out of the American market which she would have had in Boston and New York by water, and was forced to send her products by the long rail haul from Sydney to Montreal before a substantial market is found, except the demand from Nova Scotia railway companies. Moreover, American steel plants at Buffalo are next door to Ontario where a large demand exists for steel products. The fact of the matter is, as one distinguished member on the other side said, the tariff is a compromise. What we have to do is to be fair to each other and to every one. Give every one a square deal, no matter whether he be a farmer, a workingman, or a manufacturer; let us try to treat every one fairly and reasonably. Ontario and Quebec are undoubtedly in favour of a protective tariff; you could not get either of these great provinces to vote against such a system. But they would all be in favour of a revision of the tariff; there is not a manufacturer who does not want to see the tariff put on a fair basis. If any manufacturer is getting too much protection the duties in that case should be reduced. Tariff revision is long overdue.

But the tariff should be applied in relation to particular things; this slapping on of a big duty on everything is not the proper method to adopt. Some industries require more protection than others, and the problem is a matter for investigation by a committee so that such protection may be afforded as is proper to develop our natural resources and give our workingmen fair competitive conditions with their fellow-workers in every other country in the world. That is what I stand for.

I have every consideration for the farmer of the Canadian West. As far as I can find out he is up against a hard proposition. I know that the purchasing power he ought to have to-day he has not got. I know that if the old dumping clause is retained the British Columbia fruit farmer will be all right; if he gets the protection he wants the Ontario farmer will be all right; the Quebec farmer is always all right; and down in Nova Scotia and New Brunswick they are working hard but they are not getting just as good results as they should for the work they do. But the fact is that Ontario and Quebec get the best bargain at present, British Columbia coming about third. Now, just what can be done to help the condition of the western farmer I am not prepared to say, but undoubtedly it is a matter that should be most carefully investigated by the best brains of the country. But I wish to tell the western farmer, with all the force I can, that I think he is barking up the wrong tree when he says that his only method of securing relief is to change our tariff system. I do not believe that, and I will tell him why in a few words. I agree that he should have relief, but I say, get it some other way. A fair reduction of freight rates would probably give him more purchasing power, and undoubtedly he is entitled to some benefit, because he is not getting any substantial relief out of our protective system. He sells No. 1 Hard wheat, which is the standard for the world, and as he is the only one who raises it his wheat fixes the world price. But I want to say to him that this question of protection is not simply a matter between the farmer of Canada and the manufacturer of Canada, because you have five million farmers to the south of the line, all of whom we must assume to be nearly as wise as Mr. Henry Wise Wood, and they are all opposed to free trade; they want protection, even against the Canadian farmers. I do not blame them for that; their reason is a very simple one. Before the world war the United States was an exporting country, largely of foodstuffs; upon the conclusion of the war they did not want to export foodstuffs because they did not think the fellow on the other side could pay for them. With this market gone, both for manufactured goods and for foodstuffs, the people on the other side of the line looked askance at Canada when she shipped $175,000,000 worth of foodstuffs into the United States; so they decided to put up the tariff and keep that Canadian stuff out. Of course, that did not apply to our No. 1 Hard wheat, for the simple reason that the United States people must have that wheat for seeding purposes and for mixing with other grain to produce a flour of sufficiently good quality to make the bread that the United States people want. So that the matter of the duty does not have so substantial an effect in the case of the No. 1 Hard wheat; the Americans have to buy it, anyway. In the case of cattle, the duty has unquestionably hurt Canadian trade. But why allow so many commodities to come in from the United States—

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early strawberries, for instance, and various kinds of early fruits and vegetables? Why not put a high tax on them, and let the Canadian people wait a little while until they can get similar commodities produced in their own country? As a matter of fact, these things are more or less luxuries. In British Columbia they have protection on their fruit. But we in Ontario get all the early potatoes, beans and vegetables of various kinds shipped into Ontario from the United States. Why should we allow that, when the United States does not allow our stuff to go in free? That is what I do not understand. You are level-headed farmers, and I cannot see why the other fellow should be allowed to come into Canada and obtain the benefit of our market when he will not let you get into his.

Now, in this matter of protection, you are the only farmers in the world who are asking for what is involved in your proposed changes in the budget. Look at it from another point of view: what country in the world has been more prosperous since the war than Canada has been? True, you had a bad year last year in your business, but I do not know of anybody who did not have a bad year in business last year. We have good years and we have bad years. Before the war we used to have about only one good year in seven, and then we used to think we were well off. But the war, unfortunately, sent around a good deal of easy money; it got people into expensive habits; and it is a little hard, perhaps, to get away from those habits and settle down to the hard work and the saving which are the only producers of a country's real wealth.

Suppose for one moment that your ideal of free trade were carried out: Take the case of agricultural implements, upon which some reduction has been made by this budget. The agricultural implement industry in this country is a very important

one; thousands of men in Canada—at least, in Ontario and Quebec—are employed in it. Last year the Massey-Harris Company, I happen to know, was working only up to one-sixth of its capacity. During this period our western farmers, for reasons of their own, bought about $11,000,000 worth of American agricultural implements. They paid duty on these implements, and felt that Canada was getting the benefit of that duty. But if you had paid out this $11,000,000 in Canada, the Massey-Harris Company and all the other implement manufacturing firms in Quebec and Ontario would have been enabled to work full time and you would not have had men to feed who were unemployed; there would have been no starving families and no unemployment in this part of the world. It is true you paid the customs duties, but what else did you do? You patriotic men sent your money away to pay the working men of the United States, to assist in the building up of American industries, to feed American mouths, when there were Canadian mouths in want of food. If only from the point of view of common, decent charity to your fellow-countrymen who fought beside you during the war, you should have bought these thing in Canada, even if it cost a little more to do so. It is only by the rounded-out prosperity of the country generally that you get increased population, that you get growth and development, that you get a market and create ability to buy the things which you produce.

But, you may say, that is a selfish way to look at it. I do not know exactly what effect the 2½ per cent reduction which has been made will bring about, but I doubt if it will make a difference of $10 a year to any one of you gentlemen who are farmers. But it will make a lot of difference if it shuts down the agricultural implement factories of this country. If you have this free trade that you want, you think that you are going to get things cheaper. Well, you would get them cheaper, if the world would just stand still and these things would simply come into Canada as before and nothing more would happen. But you know as well as I do—probably a good deal better—that if the agricultural inmplement factories of this country are shut down and can no longer compete with the American agricultural implement factories; if the Harvester Company goes back to Chicago, where it belongs; if the 350 American factories, which have spent over $100,000,000 in the last thirty years in the building of big factories in this country, shut down in Canada and return to the United States, —which would mean a saving in overhead —you know that they will be able to sell these implements to you at such prices as they may demand. We have no control over American factories, American trusts, American prices. You really do not believe, do you, that the Harvester Company, with no competition in Canada, would sell you your mowers and binders more cheaply? If you do, look at the history of Australia. Australia had a labour party; they wanted free trade and they got it, but they have now gone in for high protection—60 per cent on agricultural implements. You know that, and you know the result has been that the Massey-Harris Company and others have had to go into Australia, establish works there, and give employment to Australian workingmen. Well, if we had free trade the same would happen here—you would be eaten alive; almost before the legislation was passed, the American trusts—would control the Canadian market and would charge you fifty per cent more than any Canadian company had ever charged you. You do not think the United States trusts are benevolent institutions existing for the benefit of western Canada, do you? I assure you they are not. Why, we could not do anything. The trusts and combines in this country, about which your leader was talking a great deal during the campaign—

Mr. SPEAKER: Order. The hon. member is too old and too experienced a parliamentarian to forget that he must address the Chair.

Mr. BRISTOL: The hon. member for Marquette (Mr. Crerar), during the recent campaign, was speaking on the question of trusts and combines; I think the question of the woollen industry was one that bothered him, as it did another hon. gentleman last night. He was telling us of the terrible duty of 35 per cent on woollens. I looked the matter up and I found that about $60,000,000 worth of woollen goods were imported into this country last year, but they were imported from England, not from the United States, and the British preference, which is, I think, about 50 per cent, perhaps less, made the duty only 17½ per cent—which was the tariff rates as in force at the time of the Mackenzie government.

But to come back to the argument I am trying to present, I wish to point out that if you have free trade you put yourself at the mercy of the factories of Germany, of England and of the United States, because you put your own Canadian factories out of business by unfair competition. It is obvious that there is practically nothing outside of pulpwood timber and that sort of thing, that we could manufacture in competition with the United States. If, then, you do that, it must be obvious to you that although you are getting the highest price for wheat, you are dealing a body blow to the industries of Ontario, Quebec, Nova Scotia, New Brunswick and, possibly, Manitoba. And what else have you done? You have put the farmers in these great provinces out of business, because if the factories are not running in Montreal, Toronto, Hamilton and the other large cities of this country, the farmer has no home market, —and on the question of home market, I would mention the county of York concerning which the leader of the Government knows something so far as the home market is concerned. But that is the position: if you have free trade you have ruined the eastern farmers and manufacturers. As I have said, you still get the highest price for your No. 1 hard wheat, which is the best wheat in the world. Then what becomes of the rest of us? We shall not be here and you will have the national debt on your hands. I do not suppose you would agree with the member for Centre Winnipeg (Mr. Woodsworth) in the suggestion that the debt ought to be repudiated. You certainly would not be able to adopt his alternative suggestion and have a capital levy under those conditions.

Mr. COOTE: Will the hon. member permit a question?

Mr. BRISTOL: With pleasure.

Mr. COOTE: If the wheat growers should leave the prairie provinces, apparently all the rest of Canada would automatically disappear?

Mr. BRISTOL: Not at all. Why do you say that?

Mr. COOTE: Did you not say that the manufacturer would be ruined, as well as the Ontario farmer, if we brought our goods in free?

Mr. BRISTOL: You would still be raising your No. 1 hard wheat, the best there is, and selling it in the markets of the world at he highest price. I said the rest of us would be out of business and that Canada would be at he mercy of the trusts in the United States who instead of producing twelve times as much as they do to-day, would manufacture for Canada an additional thirteen times if the Canadians are forced to use their products and Canadian factories are out of business, and at their own prices. That is practically what it would amount to. View the matter in any way you like there is no escape from that conclusion.

Mr. COOTE: If there is no escape from that conclusion as my hon. friend says, if we are forced to leave the prairie provinces and quit producing where are you going to deliver the goods that you manufacture?

Mr. BRISTOL: Why, we are not shipping to you to that extent, are we?

Mr. COOTE: No, but you say that if we do not buy your goods you will not be able to keep your factories going.

Mr. BRISTOL: No, I am not saying that at all. I simply say that if your free trade doctrines were to go into effect you will ruin the eastern manufacturers, with the exception, of course, the manufacturers of pulp, paper and lumber, and you will ruin substantially the eastern farmer. On the face of it, you in the West will be just as prosperous, the only difference being that you will have to pay for your manufactured products any price that the United States trusts choose to ask for them, and you will have the national debt of this country on your hands—that is all. And you are getting perilously near that condition now in connection with the manufacture of agricultural implements in this country. Because, before the war the agricultural implement manufacturers in Canada, particularly the Massey-Harris company, had a tremendous and growing trade in Europe, especially in Germany and Russia. That market is gone to-day, with a loss of many millions of dollars. We do not know whether they can weather present conditions or not; if they do not, you will have to pay more for your agricultural implements.

The point I was trying to make, as far as I was able to do so, is that every civilized country in the world—except the community represented by the farmers of western Canada—are in favour of the protective principle, in favour of protecting their home industries. I have also tried

to point out that the suggested change in the method of raising the revenue would not be in the interest of the western farmers any more than it would be in the interest of their fellow countrymen. I do not question the sincerity of the motives which actuate my hon. friends from the West. I believe they are influenced by sincere and patriotic motives; and it is only by all of us discussing our respective viewpoints that we can get results. I sincerely trust that in Canada we will all try to work together, eastern men with western men. I certainly recognize that agriculture is the basic industry of Canada, and that no country can be great and prosperous unless its agriculture is prosperous, and its workingmen are sufficiently paid, happy and contented. I want to see the best of feeling existing between the great provinces of Ontario and Quebec—and let me say here I was very glad that one of my hon. friends from Montreal went up to Toronto the other day and delivered a speech to our friends up there along this line. Let us continue our efforts to secure unity, because there should be no differences between us. There should be harmony not only between these two provinces, but between eastern and western Canada. Because we are all patriotically endeavouring, in our own way, to work for our common country and to obtain the best possible results.

There are many features in connection with the existing situation that require consideration, but one difficulty at present is this. Deflation is required in two items which affect almost everybody; one is rent and the cost of building, and the other is the cost of coal to heat our homes. Now, I have never been able to understand why the building trades and building unions of this country—composed of reasonable and intelligent men as they are—have not been willing to accept reasonable prices for building material and reasonable rates of wages; why they have not been willing to cut down in the matter of prices and wages as the farmer has had to cut down the price of his products. If that were to take place there would be a tremendous building boom in this country and it would be of enormous benefit to Canada, and our working people in large cities like Toronto and Hamilton would not have to live in boxes lined with paper as many of them do—literally packing boxes. They would have decent houses in which to live and to bring up their families. When I find, for example, the price of brick in a great city like Montreal is practically $23 a thousand when in my opinion it ought to be about $10, you can readily see what a great handicap there is to building operations. I have no complaint to make against our labour unions. I think our Canadian working men are as fine a lot of men as there are in the world; I do not know that any better are to be found anywhere. But if they would only get together and agree upon reasonable terms there would be millions of money spent upon building, and a greater number of houses would be available at cheap rents. Another necessity is a reasonable price for our coal. There must be deflation in both the directions I have indicated. A labouring man is no better off with $10 per day than with $5 if the latter figure will purchase as much as the former, except that he can say that he has more money in his pocket. The great object should be to get the men engaged in the building trades together and try to arrive at a reasonable rate for the construction of houses so that rents might be cut down and people housed at a moderate figure. Once you can cut into the wages of the men who run the great railways of this country, once you can properly and fairly do that, you can unquestionably effect a great reduction in railway rates; and you certainly have got to have a reduction of railway rates in some way. As between the east and the west, if the east, which benefits more from protection than the west, has to pay a little more in consequence it would perhaps only be fair.

With reference to the amendment, it seems to me purely a question of whether our western friends and the rest of the House want to go on record as saying that no matter what platform you may stand on during the election you can discard that platform when the election is over. If I have any comment to make on the subject it is just this—does the House think it wise for public men to put themselves into such a position that it can be said that no reliance can be placed on their promises? I do not believe that to be in the interest either of this parliament or of the country.

Mr. ANDREW R. McMASTER (Brome): Before entering upon the few observations that I have prepared for this afternoon, may I respond briefly to some of the assertions and arguments advanced so pleasantly by the hon. member who has just taken his seat. First of all, he complains that the

Finance Minister should have raised the tariff; if only the tariff is raised everything will be happy in Canada. Now a tariff is a tax, and therefore the logical conclusion is that if we will only tax ourselves a little more heavily all will be well. My hon. friend states that we should be very much afraid of German competition because in Germany the men are working on scales of wages which he read out. Now, there are two possible conclusions from the figures which he gave us. One conclusion is that someone has been telling him fairy tales; the second conclusion is that the purchasing power of the mark in Germany must be very much higher than its international or exchange value, because according to the figures which he gave us the amounts paid to people in Germany would not keep body and soul together; and I think we will all agree that workmen always have to have enough to keep body and soul together or they are not able to work. He states that the German workmen are working ten hours a day if not twelve. That is not in accordance with the information which I have gathered. I have a paper published in New York called the Dry Goods Economist. It is in its 76th year of publication, and has been handed me by a gentleman in whom I have the utmost confidence. I will read an extract from the issue of the 20th May of this year. It says:

> Last week, during the convention of the Ninth National Foreign Trade Convention, a speaker who had just returned from Europe quoted Dr. Walter Rathenau, the prominent German publicist, as having declared that Germany is now exporting only 25 per cent of its pre-war volume. And that German production costs have been rising rapidly is the statement made to our Commerce Department by its Commercial Attaché at Berlin, with the upward tendency still apparent.

We may doubt the statement of Dr. Walter Rathenau because he is a German, but it would be impossible, I think, to doubt the correctness of the information gathered by the American representative in Berlin that production costs in that country are rapidly rising. The article goes on to say however:

> Indications, moreover, continue to multiply that Germany has not a great amount of goods to export. A writer in a Berlin trade paper, dated April 23, states that in the first half of the year 1921, as a result of strikes in Germany, 772,891 persons were out of work and that the German industries during that period sustained a loss of 11,608,129 working days.

After all, human nature is somewhat the same all over the world. Workmen are being asked in all countries of the world to accept harder working conditions and to accept lower pay, and they accept it reluctantly and only after a struggle. I think that what is contained in this article is very much more likely to be true than the information just given to the House by the hon. member for Centre Toronto (Mr. Bristol) although I do not infer for a moment that the hon. member would desire to mislead the House. Might I say with all kindness, that his address would appear to be labelled, if the Marking Act were in force "Made in Toronto". The United States high tariff has been the cause of the prosperity of the United States according to the view of the hon. member, but we know differently. We know the economic history of the United States only shows that a people with boundless natural resources and a virile hard-working and intelligent population can succeed in spite of a very unsound tariff or fiscal policy. The fact of the matter is that, although there has been an ebb of reaction in United States in trade matters, the best commercial, the best industrial and the best financial minds in the United States are more and more tending towards a free trade solution of the difficulties of the world. There was an effort made in the Fordney Bill to put upon the tariff schedules boots and shoes and leather, which are now free, but a great movement came to have them remain on the free list. And from whom? From the shoe manufacturers of United States. "Because" they said, if you put them on a protective tariff schedule, then, of course, those who produce leather, which is our raw material, will demand that leather be put on a tariff schedule and we produce a great deal of boots and shoes for foreign export. We have got to meet the competition of the world. In order to meet the competition of the world we have to have our raw material free, and therefore we believe we will find when the dust of the conflict clears off at Washington concerning the Fordney Bill we will find boots and shoes and leather still on the free list.

Now passing from the United States my hon. friend went back to Germany and said that the Germans had come and bought from Newfoundland some Wabana ore. I mention that in passing merely to illustrate the argument which I propose to make in reply to the argument which he made

that the coal mines of Nova Scotia are absolutely unable to endure competition from the United States and that the steel interests of Nova Scotia are absolutely unable to meet the competition of the American steel interests. His argument is this: We have to go under the sea in wet mines for our coal, and in Newfoundland they have to go under the sea in wet mines for our iron ore. But if the iron ore was hard to get out why do the Germans buy it? Why did they not go to the United States where the ore according to his statement was raised with a steam shovel and therefore should be much cheaper? What is the matter with the steel interests or the coal interests of Nova Scotia? They are both combined. Is it the water in the mine or the water in the stock that is the trouble? I know something about the formation of the Dominion Iron and Steel Company. I was only a youth, but I heard the matter discussed in Montreal, and I know that the great promotor of that industry, H. M Whitney, told investors in Montreal before he invited them to put in any money, in the early days of the concern, that such was the advantage that Nova Scotia possessed with reference to this coal and to the close proximity of iron ore in Nova Scotia, that they could meet the competition of the world. I was wondering whether if that company had not suffered from the watering of stock, the re-watering of stock and the re-re-watering of stock that has taken place, and if it had remained in the hands of the capable honest and high-principled business man that some time ago had control of the company, whether it would be in the condition in which it is to-day. And what is the situation, and what is the conclusion which should be reached?

Mr. MARTELL: Do I understand the hon. member to state that it would have been better for the company if there had been no Whitney legislation?

Mr. McMASTER: No, I made no such assertion. What I did say was this: Mr. Whitney told the interests of Montreal, when the company was formed, that they could stand competition from the world, and I know that when the company was floated the common stock was sold for fifteen cents on the dollar.

Mr. BRISTOL: Does the hon. member dispute my statement that it costs twice as much to-day to raise a ton of coal to the surface in Cape Breton as it does in Pennsylvania? That was my statement. I did not go into the watering business or anything else.

Mr. McMASTER: I am not in a position to contradict the figures given by my hon. friend, that it costs twice as much in Nova Scotia to raise a ton of coal as it does in certain parts of United States; but if he tells me that my statement as to the watering of the stock of the Dominion Iron and Steel Company and the other companies, almost too numerous to remember, which preceded or have succeeded that company is untrue, I would ask him to look at the quotations on the stock exchange of the preferred stock, and the second preferred stock, and the common stock, of that company, and answer me whether, if dollar for dollar had ever gone into that concern, it is likely those stocks would have been quoted at the price at which they are quoted now.

Mr. BRISTOL: I can only tell my hon. friend that, with reference to the second preferred stock of the Steel company exchanged for the Dominion common stock, I am aware that the price of $70 a share was paid for 50,000 shares a short time before. I have myself paid $140,000 or more for 2,000 shares, and that money went into the treasury of the company. I do not know about previous transactions, but I know the English syndicate—and they have been very much misrepresented; I know my hon. friend wishes to be fair—men like Lord Furness and others who came in, paid $70 a share for the common stock which is to-day selling at $30.

Mr. McMASTER: I suppose the shares of the second preferred stock were $100 par. If they were bought at $70, there is 30 per cent of water, at any rate. I do not know whether I made any statement as to the exact amount of water, but I think the company has been very well sprinkled. What is the logical conclusion of what my learned and hon. friend has told us, if we take his statements as being absolutely correct? It is this, that there is no hope in Canada for getting steel rails at prices which would compare with world prices. Nevertheless, we have an annual deficit running from $50,000,000 to $100,000,000 on our National railways. Everything that makes railway construction, whether it be of bridges, or steel rails, or steel cars, or steel wheels, more expensive, is going to increase the deficit on our National railways, which deficit has to come out of our pockets.

My learned and hon. friend then turned to Australia, and he said that Australia had had free trade. I do not think, in the recollection of the present generation, Australia was a free trade country. Prior to the confederation of the Australian states, there were two states in Australia, one being a free trade state and the other a protectionist state. A very interesting argument for the benefit of free trade as opposed to protection for industries can be drawn from the fact that the manufacturers of the free trade state in Australia were more prosperous than those in the protectionist state alongside of it.

I do not think the West ever had such a high compliment paid to it as was paid by the hon. member for Centre Toronto. If the people who live in the prairie provinces cease buying goods from eastern Canada, then, he says, we may as well shut up shop. That is a pretty good reason, if true, why we should endeavour to have living conditions such as to encourage people to stay in the western provinces and to encourage more to go there. I think the agricultural implement business is one which could have a very happy and useful life even under the free breath of absolute free trade. As Mr. Findlay, the late manager of the Massey-Harris Company said, "Give the manufacturers of agricultural implements our raw materials free and we will meet the world." That is the evidence given by Mr. Findlay, the manager, himself. I have endeavoured, very inadequately, I am sure, to deal with what has been stated by the hon. member (Mr. Bristol) who has just taken his seat.

The task of the Minister of Finance (Mr. Fielding) is one of the heaviest that has ever been before a Minister of Finance of this country. When he was appointed, when the ministry was formed, the Minister of Finance said: "Cabinet ministers are subjects for sympathy rather than for congratulation." I congratulate the Minister of Finance, because he had such a real appreciation of the difficulty of his task; but I know all in this House, irrespective of whatever their view of public policy, whatever their party allegiance, wish the Minister of Finance every help and strength in meeting the situation which confronts him. May I tender him my warmest congratulations on courageously doing away with those underhand methods of giving protection to special interests in this country which were found in the Depreciation of Currency Act, the Marking Act, the Certification Act and some other acts, the names of which I have forgotten for the moment? I believe he is entitled to the highest commendation for his action in that regard. We have had some criticism of his attitude from members of the official Opposition. Some of this criticism has been couched in kindly and polite language, such as was used by the hon. member who has just spoken. Other criticism has been uttered in language which I do not hesitate to characterize as grossly unfair. The hon. member for West York (Sir Henry Drayton), who formerly occupied the high position of Minister of Finance of this country, stated that this was a budget giving a preference to Great Britain and free trade to Germany. I think the hon. gentleman rather fell below his usual level when he made that statement, and it was unworthy of one who held high office in this country. For anyone to try to introduce international bitterness and hate into the discussion of a business matter is, I believe, highly undesirable. Moreover, the statement is not true. The tariff remains on German goods at the general tariff rate, which is, in many cases, a high rate. The argument used by the ex-Minister of Finance was an interesting one. He seemed to think that the prosperity of a country was helped by two things—perhaps I should say that he seemed to think that the prosperity of a country, as regards the possibility and power of exporting goods and entering into competition with the world, was helped by two things; first by a depreciated currency, and second by a low standard of living. How can we expect, says he, the Canadian workmen to compete with the workman who is earning only a few dollars a week? I doubt if there is any advantage in a depreciated currency as regards payment of wages in a country because depreciated currency means merely an inflated currency, and as a rule, when you inflate currency, you inflate prices at the same time, in just about the same proportion. I do not, therefore, see how there can be any real advantage in that regard; but I am perfectly certain that, when a country with an inflated or a depreciated currency goes outside to purchase, any possibility of advantage disappears; and Germany, which after all is a country of northern Europe with a temperate climate, a country having to buy a vast deal of its raw materials outside of the country, when it goes outside, has to pay, not in its depreciated currency—for after all, wealth does not consist in pieces of paper turned out by a printing press, but in real money ac-

cording to the standards of the country in which it makes its purchase. I have in my hand a table which has been prepared for me by our Dominion Bureau of Statistics—and we are fortunate, indeed, in having available to members of this House who care to study matters carefully and thoroughly, the assistance of the able and courteous official whom we have at the head of this department, with his no less able and courteous assistants. I have before me the monthly averages of imports for consumption into Germany and exports from Germany. This shows that, in 1913, the monthly average of imports for domestic consumption was almost 900,000,000 marks. Their exports of domestic products totalled almost 842,000,000 marks in 1913. In January of this year they imported over 12,500,000,000 marks' worth of goods and exported in the same month goods to the extent of ever 14,500,000,000 marks. A great deal of these purchases are purchases in foreign countries of raw materials worked up in Germany and then sent out of that country; and if there be any advantage in depreciated currency so far as paying the home labourer is concerned, it disappears entirely when you come to deal with purchases abroad. I may say that these figures are obtained from the monthly bulletin of statistics of the League of Nations for March, 1922.

Then there is another argument which is very unsound, and which I think is a very dangerous one from the point of view of labour, and that is that cheap labour is inexpensive labour. Cheap labour is very often the most expensive sort of labour. Let me give two examples. When the Panama canal was being built the white labourers were paid in gold and the black labourers in silver. They were paid so many dollars a day, one in gold and the other in silver, and it made a substantial difference between them. But the amount of labour which the white man did over and above that of the black man made the two labour costs practically the same. Again, some time before the war, a commission of investigation on labour costs visited the United States from Great Britain. They found that in many lines of work, wages in the United States were considerably higher than in Great Britain, but that the labour costs were not higher, in many cases being lower. Why? The highly paid, ambitious man getting a good wage and living in a good house is anxious to see his children well educated, and he therefore puts into his work a force and efficiency which the lower paid man does not. I trust, therefore, that we have disposed of this suggestion that we should change our legislation because of fears from German competition.

Then we have the remarks of the hon. member for St. John and Albert (Mr. Baxter), who thought that the Almighty had not dealt hardly enough with the German people, and who wished to see some German cities devastated. Well, I would remind the hon. gentleman that vengeance belongs to a Higher Power. Hatred forms the seedbed of future wars, and anyone who speaks or writes with the idea of perpetuating national hatred just waters that seedbed and brings forth the seeds to quicker and surer germination. The official Opposition often claim, or speak in such a fashion as to make one believe, that they regard themselves as the official depositories of loyalty to the Empire, as they call it, and of pride in British connection and admiration for British traditions. So far as admiration for British traditions is concerned, I do not give ground to them for one instant. But I say that any desire or attempt to foment and maintain international hatred and bitterness after the fighting is over is not the British way. Let me give two or three examples to illustrate this truth. Quebec was taken in 1759 at the close of the Seven Years' War. Now, I am sure that there had been many atrocities committed on both sides in that war, because both races on the North American Continent had the aid of their savage allies, the Indians. While the siege of Quebec was in progress the farms and farmhouses of the French-Canadian habitants in that neighbourhood were devastated. The French-Canadian looked forward with fear and trembling to what would happen after the capitulation. But what did happen? The day after the capitulation, Amherst said to his soldiers: "These French-Canadians are now your fellow-citizens; treat them as such." Three weeks afterwards, speaking in their own tongue to the French-Canadians, he said: You are now British subjects, entitled to the rights of such. I have told my soldiers to treat you as fellow citizens; see that you treat them in the same way. What ensued? A few weeks after, the Tommy Atkins of that day was helping the habitant bring in his crops; and it was not more than a month or two

afterwards before the Macleans, the MacKays, the Macdonalds, the MacIntoshes and the Frasers were so much at home that to-day we find MacIntoshes, Macdonalds, Frasers all along the north bank of the St. Lawrence who cannot speak a word of English, but know only their mother tongue. Earl Haig, who I presume is a Presbyterian, because he was called upon to address the General Assembly of the Church of Scotland, stated about a year ago that what was needed in the world was the spirit of peace, in order to make the League of Nations effective. He said: You have your League of Nations, but you have to have the proper spirit behind it. Now, he will not be regarded as an undue pacifist, but that was his interpretation of the British way. And then, what has Lloyd George been doing in the last few months? Has he not been trying to appease the hatreds of war, and to moderate the demands of his friends against their erstwhile enemies, endeavouring to get a better international spirit? He has been attacked for it; of course, he has. And I tell the Minister of Finance (Mr. Fielding) that when his legislation is attacked he is in very good company indeed; he is in the company of Lloyd George.

Some people do not want to trade with the Germans. They say, do not let us trade with them at all. Well, if we heed that demand, how shall we get our share of the indemnity? I have no objection to seeing Germany pay a just indemnity. She is the losing party and every lawyer is conversant with the principle that the losing party shall pay the costs. But I wonder whether the hon. member for St. John and Albert, even in a lawsuit where great bitterness had been aroused, ever refused to take his cheque in payment of his account because he was not altogether satisfied with the way in which his confrere on the other side had conducted the case.

Then, from the business point of view, there is still more important consideration. So long as Europe does not recover, Canada cannot recover. So long as Germany cannot recover, or has not recovered, Europe cannot and will not recover. Any idea that you can put 70,000,000 Germans in a corner of the world and ostracise them completely forever, or for any considerable term of years, is mere preposterous nonsense, and any attempt to do it will just result in this, that Germany and Russia, whether they like it or not, will be driven into each other's arms. Let us be reasonable and look at the matter in the spirit of wisdom. This matter has been dwelt upon to a certain extent by members of the official Opposition. Their desire not to trade with Germany has been very marked indeed. Well, what are other nations doing? I hold in my hand a table prepared by the same bureau I have referred to already, which shows that in the year 1921 Great Britain imported £20,549,-999 worth of goods from Germany, and exported to Germany no less than £17,831,-000 odd; that the total of British trade with Germany in currency, which may not represent very fairly the comparison, is not quite but almost 44 per cent of what it was before the war. If those who suffered from the war as did the people who live in the little islands of Great Britain and Ireland are prepared to trade with Germany, would it not be well for us not to talk in such a way that we might be interpreted as not desiring to have any commercial relations with Germany at this time? And what has the United States done? Its total trade with Germany for the last year was $452,605,175. So that we see that nations that fought with us against Germany do not hold to the exclusionist ideas of some members of the official Opposition. I need not stress that point any further.

I come now to the very excellent address given by the hon. member for Brantford (Mr. Raymond). There was part of his discourse with which I am in the most complete and hearty accord; there are other parts with which I am not in such complete accord. He laid great stress on the fact that wealth might be created by the taking of the primary productions of the world and working them up into finished goods. I do not think there is one of us in this House who has any other idea on that subject. Of course, it is true. But then he went on to point out, with an eloquence and suavity and bonhomie that we all enjoyed to the full, that those nations which had made their greatest advance along those lines were Great Britain, Switzerland, Holland and Belgium. I said to him in questioning form: But, Sir, are these not free trade nations, or nations with a low tariff? And he said to me: Nay. Now, my friend is a Liberal. I know he is a Liberal. His face shows he is a Liberal, the tones of his voice, his demeanour shows he is a Liberal. But, alas! he has lived too long in Brantford, where misconception and ignorance

upon fiscal matters are such that even the elect do fall. Because, what is the fact? I have here another table, for when I came to contradict my hon. friend I wanted to have the figures in hand.

In 1912 Belgium had imports of £198,320,000, on which they collected—of course, a lot of the imports came in free, and some were dutiable—£2,978,000, the average rate of ad valorem duty over all the importations being 1½ per cent. Well, now, if that is not a free trade nation, it is pretty near it. In 1920—I will not bother you with the details—the average rate was 1.69 per cent.

Let us take Switzerland. In 1912 they imported £81,577,000 on which they collected £3,424,000 as duty, a rate of 4.19 per cent. It is quite possible, and no doubt true, that some duties were considerably higher than this percentage, but that was the amount of duty paid over the whole of the imports. In 1919 the rate of duty had gone down to 1.91 per cent; in 1920 it had run up again to 2.25 per cent.

But, after all, I think on the continent of Europe the champion free trade nation is Holland. The Netherlands' average rate of duty in 1912 on goods both free and dutiable amounted to .44 per cent—less than one-half of one per cent—in 1918, .38 per cent; in 1919, .23 per cent. They raised their duty then to meet the expenses incurred during the war, and in 1920 the rate of duty had run up to a little more than 1 per cent—1.03 per cent.

Mr. LADNER: I might tell my hon. friend that I was in Belgium last summer. Is he not aware that a large quantity of those imports represent raw materials brought in for glass and other manufactures? They do not put a duty on such imports. They manufacture those materials and then export the finished goods to the United States and other countries. That is why they have such an enormous merchant marine and such a world-wide business.

Mr. McMASTER: That is exactly the point which was so properly placed before the House by the hon. member for Brantford, supplemented and, to a certain degree, corrected by myself—that it is these free trade nations who are able to take raw materials from the other nations, work them up by their energy, labour and experience, and ship them out and make money for their people.

Mr. LADNER: Does the hon. gentleman suggest as a result that Belgium is a free trade country so far as imports of manufactured goods are concerned? Does he know? I know she is not.

Mr. McMASTER: I will repeat what I said. I think I was very frank in my statement. I said that the duty collected on some £200,000,000, was almost £3,000,000, or an average rate of 1.50 per cent. I said that a great deal came in free, and I did not suggest for a moment that the rates of duty on what was dutiable was not more than 1½ per cent.

Mr. LADNER: You differentiated?

Mr. McMASTER: I have not differentiated, because I have not had time to get the figures together; in fact, I do not think they are available in this country. I have not attempted to differentiate between what came in free and what came in dutiable, but I say that if you take the whole import trade of Belgium in 1912, only 1½ per cent was levied on it. Some imports came in free, others, of course, were levied upon at higher rates than 1½ per cent. But I have some figures which will enable my hon. friend to appreciate my argument.

Mr. CRERAR: May I interrupt my hon. friend at this point? Were these duties in the nature of protective duties on such articles as were not produced in Belgium?

Mr. McMASTER: I do not know, but I would imagine that either the duties were protective over a very, very small number of articles, or they were merely revenue duties. There is only one of those two conclusions. But answering my friend from Vancouver (Mr. Ladner): In 1907—I got these figures from the report of the Free Trade Congress meeting held in 1908—in 1907, of Belgium's imports, 87.36 were free and 12.64 were taxed. So that shows that a very great majority, 87 per cent or more, came in free, and a very small minority came in taxed. Even on the latter the tax must have been very small.

Mr. MEIGHEN: Will the hon. gentleman permit me a question? Can he name any of those goods that come in free which are articles that do not compete with Belgian goods or Belgian industries?

Mr. McMASTER: I do not know. I cannot tell.

Mr. MEIGHEN: That is the whole point.

Mr. McMASTER: A protectionist convinced against his will is of his own opinion still. Now, I have the figures for 1907 for Holland. In 1907 Holland, I see, laid a tax of 5 per cent on manufactured goods. I assume that in this case I can answer my right hon. friend, (Mr. Meighen) who is modestly sitting in the rear; those goods, I imagine, must come into competition with other goods made in Holland. On raw material and necessaries of life it was 2 per cent and 3 per cent, and as the total taxation in 1912 was less than one-half of one per cent, I presume that foodstuffs must have come in free. Holland, I should think, is in exactly the same position as Denmark; they are splendid agricultural countries; their agriculture is developed to a very high point of perfection, and they will have no protection upon food.

I think I might now pass to what I would call the great example of free trade, and that is the country which, I believe, has the honour of having been the native place of the member for Brantford (Mr. Raymond)—Great Britain. Let me deal first with the Key Industries Act. If there ever was a case, Mr. Speaker, of much cry and little wool, it has been the joy of the protectionists over the Key Industries Act. The Key Industries Act affords a protection, it is true, 33⅓ per cent on the articles included in a certain schedule, but if that schedule came into contact with the schedules in a real protectionist country, it would be absolutely lost; it is so small you would not be able to find it. It could be printed on half a page of this book which I hold in my hand. It deals with the most restricted classes of goods: optical glass and optical elements; theodolites, beakers, flasks, burettes, measuring cylinders, thermometers, tubing, and other scientific glassware, and lamp-blown ware; galvanometers, pyrometers, electroscopes, barometers, wireless valves and similar rectifiers—I will not read the whole list. The point I want to make is that the amount of goods which come under the Safeguarding of Industries Act is infinitesimal compared with the amount which goes free into the Old Land. Then there is provision for the imposition of a duty should a committee decide that certain goods are being sold in too keen competition with British goods. But the interests of the consumer are well safeguarded under the Key Industries Act. First of all there is provided a committee which must sit and investigate the case, and appeal may be had by any interest affected to a court of appeal constituted by the Lord Chancellor of England. This board may make an order, but if Parliament is going to sit within one month, that order cannot go into effect. If our protectionist friends would be willing to put their whole claim for protection under this act I do not know whether even such a convinced free trader as myself would not at least take it into earnest and sympathetic consideration.

What is the history of the free trade movement in England? Was it that English industry was built up under protection? —industry which takes the raw material from the fellaheen, the negro and the other persons who work in the hot parts of the earth to produce cotton and jute and cocoa and rubber and all those things which are used in the industries of Great Britain. Was it under protection? No, it was not. In 1721, first of all, Walpole started to take off duties. Then from 1823 to 1826, Huskisson took off a great number of duties. Then there was the great free trade agitation from 1837 to 1846, when John Bright and Richard Cobden, those two great apostles not only of free trade but of international brotherhood and of reason between man and man and between nation and nation, went throughout the length and breadth of the land. We had the repeal of the corn laws, and in 1860 we had the final doing away with duties. And what happened? Their trade went forward by leaps and bounds; their shipping increased by the hundreds and the thousands and the tens of thousands of tons. I cannot take the time of the House to go into the matter in detail but let me say that by reason of that free trade policy Great Britain not only became, for long, long years, the premier manufacturing country of the world, but she became the carrier, she became the banker, she became the insurer, for a great part of the whole known world. Prior to 1850—prior, indeed, to 1860—the United States, the other great nation of the world, carried fifty per cent of her own imports and her own exports in her own bottoms. The Stars and Stripes floated in nearly every sea; in nearly every port you could see the clipper-built ships of the United States—aye, and the clipper-built ships of Nova Scotia, because, although the United States stood on a high eminence at that time in the matter of shipping, alongside them were the sailors from the little province of Nova Scotia. But what happened after 1860? As the gentleman from Centre Toronto (Mr. Bristol) has said, protection was put on in the United States.

And protection "protected" the merchant marine of the United States almost out of existence, so that in 1900 not ten per cent of American imports and exports were carried in their own bottoms. There were other contributing factors, of course, but that is one; and I think the House and those of us who believe in the doctrines of free trade are deeply indebted to the member for Brantford for having brought before us this splendid example of how free trade helps nations to develop their secondary industries.

Now, I wish to deal for a short time with the budget itself. Let me say that I make the suggestions which I
5 p.m. have to make in a spirit of sincere diffidence and modesty. I am making suggestions to a finance minister who was my leader—and who is my leader—in matters of finance for very many years. I suppose the first time I heard the Minister of Finance speak was when I was a student in Montreal, on the occasion of a by-election, when we elected Jimmy McShane over Dr. William Hingston. The minister spoke in the old Windsor Hall—and ah, what a night was that! There was the Minister of Finance; there was Sir Wilfrid Laurier; there was the late Mr. Emmerson, from New Brunswick; and last but not least there was the Guysborough giant, D. C. Fraser, of Antigonish. The principles which were set forth then were the principles which were to guide the Liberal party. I believed in those principles then; I believe in those principles now, and in the light of those principles I propose to examine the budget.

The sales tax provisions are not what the member for Southeast Grey (Miss Macphail) described them to be—a step backward. I think the hon. member described the taking off of the 2½ per cent as a step forward and the putting on of the sales tax as a step backward. Well, that is not quite fair, because a sales tax goes not only upon the goods brought into the country but also upon goods manufactured in the country, and a great deal more of the resulting proceeds go into the coffers of the state. Now, I am stupid about figures; I like if possible to get things down in concrete shape, because I feel, Mr. Speaker, that if I myself understand them other people should be able to understand them as well. So I put this in a concrete way; I think I have arrived at the right facts, and I trust that my conclusions will commend themselves to the House. If a bolt of cloth be manufactured in Canada and sold by the manufacturer to the jobber, the manufacturer will add to his invoice 2¼ per cent under the new regulations. This amount the jobber will pay to the manufacturer who will account for it to the Government. That is the first step. Now the jobber when he comes to re-sell to the retailer has to add to his price the 2¼ per cent he paid to the manufacturer, and then, of course, if he is doing business on proper lines he must add to that his ordinary profit. Now let us suppose that the jobber is satisfied with an ordinary profit of 10 per cent—sometimes he will get more, sometimes he will get less; but I suppose 10 per cent is not an unfair profit to estimate. Therefore the tax when the goods arrive at the retailers amounts to 2¼ per cent imposed by the manufacturer, plus 2¼ per cent. That makes 4½ per cent plus profit —say 10 per cent to the jobber on the 2¼ per cent he has had to advance to the manufacturer, which is between one-fifth and one-fourth of a cent. Hence the retailer finds his purchase increased not by 4½ but by 4¾ per cent. On this he bases his profit. Now what a retailer's profit is it is sometimes difficult to say. I have heard of one large house which puts a hundred per cent on. I think that is profiteering, and as I like to quote people who, I believe, are doing the right thing, we will call it 40 per cent. That will include 40 per cent of the 4¾ per cent; so when it finally arrives to the consumer who pays it he does not pay 4½ per cent but a higher amount—the consumer pays 6⅜ per cent, that is to say if ordinary business methods are followed. Of course sometimes a jobber will absorb it, sometimes the merchant will absorb it; but I think as a general rule that under ordinary canons of business that tax of 4½ per cent will be 6⅜ per cent before it reaches the consumer. Now, if the bolt of cloth is manufactured in Canada and sold directly to the retailer by the mill—and that often happens—then the tax is 4½ per cent, there is only one profit to add, so that the ultimate consumer will bear 6⅜ per cent instead of, as it is, 6⅜ per cent. But suppose the bolt of cloth is manufactured in Bradford. It is sold to a jobber in Ottawa, re-sold by him to a retailer in Almonte, and sold by him to a minister of the gospel who is a member of the House of Commons on the Progressive side.

An hon. MEMBER: Name him.

Mr. McMASTER: We are not allowed here to name people by name. Now how does that work out? The duty under the new schedule, the duty on this bolt of

cloth, is 27½ per cent, and the sales tax is 4½ per cent, which makes the aggregate impost when the cloth comes into this country 32 per cent. When that cloth reaches the consumer the jobber will have to have his profit on the duty which is advanced to the Government, if he imported it, and it will also have to bear the profit of the retailer. So I calculate that if we give the jobber his 10 per cent, and give the retailer his 40 per cent, we will make the duty borne by the consumer of this bolt of cloth 49 per cent and of this impost the sales tax and the profits on the sales tax amount to 5⅔ per cent. Now if the bolt of cloth is sold directly by the manufacturer in Bradford to the retailer in Almonte, the sales tax is 6 per cent and the duty will be 33⅓ per cent; and if the cloth was manufactured in Lowell, Massachusetts, the duty would be 41 per cent, and the duty borne by the consumer would be 41 per cent plus 40 per cent or 57½ per cent. Now what are the deductions that I make? First of all it seems to me that the imposing of a heavier duty, on the sale of the goods manufactured at home from the manufacturer or producer to the retailer—a heavier rate of duty than is borne in the case where the manufacturer sells to the jobber and the jobber then sells to the retailer—really discourages the elimination of the middleman. I know that an apparent unfairness, perhaps a real unfairness, might take place if we did not so increase the rate of the sales tax in that case; but I do say that one of the undesirable features of this sales tax is that it encourages the maintenance of the middleman or discourages his elimination. Now that is one, and I do not think a very important, direct objection to the tax, but where I think—and I submit this with a good deal of confidence—the tax is undesirable is the imposition of the sales tax on goods which, on entering this country, already pay a high customs duty. Because what happens? This may very possibly, may very likely, happen: That it makes very little difference whether you call it an impost, or a sales tax, or a protective or revenue duty—if the impost amounts to a high percentage the goods may not come in at all, and the revenue by that fact suffers. That is a point that should be borne in mind; and I respectfully ask the Finance Minister to carefully consider as to whether it would not be better to make these sales taxes, in reality what they are in name, excise taxes—to have them to a certain extent as counter-

[Mr. McMaster.]

vailing duties. In that way we will get more money for the state and we will, in my humble opinion, substantially relieve the consumer.

Now I have dealt with the advantages of the sales tax over the mere imposition of customs duty by the tariff. The cuts are smaller than I had hoped for—smaller indeed than I believe I had reason to expect. If the Finance Minister will pardon me I cannot very well say that it is the quick, decisive step that he customarily takes in the right direction; I would say it is a short shuffle generally in the right direction. I am doubtful, too, about the advisability of waiting to see how the Americans are going to deal with their tariff before dealing with our own, but I say this: I am not going to take issue with the Finance Minister in that regard because he may have information which he is unable, naturally, to convey to the House, information which he has learned on his recent trip to Washington and which leads him to think that it is good tactics not to declare our cuts immediately. But I would remind him respectfully of what Peel said in 1841, that "the way to overcome hostile tariffs was by free imports."

Why do I accept this budget, with less enthusiasm however than I would like to have accepted it? Why do I accept it? I accept it, reserving my right to criticise any items of importance when we are in committee on the resolutions. I do so because I am unprepared to believe that the Liberal party has been, or will be, recreant to its history on the trade question. I sometimes think that some of my friends opposite are not quite as fair as they should be to the Liberal party in regard to what they did in connection with the tariff. We came in in 1896, and we did make substantial reductions in the customs duty. Open confession is good for the soul. I never pretended to be pleased with the revision of the tariff of 1904. We had increased the British preference until it was a full 33⅓ per cent, but in 1904, in response to that pressure which is constantly brought upon the government by organized protected interests of this country, which is not offset by the consuming interests as they should offset it,—in response to that pressure there were certain increases in lines of textiles, woollen cloth, tweed and wearing apparel and on twine and cordage, and slight reductions were made on china and window glass. Then we had the revision of 1907. As to that revision I am not prepared to say whether that was a

revision which on the whole reduced or increased the British preference. I have in my hand a statement of the textile items of the tariff, and I find there were decreases in 18 items, and there were increases in 18 items, and no change in 9 items, and no change in 14 items on the free list. There were 59 textile items in the customs tariff of 1907 and they were divided, as I say. Whether the increases were greater than the decreases I do not know, but I am sorry the decreases in the preference were made, and I am glad the increases in the preference were made. But whatever our backslidings in the past were, what we did in 1911 should be accounted to us for righteousness. I suppose I will get the name in this House of being a candid friend, disagreeing at times with everybody but not necessarily all at the same time, but I do not think the Liberal party has had quite as much credit from the western friends as it should have for what we did in 1911. In 1878 the Liberal party went down to defeat because it stood up for the rights of the consuming public against the organized protected manufacturers of this country. In 1911 they did the same thing, and they met the same fate. We were not altogether blameless in the matter, and I will tell the House why. Because, from 1904 to 1911 we had, doubtless because of perfectly natural and reasonable causes, a pressure of work on ministers which was abominable and abnormal—more than it should be, we had not been preaching our gospel as we should have preached it, and generation after generation of young men came to the age of 21 who had never heard the trade question discussed, who did not know that trade was a good thing in itself and were therefore able to be led astray and beguiled by the specious argument of "no truck or trade with the Yankees", or the statement that our loyalty would be affected if we dealt in potatoes, or apples, or wheat, or barley, or flax, with the United States. But we went down fighting for a great cause. And it is because we have done these things in the past that I propose to maintain my support of the budget in the present instance. We have also the declarations of the Liberal party in connection with the trade policy. We have the Ottawa platform of 1893, and I may say if one will read over this platform of 1893 he will find that everything in it is true, that after having experienced protection from 1878 to 1893 the Liberal party came to the conclusion expressed in their platform was right, and I say that in the mind of every informed, unprejudiced and disinterested man, everything that happened since that time bears out the truth and soundness of the position we took. I rely upon the statement made by the Minister of Finance (Mr. Fielding) in introducing his budget of 1897—which was the beginning of a fresh era for Canada. Now let us be fair to the Liberal party and let us be fair to the Minister of Finance. Canada after 1896 was a different place from what it was prior to that time. The Minister of Finance, who is the Minister of Finance to-day, after having read the Ottawa platform said:

> Mr. Speaker, the electors of Canada, in due course, gave their verdict upon that and upon other issues, and subject to such changes as changing circumstances may require, and as to which I shall have something to say as I proceed, we accept the Liberal platform of Ottawa as the declaration of principles which we are bound to follow in our tariff reform.

I pass on to a declaration made by one whose name is ever dear to and revered by not only Liberals but all well disposed Canadian citizens. I refer to Sir Wilfrid Laurier. During the last days of his life he was present at a meeting of the Eastern Ontario Liberal Association, held in this city, and on the 14th January, 1919, he spoke as follows, concerning the trade question:

> Sir, I told you at the commencement of my speech that it was the commercial freedom of England which enabled her to pass triumphantly through this war from an economic point of view. England, needless to say, has always been in the van of the greatest advances with respect to freedom of any kind, whether it be religious freedom, civil freedom, or political freedom; there are no people in the world to-day who have a greater degree of these liberties than have the English people or the Canadian people. In the matter of commercial freedom, England has not only been well to the front, but has been very much in advance of any other people.

Discussing the question of the granting of preference to Great Britain and the Conservative party's objections thereto, he stated:

> We do it (we grant the preference) because we are British subjects and because we believe in the principles of free trade. We believe also that it is for the good of the Canadian people that we should adopt that policy, and by that policy we stand to-day.

I adhere to this budget and support it because of this fact; that we had a great convention at Ottawa in 1919. We passed a trade plank in the platform which I consider is a sound plank for the people of this country and after we had passed

that trade plank the present Minister of Finance allowed his friends to nominate him as the leader of the Liberal party. I do not think for one moment that the present Minister of Finance would ever, after that platform was passed, have allowed his friends to place him in nomination had he not been in substantial agreement with that platform—I do not mean to say that he was prepared to cross every "t" and to dot every "i" of the platform—but in substantial agreement with the decisions reached at that convention.

Let me speak just a moment in conclusion—and I have delayed the House too long—concerning where we can get the money. It is a hard thing to get money for the state; it presents many difficulties, and there are many dangers in connection with it. I am going to refer the Minister of Finance to what he said on the 14th of March, 1919, in this House, as reported on page 484 of Vol. 1, of Hansard, of 1919:

> But my hon. friends who are interested in tariff questions will bear me out in this, that when you increase the tariff on a class of goods that are made at home, not only do you get the increased duty which you collect at the customs house, but for every dollar that you collect at the customs house for increased duty, the consumer pays to the manufacturer two dollars which does not go into the public treasury.

It is towards those two dollars that I direct the attention of the Minister of Finance. I believe it will be found on investigation, in certain lines, the Canadian manufacturer occupies the field to such an extent that imports are negligible. I believe it will also be found that he has abused this privilege that the tariff has given him by watering his stock, by capitalizing the tariff against the taxpayers of this country. I should like to draw to the attention of the House two instances which came to my notice just the other day, and which were given me by a man in whom I have the utmost confidence, Mr. Isaac Pedlow, who was a valued member of this House during the last Parliament. He is a merchant in Renfrew. He was selling collars for 18 cents each, or three for fifty cents. His competitors were selling the same collars for 25 cents each, and he was refused by the manufacturer additional supplies of those collars. The manufacturer would not allow him to sell the collar at the price at which he wanted to sell it. That is an example of the tyranny of the trust.

[Mr. McMaster.]

Let me give the House another example, which will interest the ladies. It refers to silk stockings. The Niagara Maid Manufacturing Company manufacture a silk stocking which was sold to Mr. Pedlow at what averaged $1.37½ a pair. He put them on the market at a very fair profit to himself, at $1.75 a pair, or a profit of between 30 and 40 per cent. His competitors were selling these stockings at $2 a pair, and he was instructed by the selling agency of the mill that he could have no more of those stockings unless he was prepared to sell them for $2 a pair instead of $1.75. You say: "Should the attention of people be drawn to such trifling matters as these?" Yes, because these things show that, in many lines of primary necessaries of this country—I suppose silk stockings are not an absolute necessity of this country, although some people may think they are—it is not the ordinary trading rules which obtain; but by the control of the market, because manufacturers can do this under no other circumstances, the manufacturer is endeavouring to make of free merchants men who have to be, to a certain extent, his serfs, to do what he tells them. It is what Mr. Edward Porritt calls an example of the new feudalism, and the sooner we get away from that the better.

Mr. MEIGHEN: Is the hon. member not aware that the Prime Minister (Mr. Mackenzie King) has solemnly undertaken to get rid of all those practices that he complains of by trusts?

Mr. McMASTER: I am glad to know that he has, and he will have every help which the member for Brome can give him to accomplish that end.

Now, we come to the amendment. I will not read it, because it reminds me of a story of John Henry Pope, who came from that part of the province of Quebec which I have the honour to represent. In talking about something that was said, he exclaimed: "There ain't nothing to it," and that is all, with due respect to the leader of the Opposition (Mr. Meighen) that I can say about the amendment. What is it? It is just another example of the policy of "scold." It gets you nowhere because, what do they say? Are they blaming the Minister of Finance because he has not taken duties down? Not at all. They want him to put them up. There is not very much in the amendment; there is not a great deal to it. I sometimes am glad, because I am a humane

man, that the members of the official Opposition are not living in the sixteenth century and are not of the female sex, because at that time they had an institution known as the "ducking pool" for common scolds, and I am afraid many of them would run a close risk of landing in that watery place.

What of the future? What has been the record of the Liberal party in the past? Can we depend upon the record of the Liberal party in the past to give promise that the Liberal party will be the great party of progress and freedom in the future, because the party of progress and freedom, by whatever name that party may be called, is going to rule this country in the future. The Liberal party has traditions. It has given to this country William Lyon Mackenzie, Louis Joseph Papineau, Baldwin, Lafontaine, and Papin. It has given to the country George Brown and Aime Antoine Dorion. It has given to the country Alexander Mackenzie, Edward Blake and Sir Wilfrid Laurier. I believe we should endeavour to be true to those great men of the past, and to see that we carry on the affairs of the Liberal party and of the country along the lines which they laid down.

Mr. MARTELL: Does the hon. member include Joseph Howe?

Mr. McMASTER: I would include him; but alas for him, he joined a Union government. But he was in his time a great tribune of the people, and his voice and his name will never be forgotten while Canada remains. It would be, I say, a sad thing if the parties of progress were disunited. We have had an example in the old land of the effect of disunion amongst the parties of progress. We have had the independent Liberals, we have had the Labour party, largely animated by the same ideals, largely standing for the same principle, but kept apart by certain things, perhaps of secondary importance. I want to see in this country—I know I do; I know I speak for my electors, and I believe I speak for the rank and file of the Liberal party throughout this country—a Liberal party so truly Liberal that, under the broad folds of its banner, all people who love Canada, who love progress, who love liberty, who love equality, may find their proper place. That party must be free from all sinister influences. It must be strong in the confidence of the people. It must deserve the confidence of the people. It must be guided, not by the fitful flare of expediency, but by the polar star of those Liberal principles which in the past have animated men of good will to bring about, upon this old world of ours, better conditions for the plain and common man.

Mr. W. C. GOOD (Brant): I would not ask the indulgence of the House were it not for the fact that there are some very important considerations in connection with the present question under discussion which have not yet been placed before the House, and for this reason I am going to ask that indulgence in order that I may present those considerations.

First of all, however, I should like to say this: I did hope for very much more, in the direction of what would seem to me to be real progress, than is evident in the budget that has been proposed. And perhaps, if I were absolutely sincere, I might say that I did not expect very much more, knowing the record and the present composition of the so-called Liberal party. Regarding the amendment, I have nothing to say. But I have looked up the record of the Liberal party, both in the recent and remote past, in connection with the tariff question and the whole protective philosophy, and I shall present to the House a brief statement of the various opinions which have been proclaimed by the Liberal party for some little time in regard to this subject. In discussing the amendment, I think it is quite pertinent that we should know what the Liberal party has stood for, and what it purports to stand for at the present time.

Now, in regard to the last campaign, I would submit to the House—and I do so subject to correction by the hon. member for Brantford (Mr. Raymond)—that this hon. gentleman, at all events, did make it perfectly plain to his constituents that he did not subscribe to the 1919 platform of the Liberal party in respect to its tariff planks. How many other hon. members who proclaim themselves Liberals occupy the same position and so stated their attitude during the last campaign I do not know, but I know that in this particular case the hon. member for Brantford proclaimed openly and publicly that so far as the tariff plank in the Liberal party's platform was concerned, he repudiated it.

Next, I want to refer to some history, and I shall begin with a little item that appeared in the Toronto Globe of April 15, 1858. It reads:

A meeting called by agreement of gentlemen holding protectionist views on commercial mat-

ters in various parts of the country assembled yesterday in St. Lawrence Hall in this city. The aggregate attendance was about two hundred.

That this meeting was attended with success is indicated in an item which appeared in The Globe of March 25th, in the next year, 1859. Note the following:

With a degree of haste as rare as it is unseemly, the government yesterday forced the new tariff through all its stages in the legislative council. It was read the first, second and third time on one day; and now only awaits the Governor-General's sanction to become law. To accomplish their purpose ministers proposed to set aside an established rule of the council devised to prevent precipitous legislation; and they succeeded in carrying the point.

I wish now to call the attention of the House to a number of addresses that were given in the campaign of 1877, published under this title:

Picnic Speeches Delivered in the Province of Ontario During the Summer of 1877, by the Hon. Alexander Mackenzie, the Hon. Edward Blake, the Hon. R. J. Cartwright, the Hon. L. S. Huntington, and the Hon. David Mills.

There is some interesting reading in this record of the position which the Liberal party took in regard to the tariff question at that time. I want to quote just one extract from the remarks of the Hon. David Mills:

"The Conservative opposition"—said Hon. David Mills, March 15, 1877, in denouncing customs duties—"might disguise their proposal as they please, but it meant plunder and nothing else. It meant taking from the pockets of every consumer a sum to be given to some other person; and the system by which this was done was a system of plunder".

"If", continued Mills, "people knew that honourable gentlemen opposite intended to impose taxes to the amount of twenty-eight million dollars instead of fifteen millions, and that only fifteen millions would go into the public treasury, the balance passing into the pockets of certain capitalists, they would not support such a proposal. And yet, that is precisely the proposal of honourable gentlemen opposite, disguise it as they may."

The next record which I shall submit to the House is from a speech of the late Right Hon. Sir Wilfrid Laurier. Speaking at the Liberal Convention in Ottawa, June 20-21, 1893, he said:

It seems to me that it (the Paterson resolution) could hardly be improved upon. It is a thorough arraignment of the policy the government has followed. It sets forth all the evils which have flowed from the system of protection. It draws the line, clear and distinct, between the policy of liberty and freedom, and the policy of slavery; because, I leave it to the judgment of every free man, to the farmers, and above all I leave it to the working man in the cities, if protection is anything else but slavery.

I have many other quotations in connection with that Liberal Convention of 1893.

[Mr. Good.]

I shall not read them all at the present time because it would take too long. But a number of statements were made by Sir Wilfrid Laurier and others; and there were statements as well embodied in the election literature issued by the Liberal party in the campaign that took place in 1896. I have one here from the handbook that was used at that time:

Protection has been tried and found wanting. The Liberals offer a policy of free trade limited only by the necessities of revenue required for the honest, economic administration of the Government.

In the platform of the Liberal party as adopted on that occasion we find a most sweeping condemnation of the whole protective system. I have it before me, but I shall not take time to read it. I wish, however, to remind the House of what happened in 1896; and although I should like to feel a little more charitably disposed towards the government of that day than I do feel, at the same time I want to say frankly that it was a most bitter disappointment to the farmers—and shall I say?—to very many other people in this country that, in the first revision in 1897 that followed the election of the new government, further reductions were not made in the tariff. And I must say that, looking back on the history and the record of the government of that time, and seeing the beginning which is now made in, I admit, the right direction, we wonder whether or not the history of that time and that government is to be repeated on this occasion.

Now, reference has been made to the election of 1911. I want to read a little item from the Toronto Globe of November 8, 1911. Commenting upon the situation that then existed and that had existed for some time previously, this paper said:

The big interests of all kinds in Canada, like their ilk in the United States, while as individuals they call themselves Liberals or Conservatives, and may even hold party offices, are not any longer in any real sense party men. Great railway corporations, protected monopolies, and the banks that finance their exploitations and mergers are playing in Canada the same bipartisan game that was played so disastrously to public interest and national honour in the United States. Let there be no mistake. The horns and hoofs of the American system are already within the doorstep of Canada's house of government. The fight for freedom from its vulgar and oppressive domination has only begun in Canada.

Now, Mr. Speaker, we know what happened in 1911. I supported the late Hon. William Paterson with all my strength in that election, and I have always be-

lieved that the adoption of the Reciprocity Agreement would have been one of the best things that could have happened to this country. So I want to give every credit to the Minister of Finance (Mr. Fielding) and to his colleagues in the then government for their action at that time. But a year later we have a pronouncement by a gentleman who now sits in this House as senior member for Halifax (Mr. Maclean). On March 13th, 1912, he stated:

> We were divided in Canada on the National Policy for a good many years. Nevertheless, once the two parties came to see that the National Policy was essential to the country that division disappeared.

The hon. member was, I believe, an adherent of the Liberal party then in opposition, and here we have a frank admission that any difference which had existed between the two old parties prior to 1911 had then disappeared.

And I have another quotation here, Mr. Speaker. It is from a speech delivered in this House on June 9th, 1919, by a gentleman who announced himself as a protectionist Liberal. I refer to Hon. C. C. Ballantyne, who was Minister of Marine and Fisheries in the late government. Listen to this, Sir:

> I am a protectionist Liberal, a believer in moderate protection. Before I strayed from the fold, I did not find that my views were at variance with those of the majority of members composing the Liberal party of that day. Nor do I think that my views as a moderate protectionist Liberal would be much at variance to-day with those of the majority of hon. members sitting to the left of the Chair. We can only judge the Liberal party by the policy they pursued during the fifteen years they were in power. I for one saw no tangible signs of free trade during that period.

Mark that, Mr. Speaker:

> I for one saw no tangible signs of free trade during that period.

An admission by a man who represented himself as belonging to the Liberal party, that he saw no signs of free trade, apparently no signs of the carrying out of the professions made in the platform of 1893, during those fifteen years from 1896 to 1911! I am not saying he is right, but that is his statement made on the floor of this House only two years ago. He continued:

> The manufacturers of this country were perfectly satisfied with the fiscal policy of the Liberal government during those fifteen years . . . I think I may safely say that one can take as his very best guide in matters of this kind the policy of such great men as have filled the office of prime minister of this country during the last fifty years, and when the policy of moderate protection has been adhered to by both Conservative and Liberal governments, that must be the easiest and best way of raising the necessary revenue, and also the fairest and most equitable system, having regard to the diversified interests that exist.

Then I have here the tariff planks in the Liberal platform of 1919, partly quoted in the amendment. I am not going to read those planks; we all know what they are. They practically reassert the assertions in the platform of 1893, and they are, as everyone knows, in very marked accord with the tariff planks in the Farmers' national platform.

Now, with respect to this extraordinary transformation—one authority has called it the "great apostacy"—I find the following in the report of the tariff committee of the Canadian Manufacturers' Association for 1918-19 as printed in Industrial Canada for July 1919:

> As the tariff changes demanded at this session of Parliament—

That is 1919.

> —go much farther than the Reciprocity Agreement of 1911 towards free trade with the United States, the threatened danger to the future of Canada is proportionately increased. From these denationalizing agencies our protective custom laws, inaugurated forty years ago, preserve our country. It is fundamental that the maintenance of our separate British nationality depends upon the retention of our freedom to shape our protective custom laws to serve our own needs.

In conclusion perhaps I might read a rather cynical comment which appeared in "Saturday Night" upon the situation as represented in the extract that I have just read. As I say, the comment is rather cynical, but it contains a good deal of wisdom. It is as follows:

> The flag-waver is generally the man with the coin, or the man with the axe to grind. It was ever so. Kings and princes, through all the centuries, have waved their flags and their banners, and called upon their loyal supporters to fight the enemy. And the loyal supporters were just good enough and foolish enough to do it. Therefore, the kings and princes continued to rule over them and so they should. The financial kings and princes now wave the flag. The voter comes manfully forward and, with eyes blinded with patriotic tears, marks his little cross on the ballot for the "interests". Therefore the "interests" continue to rule over us, and so they should.

Now, Mr. Speaker, I am going to ask a very definite and, I think, a fair question. What is the significance of the extraordinary variety and contradictory nature of the views expressed and the conduct of the Liberal party for the last fifty years? To me there are three possible explana-

tions: First, was the Liberal party insincere in its professions? If it was, that is an explanation. I do not answer the question; I ask it. Second, was it bribed, controlled or dominated against its convictions by tariff beneficiaries? Again, I do not answer that question; I ask it. Or third, has it honestly changed its mind and adopted protection as a sound national policy? I think that we who sit in this quarter of the chamber, at all events myself, have a right to ask those questions, and to have them answered. I am not going to answer them, because I cannot.

Mr. SUTHERLAND: Why not make it twenty-four hours, and not fifty years?

Mr. GOOD: In that connection I am going to refer to some statements that were made here a few weeks ago, and one just the other day by some British Columbia members, to the effect that one's views on the tariff are geographically determined, and, further, that the whole tariff question is one of expediency and compromise and not one of principle. Even if it were true that one's views on these matters were determined by one's place of residence, the rightness or wrongness of the tariff system would not be thereby determined in the most infinitesmal respect. I would like to repudiate absolutely the suggestion that we in this chamber are morally justified in considering this question from the selfish standpoint of our own occupation or our own locality. It seems to me that if we cannot approach the question from the point of view of the general interests of Canada, then it is absolutely hopeless to try to arrive at any right conclusion. I propose, therefore, to examine the protective system without any reference to locality or occupation and to ask the question: Is it a sound national policy? Were the professions of the Liberal party in times gone by, as stated in their platforms, based on sound principles, or were they not? I hope in that review and criticism of the protective philosophy to establish this point: viz, that the whole protective system has no possible justification from the point of view of right and justice.

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

Mr. GOOD: Mr. Speaker, when the House rose at six o'clock, I had proposed an inquiry into the protective system, in order to find out if there were any reasonable basis for the persistent adherence of the Conservative party to that system, and for the evident disposition on the part of at least some of the Liberal party to lean that way and, after excusing the system, partly to adopt it. I stated that this inquiry ought to be undertaken, not from the point of view of any occupation or any section in Canada; that we ought to judge the matter regardless of whether we live in British Columbia, or Saskatchewan, or Nova Scotia, regardless of whether we are farmers, merchants, manufacturers, or whether we follow other occupations. In this inquiry, which I shall try to make as brief as possible, there are a few preliminary considerations which, I think, we shall all agree upon.

In the first place, I submit that it ought not to be very difficult for a reasonable and disinterested man to come to some fairly accurate conclusion, because the subject matter of the inquiry is that of every day experience. In the second place, I think we ought to bear in mind that we should not be influenced by what might be called the weight of general acceptance, because when we look back over history, we find at times that many delusions and errors have had widespread acceptance, so that the fact, if it be a fact, that many people and many countries believe in and have adopted the protective system is, in my judgment, no reason why it is a good system. In the third place, I think we ought to bear in mind that social and individual advantage do not always coincide. There is a rather famous passage in the Book of the Acts recounting the agitation that a certain silversmith of Ephesus was instrumental in bringing about when his business was threatened. Hon. members will remember, if they recall the passage, how he made a great to-do about the preaching of Paul and expressed the opinion that thereby the great Goddess Diana would be deposed from her magnificence. Now, all kinds of disasters, such as war, fire and famine might result in conditions that would be profitable to particular individuals. But in such cases we could not justify these various calamities simply because certain private persons had benefited thereby. We ought then to bear in mind, in considering this whole question, that individual and social advantage do not always coincide. They do sometimes, but not always.

Now, coming to our enquiry, I submit first that the protective theory denies the fundamental truth that trade is a form of co-operation, and that, as civilization progresses, independence is replaced by interdependence. I was very much amused a few years ago when I heard in the House of Commons, when it met in the Museum building, the hon. member for Brantford at that time, Mr. W. F. Cockshutt, speaking on the budget. He started out on the assumption that trade was not a form of co-operation but essentially of competition, and that the seller was always the person who profited while the buyer was always the victim. Of course, starting out with an assumption of that kind, which is fundamentally false, he was led to all kinds of false conclusions. I say, then, that the protective system assumes that trade is essentially not co-operation, although any student of economics and of civilization knows that it is a form of co-operation. In that connection I desire to read a very concise statement of this truth by a celebrated Belgian who some years ago wrote a book entitled "Pax Economica." This author, M. Henri Lambert, says:

> To deny the benefits of international exchange —and consequently of free exchange—is, in fact, to deny the advantages of division of labour and the increase in productiveness resulting therefrom. It is, therefore, to deny that which is evident. A country which determines to be self-supporting must resign itself to an inferior productivity and standard of wealth. If such a country continues to prosper, it will be by reason of natural advantages, because of high intelligence and labour energy of its inhabitants, because of interior free exchange, and despite its efforts to be self-sustaining.

Now, I submit that our various efforts at improving means of communication and transportation are sufficient witness to and proof of the advantages of trade and commerce, and that when tariff walls are erected between any two countries whatever, or between the sections of any country, a policy is being adopted which contradicts and violates the fundamental truth that trade is a form of co-operation. The protectionist philosophy, if it is true, must assert as a general law that protection is a universal need. In that connection, let me ask hon. members to recall the situation that existed in the United States about the year 1787, when the Union was formed. Prior to that time there were inter-state tariffs in the United States, but thereafter those tariffs were abolished and what you might call an external tariff, small at that time, was established. I am going to ask this question: Was it good for the various states prior to 1787 to have those inter-state tariffs? If so, then it was bad for them to do away with those tariffs; when they confederated they should have retained them. I submit further that if it is beneficial to have a tariff wall between Ontario and New York, it should also be beneficial, by the same reasoning, to have a tariff wall between Ontario and Quebec or between Quebec and New Brunswick. Indeed, why should we not have a tariff wall between, say, Ottawa and Montreal? Why should not the industries of Ottawa say to the citizens of Ottawa, "Give us protection against the industries of Montreal"? In fact, the nearer two communities are together the more similar are the conditions and the keener the competition; and it seems to me, without spending further time upon the matter, that this reasoning must lead us to the conclusion that if we applied the protective philosophy in that way and reduced the areas under consideration it would result in absurdity; we should then have a reductio ad absurdum. How would it be to have the various towns in the same county protected against each other's competition? I think that even the most convinced protectionists must admit that from that point of view the thing is altogether illogical.

But the protectionist says that the nation is the protective unit. Then I ask the question frankly and fairly, why so? Political boundaries are arbitrary and shifting. They take no account of natural, industrial or climatic conditions. Take, for instance, the case of Texas. There was a time when what is now the state of Texas belonged to Mexico. Before Texas was annexed by the United States of America protectionists on both sides of the dividing line would argue that it was a good thing both for the United States and for Mexico that there should be a tariff wall between them; and at that time the tariff wall would run on the north boundary of what is now the state of Texas. After the annexation of Texas the consistent protectionists would be forced to argue that the removal of the tariff wall that then took place was a misfortune to the people on both sides of the boundary. But they did not do so, but transferred the wall, suddenly and without any change in industrial conditions, from the north to the south boundary of Texas. Take also the provinces of Alsace and Lorraine in Europe, which have recently been transferred from Germany to France. In that case, too, the consistent protectionists would argue, in

fact they must argue if they are logical, that the removal of the tariff wall from the western boundary of these two provinces to the eastern boundary was a misfortune. I think it must be evident to all hon. gentlemen that the protectionist reasoning breaks down when you consider that political boundaries are arbitrary and often shift overnight. Indeed, I believe that unhampered trade, if we would but once realize it, pays no more attention to political boundaries than do the birds of the air of the fishes of the sea.

I pass now to consider for a moment tariffs for revenue and tariffs for protection. Historically tariffs originated as means of securing revenue. I do not think there is any doubt about that; and a celebrated Frenchman, once speaking of this particular system, said that it was the best way of "plucking the goose with the least squawking."

It seems to me that the system which was thus described accords with a system of government which has very happily disappeared—a system of government in which the governors by hook or by crook obtained what money they could by any and all kinds of taxation from unwilling subjects. But now under our system of government we are not subjects of a ruler, we are citizens of a country, and if we have the proper point of view we contribute taxes willingly for the public services. And it seems to me that indirect taxes are bad in themselves largely because they are indirect, and that in this respect direct taxes are much better. Indirect taxes, like the tariff tax, the sales tax, and other like taxes, may be evaded, concealed and shifted, and often are, and the results are unfortunate.

Now, turning to tariffs for protection, I very frankly admit that it may seem to be in the public interest to protect certain infant industries for the time being. But I submit that if the collective wisdom of the people decides that any particular industry which has a fair prospect of becoming permanently self-sustaining needs assistance by the state, this assistance should be given directly in the form of a bounty, instead of indirectly by means of a tariff. In order to make my meaning clearer, I submit a case which I think will illustrate the difference between the bounty system and the tariff system from the purely protective point of view. Let it be supposed, for example, that we want to encourage the development of aerial navigation. Would it be a sensible policy to assist the people engaged in that development by granting them a bounty, or by putting a handicap upon all other means of transportation—to put a tax upon the use of our highways, our railways and canals, and in that indirect way assist the infant industry of aerial transportation? It seems to me that when we look at it this way we see that the bounty or direct subsidy, if it be necessary, is in every way to be commended as compared with the indirect system of protection by means of tariffs, because under the bounty system you pay only in proportion as the particular industry which it is desired to develop does develop, and you do not put a handicap upon all other competing industries. I must say in that connection that while the bounties which were given a good many years ago by the government of which the present Minister of Finance was also then Minister of Finance may have been excessive, I do think that the principle then adopted to assist certain industries was the right principle, providing, of course, that assistance was considered necessary or advisable.

However, there is another consideration which I think we ought to bear in mind in connection with the so-called encouragement of infant industries, and that is that as soon as the infants get big they want more encouragement than when they were small. In a word, in practice, the system does not work out according to the theory. I suppose all farmers have observed that in litters of pigs the little runt, instead of getting the best place and the biggest share, is shoved off to one side by the big husky fellows, and he is practically starved to death.

An hon. MEMBER: The bigger the calf the more milk he takes.

Mr. GOOD: As one hon. gentleman remarks, the bigger the calf the more milk he takes—and, I think, the more anxious he is to stay on the job and the more fuss he makes when weaning time comes.

Now, Mr. Speaker, when we look back over the history of our protective system, I think we shall find that these infants as soon as they grow pretty big shove the little fellows to the wall and continue to get the lion's share. So while it may be theoretically defensible to encourage infant industries, either by tariffs or bounties—and I think the bounty system is very much better; in fact, I think the tariff system is

indefensible—in practice the more encouragment they get the more they want. That has been the history of the encouragement of infant industries in this country, and I think it should bid us beware.

But some of the adherents of the protective system claim that we must have "adequate protection" of all Canadian industries. I submit that in the nature of the case this is impossible. You cannot protect local industries—a local newspaper, a local blacksmith, or any other local industry—their field is necessarily restricted, and therefore it is absolutely absurd to talk about protecting those industries. In the second place, you cannot protect those major industries which have a surplus to export, such as our wheat-growing industry in the Canadian West, our cattle industry, or any other of a number of our major industries—these it is impossible to protect. It is absolutely impossible to give adequate protection to all Canadian industries. It does not and cannot work out that way, and we have to recognize the fact that when we once start the system the inevitable result is that the few industries,—the big husky infants, so to speak,—get the lion's share and the others necessarily are left with the husks.

The protective system is also advocated as necessary to secure what is called a "favourable balance of trade". Now, if that is a desirable end in view, why should we not carry goods from where they are dear to where they are cheap? In that way we would get a maximum export and a minimum import. Or, better still, let us sink all ships at sea, and then we will have the summum bonum of the protectionist philosophy so far as it applies to international trade. I think the protectionist fails to see that international trade is essentially barter, and that in the long run imports and exports have to balance one another. This is a recognized truth among economists, and we should not forget it. Of course, there are some modifications when one country pays tribute to another in the form of interest.

In regard to protection against what is called cheap foreign labour, the hon. member for Brome (Mr. McMaster) dealt with that this afternoon, and showed very conclusively I think that so-called cheap labour is not by any means always really cheap labour. The cost of production indeed is dependent not only on wages but on climate, on resources and on the efficiency of labour; and this we must bear in mind. We should also bear in mind in that connection the distinction between what we might call real wages and nominal wages.

I submit further, Mr. Speaker, that no matter what the advantages of one country may be over another, international trade is always beneficial, because in some respects one country will have certain relative advantages over its neighbours, and those industries in the one country which have a relative superiority will be able to export their product to the other country. Let me take an example: It might be argued that we can manufacture sugar in Canada more cheaply than they can manufacture it in the West Indies, but I submit that even though that be true our advantage over the West Indies in the production of wheat and cattle is so marked that it is a better and more sensible policy for us to use our labour in those industries and buy our sugar from the West Indies, for instance, rather than manufacture it at home.

Now, in regard to retaliatory tariffs, it seems to me that this is something which comes home very strongly to a great many people. It is said that the United States has done us a bad turn; that they have been disagreeable; that they have been unfair, and the sentiment at once is to retaliate. If they will not let us into their market, it is argued, then we should not let them into ours. But I submit that if we take that attitude we are likely to cut off our nose to spite our face. When we look into the matter a little more closely we find that that policy is essentially a mistaken one. Take the case of two men, one specializing in the growing of wheat and the other in the growing of potatoes. It is a great advantage for the man who wants the excellent wheat to go to his neighbour and get it, and it is likewise an advantage to the man who wants the excellent potatoes to be able to get them from his neighbour. Suppose the wheat grower went to the other man and, upon endeavouring to sell his wheat to him, was met with refusal, what would you think of him if he said: "Well, if you will not buy my wheat, I will not buy your potatoes"? He would simply be denying himself the advantage of getting the good potatoes which the other man was specially qualified to produce. It seems to me that if we eliminate sentiment in this matter and study it on a common sense basis, we must admit that the policy of retaliatory tariffs is indefensible. The only possible justification I can see for it is that by threatening the other man or the other country you might bring him or

them to terms. I do not know how far that is possible; I am afraid, however, that the effect would be the opposite.

A good deal has been said about diversified industry. That is another claim which is made for protective tariffs; it is said that protection does secure diversified industries. I think that protectionists make an entirely unwarranted assumption in this regard. I do not think that tariffs are necessary to build up diversified industry in any country. In fact, I deny it absolutely; all history and all common sense point in the other direction. Where you have a country opened up as our Northwest has been opened up in recent years, you will find the primary industries being first developed, and then when the proper time comes you will find, inevitably, the development of the secondary industries taking place. It is impossible for any civilization to develop unless in that particular way. While it may be possible to encourage certain secondary industries by tariff protection and by bounties, it is not necessary to enact tariff walls or adopt a protective system in order to secure diversification of industries.

I would like to submit in that connection also to some of our protectionist
9 p.m. friends in this chamber that at the present time the Canadian manufacturer, who has been crying out for protection for so long, finds his Canadian market practically gone on account of the decadence of agriculture. We heard yesterday from the hon. member for Brantford (Mr. Raymond) how the warehouses of the manufacturers of implements in the city of Brantford are full and the workmen idle. Why are they full? Because the farmers are in such a position at the present time that they cannot buy. I would like to submit to our manufacturing friends that they should turn their eyes a little more definitely to our Canadian market and endeavour to ascertain how the Canadian farmer can be advantaged, how he can be put in a position to buy their implements. I submit also to our protectionist friends that they should consider the possibility of developing an export trade. I cannot understand why the Canadian manufacturers, who are such agitators and propagandists for protective tariffs, do not see that if they are going to develop an export trade as have England, Belgium, Switzerland and the other countries we heard of yesterday and this afternoon, they have to reduce their cost of production in this country. That is the only possible way in which they can compete in a foreign market in manufactured goods.

[Mr. Good.]

Personally, I wish our Canadian manufacturers all success and all prosperity; I would like to see Canadian manufacturing developed to a much greater extent than it is at the present time. But I contend that that can be done not by imposing protective duties, not by hampering both the primary and the secondary industries of the country, but by giving the manufacturer free raw material and lower labour costs—and we can give the Canadian manufacturer lower labour costs by making the cost of living lower for the Canadian working man. It seems to me, therefore, that a freer trade policy would be absolutely to the advantage of the Canadian manufacturers, as it has been for the British manufacturers. It would be to the advantage both of agriculture and of the primary and secondary industries.

It is said further that infant industries or small industries cannot establish themselves in the face of competition from the old established and stronger industries. That is the plea constantly made on behalf of certain Canadian industries—that they cannot compete against the larger industries in the United States. If that is true, Mr. Speaker, what of the manufacturing in our own West which is beginning to be established? Are these manufacturers able to establish themselves against the competition of the old established and stronger manufacturing industries in the Canadian East? We have no tariff between the Canadian West and the Canadian East. Would our protectionist friends advocate a tariff between western Canada and eastern Canada in order to protect the manufacturing industries in western Canada? I ask them, frankly and candidly, would they advocate that? It seems to me that if they are true to their own philosophy they must advocate a tariff in order to protect the infant manufacturing industries of western Canada against the older and longer established industries in the East.

I want to submit in this connection that if we study the industrial history of the United States we shall find that as the primary industries developed in the Mississippi valley and westward, the secondary industries followed them up and established themselves through that whole territory in open competition with the long established manufacturing industries on the Atlantic sea-board. I remember some

years ago talking to a couple of men from the New England states who were interested in the boot and shoe industry. They told me that in St. Louis the boot and shoe industry had become firmly established in open competition with the very powerful boot and shoe industries in the New England states. Why? Because the market was out there, because the raw material was out there, and because the manufacturers saw the possibilities and the prospect of sure success in that territory. And so it will be everywhere: If we have concern for the development of our primary industries we do not need to worry about our secondary industries. They will follow when needed.

Now, Mr. Speaker, there is another consideration I would like to present to our protectionist friends and it is this: That protective tariffs cannot effectively protect unless they lead to monopoly; and why? Because under free competition all profits tend to a common level. If the profits in any particular business are inordinately large, and free competition is permitted, others will go into that particular line in order to reap those profits, and the only way in which that can be prevented is by a combination to fix prices. And I submit to all hon. gentlemen here, that if we look back over the history of Canadian manufacturing for the last thirty years, we shall see that under the cover of tariff protection, and in order to take full advantage of tariff protection, the various industries have merged and amalgamated so as to very effectively destroy competition, for the very simple reason that if competition remained they could not reap the advantages of the tariff. So they have combined, and we have had a tremendous growth in these giant mergers in Canada, as well as in the United States, during the last twenty-five years; we have indeed had monopoly conditions.

I believe, Mr. Speaker, that monopoly conditions are absolutely intolerable to a free people. If we are going to have monopoly it must be public monopoly; private monopoly is absolutely indefensible.

A moment ago I asked the question: Has protection assisted manufacturing? I think I answered that in respect to manufacturing in the United States. I now ask it with respect to Canadian manufacturing: Has protection assisted Canadian manufacturing on the average? I claim it has not, and that it cannot, both as regards the home market for manufactured goods,—that is the primary industries,—and as regards the export trade, in both cases our Canadian manufacturers stand to gain very greatly by a different policy—of freer trade.

I must hurry on. I have just one more point which I think it is worth while to emphasize in this examination of the protectionist system and it is this: There is, I think, no system that, from the standpoint of public morality, is more absolutely corrupting,—demoralizing and indefensible. I think that any system which opens the door for all and sundry to feed at the public trough, in a disgusting, corrupting scramble for special favours, is indefensible. I have had that admitted to me by protectionists—that there is a tremendous amount of wire pulling, lobbying and efforts to get special favours; and in that connection we find, I think in fact it has been pretty well admitted in Canada, that those concerned in it are people who expect, and have reasonable ground for expecting, that any investment in campaign funds will secure the retention for them of special privileges. It seems to me that there is no indictment against the protective system, more crushing, more damnable, than this particular indictment that I have mentioned —that it has corrupted the public life of this country, and that it must corrupt the public life of any country where that system exists.

There is just one other thought that I would like to add. If the protectionist is driven, as I think he can be, by resistless logic, from one position to another, I have found in my experience that he takes refuge in this final stronghold. He says: National existence, national integrity is to be preserved above all things. National prosperity is of secondary importance; and he goes on to say, that in order to guarantee national existence and national integrity, the nation must build up within itself practically all the industries that are necessary for the preservation of that nation in time of war and that, no matter at what sacrifice. we must build up a completely diversified industry in the country, so that in time of war we shall be able to have everything that is necessary within our own boundaries: It is the ideal of national, economic self-sufficiency.

That claim, I think, ought to be met. It is fairly stated, and I would like to meet the claim as fairly and honestly as I can. It seems to me that there are two fatal defects about that argument

—an argument which admits that the protective system is impoverishing to a country, but which defends it on the ground that it enables a nation, in time of war, to maintain its integrity and existence. I submit, Mr. Speaker, that there are two fatal defects to that reasoning. In the first place it is not a practicable means of securing safety, particularly at the present time. We do not know what may be the methods of warfare in the future. We may strive as best we can, and exercise all the ingenuity of which we are capable; and yet when the next war comes we may find something that we had not thought of and provided for which would be the key to the whole question and would determine our fate for weal or woe. It seems to me, Mr. Speaker, that from that point of view the argument that we can establish national economic self-sufficiency falls down.

In the second place, while it is not a practicable means of securing safety, I do not believe if it were practicable that it would be right, for this reason—that it is not feasible for the smaller countries in any degree whatever. It may be measurably feasible for such countries as the United States, a country with most varied resources of all kinds. A country like the United States can attain, in a measurable degree, national economic self sufficiency. But take countries like Belgium, or Holland or Denmark—particularly Holland—the natural resources are so extremely limited that it is absolutely absurd to talk of economic self sufficiency. To recommend a policy of that sort for a country like Holland or Belgium is absolutely absurd and every one knows it—in fact any attempt by the people of Holland to attain national self sufficiency would be doomed to utter failure. Therefore, it seems to me that as in the Great War we sacrificed blood and treasure in order to protect the existence and integrity of small nations, we are not justified now in defending a policy which, for the small nations—no matter how feasible it may be for the large nations—is absolutely impracticable. I submit, therefore, that in the case of the smaller nations confidence must be reposed in the League of Nations idea, and in international trade.

Now, Mr. Speaker, I am going to ask a question, just in conclusion, and it is this: If the case against protection is so overwhelming why is it not more apparent? Why do we, in spite of the logic of the situation, find such a strong feeling and sentiment in favour of protection? I think there are reasons for it. The first reason is that we find public opinion and public ideas warped and distorted by powerful selfish interests. In that connection I have a little extract from a book entitled "Democracy after the War" by a very eminent English economist, J. A Hobson. I will read what he says as to why the protective policy continues to receive so much public support, and I hope this will sink into the minds of some of our protectionists friends. He says:

> The explanation lies in the opposition between the interests of certain classes within each nation and the welfare of the nation as a whole, and in the ability of these classes to impose their class interests upon the statecraft of their country. Protection is a bad policy for a nation. It diminishes its total output of wealth, distributes it unfairly, imposes a secret, onerous and wasteful method of taxation, breeds political corruption, establishes monopolies and provokes illwill and quarrels with other nations. But it is a good policy for capitalists in certain well organised industries, who, by their political pressure can frame a tariff that enables them to raise their prices and increase their profits at the expense of the weaker industries, and the consuming Public. A part of the illicit profits which it yields can be applied to maintaining and enforcing the political pull and to spreading a propaganda representing protection as a sound national and imperial policy. The ill-will which tariffs beget in surrounding nations and the reprisals they evoke go to feed the delusion that trade is fundamentally a form of competition, not of co-operation, and that nations are hostile competitors. The diplomatic and sometimes the military conflicts which ensue from tariff wars confirm this delusion. So protection passes from the position of an unscrupulous scheme of class plunder into that of a patriotic public policy. Finally, given favouring circumstances, it can be rivetted upon the state as a political and military necessity. For states which stop the natural courses of trade with neighbours, cripple their development, "steal" their markets, and otherwise inflict economic injuries, live in fear lest the injured interests in these neighbour states may be strong enough to coerce their governments into forcible intervention. Given a group of powerful states, each controlled in its fiscal and its foreign policy by strong business interests, it is easy to perceive that a generally dangerous situation emerges. Each state, considering the possibility of invasion on the part of a foreign power or group of powers, must look not merely to its forcible but to its economic defences. So a national economy of industrial, agricultural and commercial self-sufficiency assumes the guise of a vital policy, and permanent protection is established as its chief instrument. Under these conditions protection becomes an essential feature of national defence, an economic militarism."

That, Mr. Speaker, is one explanation of why it is that the protective philosophy continues to get so much support. In that connection, I would like to refer to an

editorial which appeared in the Montreal Witness some time ago, entitled "Where is the Consumer."? I shall not read it, but it says, as the hon. member from Brome (Mr. McMaster) remarked this afternoon, that the consumers are not organized to protect themselves. The producers in this line and that line are organized to protect themselves by exploiting the consumers throughout the whole country, and that is exactly in line with the statement which I have just read from Mr. Hobson. I have here a book which was sent to me some little time ago, published by the Canadian Manufacturers' Association, entitled "The Tariff, why Canada needs It." This is part of the propaganda which these illicit gains give rise to, in order to persuade the Canadian people to maintain this system. I will read one or two sentences out of this book, to show the kind of logic that that association foists upon the Canadian public. On the first page of this book I find the following paragraph:

> The objects of a protective system in Canada have been and should continue to be: (1) to diminish, as far as possible, the importation of goods from foreign countries which can be produced at home.

Mark the words "which can be produced at home." Now, we can produce oranges at home, we can produce bananas, and all kinds of tropical fruit. We can grow cotton at home. Would the Canadian Manufacturers' Association advocate that as a sensible national policy? It seems to me the statement is absolutely absurd, and that, in order to make a sensible reasonable statement, we have to insert the word "profitably" and make it read "profitably produced at home." If we insert the word "profitably" I subscribe to the statement, but that opens the whole question as to what industries we can profitably follow and encourage, and what we must leave for other countries to develop, because of their climate and conditions.

The second object, as here defined, reads:

> (2) To facilitate the importation of raw materials which cannot be produced at home.

Now, how, in the face of all that is reasonable and sensible, can the Canadian Manufacturers' Association come before the Canadian public and advocate a tariff to facilitate importation? We all know that, to facilitate importation, all we have to do is to put articles on the free list and admit them as freely as possible, I submit, therefore, that this object, as stated here, cannot be in any way served by the imposition of tariffs. The third object is:

> (3) To encourage the exportation of Canadian materials as finished products.

We are all desirous of encouraging exportation, but how can we possibly encourage exportation by putting on tariffs and customs duties on imports? In order to facilitate exportation, we have, as I said a few minutes ago, to make manufacturing and production in this country as cheap as possible. If we want our exportation to be large, we must help all the industries in Canada to produce as cheaply and freely as possible, and, in order to do that, we must admit goods freely.

The fourth object, as here defined, reads:

> (4) To make Canada self-contained, by developing and encouraging within her boundaries all legitimate activities that will give occupation to her people.

I am in accord with that. "All legitimate activities"—that is all right, but how is that accomplished by imposing tariffs? By imposing customs duties we encourage all kinds of illegitimate activities in Canada. We divert labour from activities that are native to the soil, and can be carried on profitably, to industries that are not indigenous, that have to be subsidized, and that can only be carried on at a loss. The fifth object as stated here is:

> (5) To secure revenue.

We all know that the tariff, as a means of securing revenue, has lamentably fallen down. It is true we secure a revenue from the tariff, but there are other ways of securing revenue. As far as protection is concerned, the higher we protect the less goods come in, and the less revenue we get on our imports. If these are the best reasons that the Canadian Manufacturers' Association can advance on behalf of the protective system, it seems to me they had better, as we say, "go back home and sit down."

I am going to ask another question in connection with the protective system in Canada. I have tried to show that it cannot be defended on any kind of national or international ground. The policy seems to me, from the standpoint of economics, to be indefensible. I ask a further question: How has it worked out in Canada? Well, as we all know, Canada is a young country, and a country of illimitable natural resources, and I do not know that there is any country on the face of the earth which to-day offers greater

opportunities for labour than Canada. We have for years followed a persistent immigration policy, trying to attract into Canada all kinds of people from abroad. How has it worked out? During forty years we have had this protective system in Canada, and I have here an examination of the growth in population during the various decades from 1871 to the present. I am going to give the House a summary of these results; it will not take very long to do so. In the decade from 1871 to 1881, that was before the establishment of the National Policy in 1878, I find that the net loss, after taking into consideration natural increase and immigration, was nil. (I may say that I have these figures from the Bureau of Statistics, and I believe they are substantially accurate.) In the next decade, from 1881 to 1891, I find that the net loss, after taking into consideration natural increase and immigration, was 559,000. In the next decade, from 1891 to 1901, the net loss was 349,000. In the next decade from 1901 to 1911, the net loss —and these figures are more accurate as we go on, because we have more accurate records—was 703,000, and in the next decade, from 1911 to 1921, the net loss was considerably over 1,000,000. When we take into consideration with that the most deplorable depopulation in our rural districts and the condition of agriculture in Canada, and when we realize that, during the last four decades, under a protective system, there has been a steady draining of people away from this great new country of Canada with all its resources, I think we must realize that that constitutes a most terrific indictment against the protective policy, because, in this country we cannot hold the people that come here, if they are coming in and going out again, that surely indicates that there is something wrong with conditions. It is not Canada; Canada is all right; it is the laws we have enacted which have made it difficult in this country to develop our natural resources. A little over a year ago there was placed before the Tariff Commission by the educational secretary of the United Farmers of Ontario, a statement in which he summed up the effect of the protective system of Canada in this way:

1. It has not eliminated the possibility of unemployment.

2. Protection has failed to maintain a remunerative market for farm produce.

3. Protection has failed to maintain a favourable trade balance.

4. Most disquieting of all perhaps, the protective tariff has failed to prevent the spirit of unrest.

On the other hand these are some things that the protective system does:

It places the government under the necessity of maintaining a self-contradictory policy.

That is a tariff for revenue and a tariff for protection.

Protection affords a shelter behind which incompetent manufacturers and lazy manufacturers can make a living at the expense of the consumer.

Lastly, the protective tariff directly fosters class organisation and class selfishness.

Therefore, the protective philosophy and the protective system absolutely fall down, I contend, from the standpoint of economics and from the standpoint of actual accomplishment and results in Canada. Prior to the war we had this economic industrial sickness prevalent in Canada, a serious economic condition, due, I submit, to mistaken policies. I think that sickness was aggravated by the war, because while, during the war, as Sir Thomas White has maintained, the war was largely paid for by extra work and extra sacrifice on the part of the Canadian people, at the same time, we permitted, we even encouraged, war profiteering, and then I think, even worse than that, we permitted many of the profiteers to salt down their unholy gains in Dominion bonds, some of them untaxable. Worse than that, deflation has come, and we find that these Dominion bonds will have to be redeemed with double value, either in service or commodities, by the Canadian people.

It is true that during war time, various expedients were resorted to in order to increase the revenue, because at that time, as all hon. gentlemen will remember, the tariff tax fell lamentably short. Besides that, in some of these expedients, there was a dim perception that those who had enriched themselves by a protective tariff and war profiteering, should shoulder a larger share of the burdens. Some of the expedients that were resorted to in war time were as follows: The excess profits tax, the income tax, the stamp tax, the luxury tax, the sales tax and so on. But with all these expedients we find to-day that the country is steadily going into debt. Industry is paralyzed, the farmers are discouraged and production is stagnant.

Just in connection with one of the various expedients that were adopted during war time, I want to submit a little in-

formation, which, perhaps, will explain to the House why it is that, in some respects at least, we have not got better results. I refer to the excess profits tax. Some little time ago, I asked a question which stood upon the Order Paper in this House for a long time. Finally, it was evaded; it was not answered. I may say that this question was based on certain information that I had received privately, and I want now to submit to the House that information without mentioning any names. A certain company in a certain year had a capital stock, according to this statement, as follows: $250,000; reserves, $731,350.20, making a total capital employed of $981,-350.20. The gross profit of that company, according to the statement submitted, was, I am told, $1,571,626.17. Deducting from that the income tax—I will not read the figures; I have them here—the decrease in the inventory and the depletion, I find there is left a net profit of $1,423,764.31. According to the act, I am informed that the assessment levied on that company in that particular year should have been $1,111,-983.99, made up as follows: 7 per cent of the capital employed, exempt from taxation; 8 per cent, one-quarter taken by the government; 5 per cent, of capital employed, one-half taken by the government and of the balance of profits, which was considerably over $1,000,000, six-sevenths should have come into the federal treasury. The total assessment which, according to this statement, ought to have beeen levied on that particular company, was considerably over $1,000,000. What was the actual assessment by the department?—$214,312.36. In connection with this one company for one year, if these figures are correct, and if there is no good justification for the action which the department has taken, there is an apparent loss to the country of $897,671.63!

There is a situation which I think calls for some inquiry. I submit it to the House because I asked questions based on the information that came to me privately, and I got no answer. I think that if that sort of thing has been happening in Canada and we have not got millions of dollars of excess profits that we were entitled to receive during and since the war, we should know the reason why.

But in spite of all these expedients to which we have resorted, the country has been steadily going into debt. We have been discussing for days now the unfortunate railway situation that Canada finds herself in, the unfortunate condition of agriculture, and the paralysis of the manufacturing industries. There is no industry in this country that has not been deploring its condition; and yet, in the face of all these things, the first budget of a new Government proposes nothing but the same old nostrums. And I say that in all charity. There is not a glimmer even of anything new; there is no promise of relief; there is only the pathetic, tragically blind clinging to the past. Thus it hath been, thus it ever shall be.

I stated at the outset that I was keenly disappointed with the budget, and I am. I should not be so disappointed if there were any inkling in it of anything of a radical nature to which we might look with hope for the future; and it is because I do not see in it anything of a constructive, radical character that holds out some promise of relief in the future that I am going to present to the hon. members of this House something of a different nature which it seems to me does promise very considerable relief. And in order to approach the question in a logical and systematic way, I shall ask, first of all, this question: What is a just system of taxation? To answer that question we must ask another. What is taxation for? Are not taxes contributions by individuals for the purpose of carrying on collective or community undertakings? Are they not payments by the individual to the community in return for services rendered the individual by the community? I think they are; and I hope that that is a fair statement of what taxation is for. For instance, we have in our municipalities, schools, streets, and so forth, which are maintained by taxation; and we have in our Dominion, railways, canals, and other public utilities which are kept up in the same way. From this point of view, let us examine the various kinds of taxes which are levied in Canada. We can classify these taxes under three general heads.

In the first place, we have a tax on consumption, the tariff tax, the sales tax, etc. As has already been abundantly shown in this debate, this tax as levied on the necessaries of life bears hardest on those who are least able to pay, namely, the average man with the large family. I am well aware that the member for one of the Bruces, I think (Mr. Malcolm), said yesterday that the rich man paid in proportion to his riches through the sales tax. I submit, however, that that is not so. This particular tax, especially as it

applies to the necessaries of life, falls upon the average man with a large family much more heavily than it does upon the rich man. Moreover, it is in no sense proportionate to the services rendered the individual by the community. Let me take an example to show that. Suppose a bachelor to be the owner of a valuable mining property, yielding him, say, a million dollars a year without any effort on his part. Now, I happen to know one man—he is not a bachelor, but I do not think he has any children—who was very much in that position some years ago. He received an enormous income, although I do not know that he got quite as much as I have suggested. I think, however, that this is a fair supposition. We will suppose that he gets a million dollars a year by reason of his ownership of this valuable property. Now, then, imagine one of his employees working for $3 a day and having to support a family of five. That employee may pay, indeed, will pay, more for the necessaries of life than the rich bachelor who is in receipt of a million dollars a year without any effort on his part. That is about the way the sales tax and the tariff tax work out.

Or take another example. In western Canada the Canadian Pacific Railway has been granted by the Canadian people quiet possession of thousands of square miles of valuable land which is increasing in value by reason of the labour of neighbouring settlers, while those settlers pay heavy customs and sales taxes on all their supplies. I think that is an outrageous, a scandalous state of affairs. So far as the ownership of that property is concerned, the Canadian Pacific Railway pays not one cent of taxation into the federal treasury, while the people who are settled in these districts pay heavy customs and sales taxes on all the commodities they require. I submit, Mr. Speaker, that the tax on consumption is unjust and unwise and should be abolished, perhaps not immediately, but as soon as may be. There is one exception, possibly, which I would make. If it is considered desirable to discourage the use of any commodity, then the customs tax or the sales tax would be justifiable. If we could only agree on what commodities are to be discouraged, then of course we might permit a heavy tax to remain on them. But the difficulty is that we cannot agree on this point; some commodities are felt to be useful to one man while they are a curse to another,

and we cannot find any common basis for action in regard to most commodities which we call luxuries. There are some, perhaps, like alcoholic beverages, which we would generally agree should be taxed under this system. But even if we could agree that customs duties and sales taxes are proper and wise on such commodities, I am afraid we should not get a very large revenue from taxes of this kind.

The second species of tax I desire to refer to is exemplified in the graduated income and inheritance taxes. The basis of these taxes is the "ability to pay"; but the ability to pay is not always a measure of the privileges, rights, and services conferred upon or rendered to the individual by the community. Perhaps under existing conditions it is largely so, but there are notable exceptions. Take the case of two farmers living side by side on land of equal natural value and equal value so far as location is concerned. One farmer may be diligent, enterprising and thrifty and may do well. He may accumulate quite a competence, build up his farm, and in the course of some years develop a very valuable property. The other man may be lazy, thriftless, and live on the verge of bankruptcy practically all the time. This, I think, must indicate to us that it is not always wise to tax according to ability to pay. In this particular case it is grossly unfair. Both these men have equal opportunities so far as the community is concerned, though perhaps the poor, ignorant, lazy man might claim that society owed him better care when he was a youngster than to bring him into a condition of that sort. But leaving that aside, I do not think we should penalize thrift and industry, as we are bound to do in a tax based exclusively upon ability to pay. Industry ought to be encouraged; and if we permit idleness to eat the bread of industry, then by and by we are not going to have very much bread in this country.

It seems to me, Mr. Speaker, that this is one of the most important questions which we have to consider in connection with taxation. We must, I believe, devise a system of taxation which does not discourage but which encourages industry. Now, if, as in some of these cases I have mentioned, the idler gets the biggest return, and the worker has to labour hard for a pittance, we are certainly not doing very much to encourage thrift and industry; and I submit that the whole system

of taxation on consumption and to some extent that according to "ability to pay" has the effect of discouraging thrift and industry and encouraging idleness.

However, while making that statement, I do think that the apportionment of taxation according to ability to pay is largely justified nowadays, because by unjust systems of taxation and by other special privileges we have allowed the idler to confiscate the earnings of the worker. Having permitted the poor to be robbed—and in this connection I recall a rather well-known phrase of the late Sir Wilfrid Laurier, "Protective tariffs are legalized robbery" —having permitted the poor to be robbed, we make a belated and largely futile effort to recover part of the spoils, and, unfortunately, in so doing we incidentally penalize honest industry and thrift. I think it would be better to purify the stream at its source, to stop the iniquity at the beginning.

Mr. RYCKMAN: If the hon. member will allow me, he has made it abundantly plain that he is altogether opposed to a protective tariff. If in power would he by one stroke sweep away all tariffs, or would he get rid of them gradually?

Mr. GOOD: Mr. Speaker, I can answer my hon. friend's question definitely and honestly. I would not advocate the sweeping away of all protective duties immediately. I would set about discovering some better system of taxation and introduce that gradually to replace what I regard as a vicious system.

Now, the third system or species of taxation is exemplified, although but imperfectly, in the ordinary property tax. Property in common usage comprises many essentially different things: land, mines, water-powers, buildings, tools, clothing and everything else to which exclusive legal right is given the individual by the state. But of these various kinds of property there are two main classes: first, those kinds of property which are not the product of labour, such as unimproved farm land, mineral resources, water-powers, site values, etc.; and, secondly, those kinds of property which are the product of labour such as wheat, houses, clothing, tools, etc. The first class is designated in the platform of the Progressive party as "unimproved land values, including all natural resources;" and the broad and vital distinction between the two classes of property can be well summed up in the terms, "land values" and "labour values"; and the Farmers' platform, as is well known, advocates the taxation of land values.

Now, Mr. Speaker, I submit that there is no juster or more accurate measure of the rights, privileges and services conferred upon the individual by the state than the land values to which he has legal title under our existing laws, for the ground rent of such land values is the measure thereof. This ground rent is the annual value of the rights, privileges and services conferred upon the individual by the state, because it can be enjoyed without personal effort on the part of the individual. Therefore the Progressive party advocates the taxation of land values for federal purposes, as they are now partly taxed for municipal and provincial purposes. I submit that the taxation of land values is based upon equity and justice, and, moreover, will have the incalculable advantage of stimulating instead of restricting and curtailing production.

We have been debating for many days how we are going to increase production in order to pay our enormous national debt and solve our railway problem. There is nothing more necessary in Canada from a material point of view than increased production. If we can solve that problem then we can solve our national debt and railway problems. Now, taxes on consumption, tariff and sales taxes, inevitably tend to curtail and discourage production; but taxation of land values has the opposite effect because it tends to force all natural resources to be used. To the prospective farmer it makes land cheaper, and thus decreases his cost of production. The substitution of the taxation of land values for the tariff and sales taxes, at least so far as necessaries are concerned, will reduce to the farmer both the cost of land and also the cost of supplies, and thus stimulate production. It will increase the average ability to pay, for all taxes come out of the wealth produced by those who labour, and anything which assists production to that extent increases the fund from which taxes come.

I do not think there is anything that we can turn our attention to of greater importance at the present time than this means of increasing production. And while the initial effect of this species of taxation would be to give every possible encouragement to the user of agricultural and other natural resources, it would have the secondary effect of increasing the value of these resources, and therefore increasing

the revenue which we derive by taxing them.

So far as our farmers are concerned, I made a calculation a few years ago as to the effect which the change resulting from substituting the taxation of land values in Ontario for the tariff tax would have on the farmers of that province, and I found that they would pay only one-tenth as much under the system of taxation of land values as they have been paying under the tariff system. That surely would be an immense inducement to farmers to speed up production. It would, I submit, assist very materially in the development of the most important of our primary industries.

In that connection I wish to point out again what has been pointed out so many times in the past, that the taxation of land values is not the taxation of land acreage or area. I think that those who go into the matter closely will find that in our agricultural districts unimproved land values are very, very small, and that this particular kind of taxation will be very easy on farmers. However, I do not think the farmer would be justified in supporting it on that ground—not at all, but on the ground that it is a system of taxation which is absolutely fair and just to all industries, and which is based upon the principle that taxation ought to be in proportion to the service rendered by the community to the individual.

In conclusion, Mr. Speaker, I submit this question: Is the taxation of land values feasible, and what can we expect to get from it? Well, we have it to some extent municipally at the present time. We have in our municipalities all the machinery for assessing and collecting it so far as municipal values are concerned. We have it provincially in respect to the western surtaxes on vacant land, and we had it in Ontario in a measure during the war, when a limited amount of taxation was imposed by the province upon real estate for war purposes. We have it exemplified at the present time most completely by the Toronto Harbour Commission which has control of the "made land" along the Toronto waterfront. I understand that all that land is to be leased on short term leases and never sold. That policy which the Toronto Harbour Commissioners have adopted is almost a complete realization of the taxation of land values. Personally I am very glad indeed to see such an apparently successful and commendable example of this particular kind of taxation in the municipal field. We have also in the Australasian countries—New Zealand and Australia—I have some particulars here, but I will not submit them to the House—we have a record of the taxation of land values for their federal purposes. Now, in regard to the taxation of land values for federal purposes, I am going to suggest to the hon. Minister of Finance that so far as municipalities are concerned, the machinery for assessment and collection is all there; no new machinery needs to be created; there is little added expense in utilizing the machinery already in existence. So far as the larger corporations and values are concerned which are not within any particular municipality, we have already the income tax machinery which can be employed in that connection. I submit that we may very well begin to adopt a policy in that direction in the very near future—at once, even, and with pactically no expense for the creation of new machinery.

10 p.m.

Now, what revenue can we expect this tax to give us? I made some calculations a few years ago regarding the unimproved land values in Canada, and while there was a good deal of guesswork about it, the conclusion I came to was that, roughly a one per cent tax on the unimproved land values of Canada would give us a revenue of $80,000,000. Now, that certainly is worth while, and if we begin in that little way, pretty soon, I think, we would find our financial burden very much lessened. I repeat the answer which I gave to the hon. member for East Toronto (Mr. Ryckman); I would not suggest any very drastic and sudden changes in our methods of taxation, but I would suggest the immediate beginning of something that is likely to become permanently valuable for this country. I see no difficulty about adopting this plan at once, assessing and collecting through our municipal machinery those values that lie within the municipalities, and assessing and collecting the tax on the other values through our income tax machinery. I submit that suggestion to the Minister of Finance, with every emphasis which I can possibly place upon it.

There are only two other suggestions, Mr. Speaker, which I wish very briefly to place before the Minister of Finance in regard to our whole financial situation. The first is this: that we might adjust

federal taxation and public works to prevent inflation and deflation. It is generally admitted that these booms and depressions occur in cycles and that during a period of inflation there is what you might call intoxication of industry. Prices go up; everybody thinks that prices are going to get better, and we have a period of inflation. Then the crest of the wave is reached, and we have a sudden drop—a slump. People get discouraged; we have paralysis of industry. We have such a situation now existing in Canada, aggravated of course, as it is at present, by the European situation. But, Mr. Speaker, it seems to me that if the federal government were to levy heavier taxation during a period of inflation and withdraw money from circulation—not put it in the banks where it will go back again to stimulate industry; industry does not need stimulation at those times; it needs checking—if such money as is not needed for the requirements of the time can be withdrawn from circulation and set aside for use in a period of deflation, we would have a sort of automatic control over the rising and falling of prices. When the period of deflation begins to come and men are thrown out of employment, we would have our public works to fall back upon,—works which had been held in suspension, so to speak. In that way a great deal of the distress which now prevails could be avoided. It seems to me this is entirely in line with the policy that any sensible farmer would follow. In a period of active demand for his crops, he would concentrate his energies upon raising crops to supply the demand, and then in a period of depression, having set aside some money for duller times, he would use the money and use his labour for the carrying on of certain improvements which he had delayed. If we could adopt a policy like that in our federal taxation we could in many ways prevent these recurring periods of depression—not, perhaps, entirely prevent them, but assist in controlling the situation, assist in preventing the serious evils that have arisen in that connection and which exist at the present time.

Just in conclusion, I want to suggest to the House that the whole question of the control of credit, which forms the subject of a resolution that was presented here some time ago, is a matter which should be studied very seriously by the Government in connection with our financial situation, and particularly in connection with the Bank Act, which is to be revised next year.

Now, Mr. Speaker, I have perhaps taken more time than I had intended to occupy in presenting these views to the House, but I feel that I am justified, because these views have not, so far as I know, yet been presented to the House. They deal with part of the farmers' platform—the taxation of land values as a permanent policy of taxation. I submit that we should get away as soon as possible from the onerous and unfair methods of taxation which we have been following in the past and try to devise and adopt and apply a righteous system which will inevitably result in increasing the prosperity of this country.

Hon. THOS. A. LOW (South Renfrew): Mr. Speaker, at this late hour I do not propose to occupy the time of this House at great length. But before I proceed I should like to extend to the Minister of Finance (Mr. Fielding) my most hearty congratulations upon his being spared to present his sixteenth budget. I know of no man in the public life of this country who enjoys the confidence of the people to a greater degree than the hon. Minister of Finance.

It occurs to me, Mr. Speaker, that the budget is very much like the financial statement of a great corporation as presented by its president. From that point of view I venture to make a few remarks to-night. While I have enjoyed the oratory of my hon. friend from Brant (Mr. Good) he will pardon me if I do not attempt to follow his remarks. The only thing I can say is that I thank Providence for having placed and kept men with the tariff views that my hon. friend entertains in the minority.

It will be generally admitted, Mr. Speaker, that when the present Government assumed office it was confronted with very serious problems, such as falling revenues and increasing expenditures, general business depression, and increasing unemployment. That the Government has met the situation in a fearless manner and has accomplished much will be admitted by the average citizen of Canada who is not unduly biased. I am sure that the action of the ministers of the various departments in their endeavour to reduce the expenditures of this country will commend itself to the people, as will also the statement made by the Minister of Finance that he intends to keep the

expenditures within the revenue. The introduction by the Minister of Finance of new taxes that will bear as lightly as possible on the plain people of Canada will, I am sure, meet with general approval.

We all know that the tariff question has been the football of all political parties for the last fifty years. There are those who would abolish the tariff altogether as a cure for all our national ills. I want to say, Mr. Speaker, that I do not agree with that view, and that I do not think the farmers, of the province of Ontario at least, entertain any such opinion. I come from a constituency which is at least 60 per cent rural, and I want to tell hon. gentlemen that I received in the rural sections of that constituency almost as many votes as did the farmer candidate. Not because I told them that I would help them to escape the payment of a few dollars on agricultural implements. No; but because I told them that from my place on the floor of this chamber, and at all times, I would endeavour to secure for the farmers of this country better markets for the products they had to sell.

Now, Sir, in the province of Ontario I believe that the farmers, just the same as the urban portion of the population, if left to themselves would appreciate the value of a tariff. Why? Because they know that the best market they have is the home market; and I cannot understand how men argue from an opposite standpoint. Take a glance at the statistics for the year 1921, and what do we find? That the value of the total products of Canadian farms amounted to $1,396,233,000. After listening to the various speakers on the Progressive side you would imagine that the farmers received no benefit from the home market; that the market for their products was largely the export market. But what do we find? That in the same year, 1921, the total of farm products exported from this country amounted to $388,237,000. What does that mean? It means that the people of this country consumed 73 per cent of the products of every description produced on the farms of Canada, and that only 27 per cent was exported. I ask any fair minded member of this House if he would do anything to jeopardize the market that consumes 73 per cent of what the farmers produce.

We hear a great deal about the agricultural implement industry, and one would think from the arguments advanced that if the duty were completely removed from agricultural implements the farmers of this country would be greatly benefited. But I find on referring to departmental records that the farmers in the Dominion of Canada purchased agricultural implements to the value of $51,637,441. Now admitting for the sake of argument that the manufacturers take advantage of the full benefit of the duty—which I do not admit—what would that mean to the individual Canadian farmer? According to last available figures there were 714,646 citizens engaged in farming. It would represent a per capita payment of $9.04. Yet some men tell us that the tariff is a great burden to the farmers, and that for the sake of saving $9.04 per capita they would wipe out one of the largest industries of our country, an industry that in the city of Toronto gives a living to at least one-twentieth of its entire population. Surely, if the farmers themselves had to vote on the question of killing an industry of that size they would hesitate about doing it. My opinion is that if the facts were plainly placed before them, they would stand by a policy that will build up the national industries of Canada, because they know that the better the home market is the more advantageous it is for our agriculturists.

I promised my constituents that if elected I would urge upon the Government of the day that negotiations be opened up with any country that would give us better markets for our agricultural products, and I am glad that I did not have to wait very long after coming to Ottawa to see that idea carried out. I found the Minister of Finance ready and willing to go to Washington to negotiate, if possible, a treaty that would be solely in the interests of the farmers of this Dominion. In 1911, although a manufacturer, I stood upon the floor of Parliament and urged the adoption of the Reciprocity Pact. Why? Because I believed then, as I believe now, that it would not hurt the manufacturer, but that it would be a great benefit to the Canadian farmer, and that is the reason why the farmers in my riding supported me so strongly in the last election. They knew if anything came up in this House that would be to their benefit I would not fail them.

We have many serious problems, and one perhaps more serious than any other is that of our great railway system, with its 22,000 miles, with its annual deficit and the effect that has upon the whole country. Trade cherishes the railway as its best customer, buying thousands of tons of coal annually, using the steel and iron of many

mills, and the products of our vast forests, and giving employment to 185,000 men, providing a living for, at least, 900,000 of our population, and I am sure that anything that would affect our railways would affect the country. When the railways are depressed, the whole business of the country is depressed. Anything that will be for the benefit of our railways will be for the benefit of our country as a whole, as the deficits of the railways are paid by the people of this country.

Every proposed law that comes before this House should be scrutinized, because, after all, any blunders that are made are, in the last analysis, paid for by the people of the country. It is a strange coincidence that just 50 years ago the United States were passing through the same experience, and had the same problem to contend with that we have to-day. In the year 1872 President Grant, in his message to ongress, recommended that a select committee be appointed to investigate freight rates between the west and the east. The farmers of the western states at that time were groaning under the same burden that the farmers of the Canadian West are groaning under to-day, and, as a result of that investigation made by Congress, rates were reduced. I will read what history records 50 years ago.

> The lower rates conceded to shippers induced an increase in the general volume of traffic. The farmers prospered because rates were reduced and the shareholders and the railway companies, who had not prospered hitherto themselves, realized that it was business and not high rates that they required in order to make money on their investments.

In that same year the commission reported, and one paragraph from the report reads as follows:

> The cry of despair which comes from the overburdened west; the demand for cheaper food heard from the labouring classes of the east and from the plantations of the south, and the rapid falling off of our principal articles of export all indicate the imperative necessity for cheaper means of national transportation.

Now, Mr. Speaker, what the West needs to-day is cheaper freight rates. The importance of the railways to the West, I am sure, will be admitted by everybody, and it seems to me that they should have the lowest possible freight rates. What the seas are to England the railways are to our Canadian West. Without the railways the West would be in as bad a condition as England would be without the seas. The great problem in connection with our railways is, by what means shall cheap and ample facilities be provided for the interchange of commodities between the different sections of our widely extended country? Everybody knows that the interior growth of any country is due to the railways. The demand of the people of the West to-day is for adequate and cheap transportation. We heard the Minister of Railways (Mr. Kennedy), when he addressed the House sometime ago, outline his proposals and, I think, if we are to succeed with our railways, it can only be done by giving the minister a free hand and a fair opportunity to operate those railways upon business principles and business methods. Sectional interests must give way to the larger interests of all the people. Increased business with the railways will reduce the deficits as well as lower the rates of the railway. As members from Ontario, we are deeply interested in railways, because, after all, the lion's share of the deficit will fall upon the provinces of Ontario and Quebec. We have heard many speakers, but after all, unless some constructive policy is suggested and adopted we will not accomplish anything. I believe that, if we are to wipe out our railway deficit, it can be done in one way and in one way only, and that is by increased population—an increased number of settlers upon the land.

I will endeavour to present to the House what, in my opinion, is the solution of some of our national ills and financial burdens. It has been said by eminent railway authorities that every settler placed upon the land is worth $746 annually to the railways. If that be the case, the first thing the Government should do is to inaugurate a progressive immigration policy. No doubt there is a certain class of immigrants we do not wish to see coming into the country, but there are people we would welcome. We should first make an attempt to reclaim many of the Canadian citizens who have gone to United States. How are we going to accomplish anything in the way of immigration? We have 19 immigration agencies in the cities of the States and twelve agencies in the United Kingdom. I think the Minister of Immigration (Mr. Stewart) should waken up these agencies, rouse them, and treat them in the same way as a business man would treat one of his agencies. If a business man finds that a manager in his office in a foreign country is not doing any business, he wants to know the reason, and, if the business is not forthcoming, he will quickly make a

change. I believe that if every one of these thirty-one agencies was alive to the requirements of the country, we would see an influx of immigration that we have never had before.

We would like to see as many settlers from the United States as possible. They are very much like ourselves, and I believe they would settle our lands and make first-class citizens of this country. I believe an immigration policy should be put in effect in England that would induce as many as possible to come to this country. There is, in England, a class of people who, I believe, are available and possibly could be induced to come to this country, a class of educated, trained agriculturist families. English periodicals tell us that many of these families which, before the war, had sufficient incomes to maintain themselves in considerable affluence, find the inroads of the war and the pressing burden of taxation so great that they are unable to maintain their former standard of living and their financial position, and the capital realized from the sale of their lands and the income which is still theirs would enable members of this group to exist in a comfortable condition in this country. A determined and special campaign directed towards this group would result in bringing to Canada large numbers of permanent settlers of a most desirable type. In England and Scotland there are many young farmers who, by personal service during the war, have saved up sufficient means to purchase small land holdings. Many of these men have been agriculturists, gardeners, country merchants while their wives and sisters have been brought up in the country and in country villages and are accustomed to rural life. They, to my mind, would make most desirable settlers.

In Scandinavian countries, there is also a class of people who will make most desirable citizens, and I would refer more particularly in this category to Norwegians, Swedes, Danes and Icelanders. More Swedish farmers came to Canada from the United States than came from Sweden. The population of Sweden is not very large, but history tells us that those who have emigrated to the United States have made excellent citizens. According to the records, 43 per cent of those who emigrated to the United States have remained and are to-day on the land. Of eleven groups investigated, the Swedes committed fewer crimes than almost any other nationality. The Norwegians, like the other Scandinavian races, are a hardy adventurous race, and they become naturalized citizens very quickly. They have sent to the United States more people than almost any other nation except the Irish, and there are nearly one-half as many Norwegians in the United States as there are in Norway. We might very properly turn our attention to this class of immigration. An investigation of Norwegians in the United States revealed the fact that 63 per cent of them were engaged in agriculture, and I am sure that what we require in the settler coming into this country is that he will settle upon the land. More than one-third of the Norwegian farmers in the United States are settled in Minnesota, one-fifth in Wisconsin, and the production of those two states in wheat and other farm products, as well as the general development, speak well for the type of settlers and citizens they make. I might go on at some length; but I believe if a businesslike immigration policy is introduced in this country, it will do more to relieve the deficits of our railways than any other method that we can adopt.

I am not going to detain the House longer; I merely wish to say, in conclusion, that we have a great country; but we can only keep it great provided all our people are united and contented. That, Mr. Speaker, above all else, should be the guiding star and the aim of every administration, so that every shade of thought is duly considered in the framing of policies and in the carrying out of those policies. Liberal administrations have adhered to those principles in the past; and if the present Liberal Government lives up to the traditions of the great Liberal party, we may look forward to the dawn of a new era of prosperity, contentment and happiness.

Mr. WILLIAM BLACK (South Huron): Mr. Speaker—

Mr. WILLIAM IRVINE (East Calgary): Mr. Speaker, I beg to move the adjournment of the debate.

Mr. BLACK: Mr Speaker—

Mr. IRVINE: Mr. Speaker, whom do you recognize?

The ACTING SPEAKER (Mr. Marcil): The hon. member for South Huron has the floor.

Mr. WILLIAM BLACK (South Huron): Mr. Speaker, as this is the first time I have

spoken, I have a considerable feeling of diffidence in the presence of the many old parliamentarians whom I see around me and who have been in this House for so long a time. I must at the outset confess that I have been rather disappointed in the budget that has been brought down by the Minister of Finance (Mr. Fielding). In the election of 1921, the Liberals, when they came out to oppose us, told us that the two parties were practically the same, but I differ greatly with that statement as I take my stand in the House. Last fall at Calgary the Prime Minister (Mr. Mackenzie King) delivered an address in which he spoke about the downward revision of the tariff and also a complete elimination of those duties which we have had for many years; but there is surely something radically wrong when we compare those statements with what we find in the budget that has been brought down by the Minister of Finance. This reminds me of an address that the ex-President of the United States made about a year ago, when he stated that he had never seen a minister of finance deliver a budget speech without a joker at the end of it. Had farm implements been left as they were instead of a reduction of 2½ per cent being made in the duty and then there being added, as it were, as the ex-President of the United States said, two or three jokers, I would have been quite well satisfied, especially if my hon. friend had put an excise tax on all those articles that are manufactured in this country.

The minister speaks as though it were a difficult undertaking to raise the revenue. Our good friends to our right almost declare that unless there is high protection, you cannot manufacture goods in this country. If they want high protection, I would advocate the imposition of an excise tax, and then some of the money will go into the treasury of this country instead of all going into the pockets of the manufacturers.

Let us consider some of these manufactured goods. In the first place, I think we could easily reduce the duty on boots and shoes by one-half. And let me say right here that the boots and shoes that have been manufactured in Canada during the past six or eight years have been hardly fit for any man or woman to wear. I have known instances where children's boots, costing between $3 or $4 per pair, coming out of the factories here, have gone to pieces after three weeks of wear. The manufacturers of these particular articles should, I think, use more brains and better material in making them, because the class of goods they turn out at present is certainly not a credit to them. As one hon. gentleman near me suggests, they should put more leather and less paper in them, and there is a good deal of truth in that. In the year 1921, there were imported into this country over $2,000,000 worth of boots and shoes, while the exports totalled over $1,500,000. Of these exports some $354,000 worth went across the border. Now, if these manufacturers can compete with the American manufacturers, sending this quantity of boots into the United States, I think they should certainly be able to meet the competition of the boots exported from the United States into Canada. The exports of boots and shoes from Canada to Great Britain in the same period amounted to $904,000.

I think the Minister of Finance should have given more consideration to the question of building materials and agricultural implements. I have been informed on good authority, and the fact was mentioned in the House yesterday, that the manufacturers' warehouses are filled to the roofs with farm implements, and I understand that the same thing is true in regard to other manufactured goods that are used in building in this country. If these gentlemen would only lower their prices, as the farmers have done, this Dominion to-day would not be in the condition which is so generally deplored, and there would not be so many men walking the streets, because people would be able to buy and money would be in circulation. I know that the common talk in my part of the country is this: "We will not buy implements until these men decide to bring down their prices". That is the attitude of the people in western Ontario, and I for one do not blame them. If these men keep their manufactured products in the warehouses in the hope of being able to sell them at exorbitant prices, where are the farmers going to stand?

There is a further consideration in regard to the manufacturers in Canada. They are given a rebate on the duty they pay on raw material entering into the manufacture of goods which they ship out of the country. I contend that this is unreasonable, because I think that they can compete with the manufacturers across the line, or with those of any other country.

There is a good deal of talk about the want of population in Canada, but I do not see how we can hope to increase our

population or retain the people we have already, unless we can improve conditions and make the country more attractive to intending immigrants. In the last decade, taking the natural increase with the immigration that came into the country, our population ought to have been 11,000,000, and it is quite obvious that conditions in Canada could not have been such as to appeal to the people who left. When the hon. member who spoke a few moments ago (Mr. Low) said that 73 per cent of the produce of this country was consumed in Canada, I was almost staggered. That may be true, and I am not going to doubt the hon. gentleman's word but I can hardly credit the fact.

I do not want to take up much time, but I desire briefly to refer to the railway situation. Let me tell the Minister of Railways (Mr. Kennedy) at once that as a good Canadian I believe that the National Railways can be operated and made to pay inside of three years, provided the right men are placed at the head of the system. I might as well express the opinion here as in the back concessions of my constituency, and I will tell the minister that the sooner he changes the management of the railways the better it will be for them. He must begin a vigorous use of the pruning knife, and most of all he must have at the head of the railways a man in whom the people can have the fullest confidence. No one has any faith in the man who is to-day at the head of the railways. That is the common view all over the western part of Ontario, and the sooner the minister gets a young man with a broad vision, who has his name to make, and places him in charge, the sooner will the National Railways be made to pay for themselves.

I might go on to speak of the merchant marine, but as the time is short I shall not do so. I should like, however, to say a word or two about the Civil Service. I think the service is over-manned, and I was about to suggest that it could be reduced by one-third. At all events, I do not think there is any doubt about the fact that it could be curtailed to advantage. But if I mistake not, there will be as many civil servants in Ottawa at the end of this year as at the beginning. In my opinion the civil servants could be reduced by thousands, and I would ask the Government seriously to get down to business in that direction and see that the service is cut down wherever there is over-manning. Any minister, if he goes through his own department, can, I believe, find instances of this.

[Mr. Wm. Black.]

There is one other matter I shall refer to before concluding; but in passing I might suggest that a good deal of time has been wasted during the past week in this debate. I think that the man who talks for over half an hour, apart from the leaders of the parties and their lieutenants, is taking up too much time. However, to proceed. Our hon. friend the Minister of Finance visited Washington some time ago, and we often hear it said that he might as well have stayed at home. Now, I do not agree with that, for I believe in dealing with our first cousins across the line, if I might so describe them. The United States is our best market and probably always will be. Just to spend a few moments on the question of our trade relations with that country, I might refer to the reciprocity treaty of 1854. Under that treaty Canada's exports to the United States increased from $10,750,000 in 1854, to almost $38,000,000 in 1866. Twenty years later, in 1886, our exports to the United States were only $34,000,000. Our exports nearly quadrupled in twelve years of reciprocity. In twenty years, when comparatively mild tariff restrictions existed, they declined by $3,500,000. Later on, when real restrictions began with the McKinley tariff, the effect was more injurious and was felt by the farmers of Canada with particular force. In 1888 Canada's export of animals and their products to the United States amounted to $7,500,000. In the fiscal year of 1893, when the McKinley tariff had made its full effect felt, they were down to less than $4,000,000. In the same period our exports of other products of agriculture shrank from $10,000,000 to $4,000,000. About that time occurred the darkest period in the whole agricultural history of Canada. Potatoes were sold on the Toronto market at 20 cents and 25 cents per bag, while good cattle in the country sold for from $12 to $15 per head. The only wonder was that farmers were able to exist at all. A great many of them left their farms, and a great deal of the best blood of rural Ontario emigrated to the United States during the dark days of the early nineties.

The first relief came in 1897, not with any easing up of the American tariff but merely as a result of the removal of quarantine regulations. About the year 1891 there had been a ninety-day quarantine against cattle moving either way across the border. Hon. Mr. Fisher, when he became federal Minister of Agriculture, se-

cured the removal of that obstruction, and as a direct result, although the American tariff still remained, our exports of cattle across the border jumped from 1,646 head in 1896 to 90,000 head two years later. The effect was immediate, prices beginning at once to advance with the removal of the quarantine. And still we hear people saying that the market across the line will hold up our own market here. Well, our own market is good enough, but still we have a surplus to export, and the American market is the best market we have.

The real boom came, however, in 1913, when some agricultural products were placed on the United States free list, and duties in all lines were greatly reduced. As a result our exports of cattle alone to the United States during the seven years from 1914 to 1920, inclusive, averaged 260,000 head per year, as against 28,000 head in 1913. Our exports of all animals and the products of animals advanced from less than $13,000,000 in 1913 to $113,000,000 in 1920. Our exports of other agricultural products went up from $27,000,000 to $52,000,000 at the same time, our fisheries advanced from $5,750,000 to $18,500,000, and our forest products from less than $30,000,000 to $71,000,000. All told, there was an increase in our exports to the United States in all lines in eight years from less than $140,000,000 to $464,000,0000. If any stronger argument is required as to the value of the American market for Canadian producers, Mr. Speaker, I should like our good friends to the right of us to let us know about it.

The last American tariff went into force on the 28th May, 1921. In the first six months after that tariff was introduced our exports of wool to the United States amounted to only $13,560, as compared with nearly $1,000,000 for the same period in the previous year. Our export of potatoes was only $447,000 in the first six months after the new tariff came into force, as compared with $2,000,000 in the same period of 1920. Milk exports were less than $200,000 during 1921, while they were $1,295,000 in the previous year; our sheep exports were $421,000 as against $1,500,000; our cattle $2,369,000 compared with $17,000,000.

Now, Mr. Speaker, I am entirely in accord with the sentiments of the last speaker (Mr. Low) in regard to immigration. I believe our own Canadian boys are worth two or three of any class of immigrants that we can bring in. I think the Minister of Immigration would do well to try and get as many as possible of our Canadian men to come back from the States, instead of encouraging too many immigrants from the Old Land. We need immigration to solve our railway problem, but at the present time I am strongly against spending so much money to bring in immigrants until we are able to hold the people we have here.

Mr. LOVIE (rising):——

Mr. IRVINE: I move the adjournment of the debate, Mr. Speaker.

Mr. FIELDING: I hope my hon. friend will not press his motion. The debate is dragging out a little, and I think we all desire an early prorogation. Therefore we might sit a little later than the usual hour. If my hon. friend desires to speak now, he should have priority.

Mr. IRVINE: I will not press my motion to adjourn the debate now, Mr. Speaker, if I may have the opportunity to move its adjournment after the conclusion of the next speech. Will my hon. friend grant me that?

Mr. FIELDING: I understand the hon. member for Calgary does not press his motion, so it is open for any other member to speak.

Mr. W. J. LOVIE (Macdonald): Mr. Speaker, In rising to take part in this debate, I wish, along with those who have already spoken, to extend to the hon. Finance Minister (Mr. Fielding) congratulations upon his sixteenth budget speech in the Canadian Parliament. It is a unique record for a finance minister in any country, and one which it is very hard to duplicate. I give the hon. minister credit for all the reductions he has made upon foodstuffs and agricultural implements, but I would say that in my humble opinion, and looking at the proposition from the viewpoint of a western farmer, these reductions do not begin to go far enough to remove the handicaps under which agriculture, the basic industry of Canada, is suffering and has been suffering for the past forty years, ever since the inauguration of the national policy.

Of course we know that revenue has to be raised, and that it is the finance minister's first duty to provide money to run the affairs of the country, but a tariff that will impose handicaps upon the principal industry of the country is, in my judgment, not the best sort of encouragement to hand out to that industry, and expect it to be prosperous and develop and show life. The farmer is in the unique position of having

to pay whatever tax is imposed upon him as there is no one to whom he can transfer it. A manufacturer passes on the tariff tax he has paid to the wholesaler, who in turn passes the same with a profit to the retailer, who also in turn adds the whole thing together, and the consumer—the farmer—pays it. It ends there as there is no one he can pass the tax on to.

Were a customs tariff framed with the avowed object of raising revenue—suppose nothing else were in the finance minister's mind—then all the money collected under that tariff would go into the Dominion treasury and be available to pay the expenses of the country. But such is not the case. Under a protective tariff as we have had it in Canada, the Canadian manufacturer pockets the amount of customs duties and as the farmer has to pay them he is to that extent less able to pay into the national finances. Customs taxes place money in the federal treasury only when they are paid to the customs house officers at the regular ports of entry. But, Mr. Speaker, I contend it is not fair that anyone should be entitled, whether he be manufacturer or agriculturist, to put money into his pocket that really should belong either to the consumer or to the Dominion treasury.

A protective tariff was first inaugurated in Canada forty years ago to boost the manufacturing interests, and boost them it certainly did, until they were top-heavy. It made them act not as though they were giving service to the country as a whole, but as if they were the whole country. In the natural and successful development of a country the logical idea would be first to find the principal industry of that country, what the country was best adapted to, and then develop that industry. It is conceded by all that agriculture is the basic industry of Canada, and that being the case, it needs encouragement. So far in the history of Canada it has not had encouragement; it has really been poverty stricken. Let anyone examine the wage schedules of any competing agency for workingmen, whether in the case of manufacturers, the railways, the professions—in fact, any concern that employs men, and invariably you will find these firms offering larger remuneration than the farmer can afford to pay; consequently, the best men leave the farms.

Were manufactures to be developed as a secondary industry with a view to supplying the needs of the consumers at a reasonable cost and to selling the balance of their output in the open markets of the world, things would be different. But what is the state of affairs to-day? We find that implements are sold to the Canadian farmer by the Canadian manufacturer at a profit on the cost of production and then the customs duty added to that, while at the same time the Canadian manufacturer goes to other countries and sells that same machine far cheaper than he sells it to his home consumer. In proof of this I will give you a concrete example.

As the conditions of agriculture in the three prairie provinces correspond in a large measure with the conditions in the states to the south just across the international boundary as far as soil and climate are concerned, we in western Canada claim that to put the farming industry of Canada on an equal footing with the industry just across the boundary, and so enable us to keep the native born Canadian at home—and also to keep the immigrant who comes to our shores to develop agriculture in Canada, and incidentally to make a home and a competence for himself—we need to get our agricultural implements as cheaply as possible.

It was generally conceded at the last general election, and is just as necessary now as then—more so, in fact, because at election time these were only suggestions; now they are far more than that—that five things were absolutely necessary, to lift agriculture out of the mud and mire in which it had found itself placed, and set it upon a higher plane. These were: Reduction in the tariff; reduction in freight rates; cheap agricultural implements; wider markets; a better system of marketing our wheat.

Reduction in the customs tariff I have already spoken about. The pre-war period was not a prosperous time for agriculture. Agriculture was not on a par with other industries, and consequently languished. There are in western Canada millions of acres of as fertile soil as ever the sun shone upon, waiting for men and women to work and develop it, but at present no one who is not already engaged in farming will undertake such a proposition. Conditions have been worse for the farmer at this period of depression than at any other period, because the purchasing power of the dollar has been very low. The price of wheat went down as much in one year after the last war as it did in six years after the American civil war, and went down further. Mr. John Bracken, presi-

dent of the Manitoba Agricultural College, at the convention of agricultural societies held in Winnipeg in January of this year, stated that the American government had set aside one thousand million dollars to assist in financing farming operations in their country in 1922, and that their farmers had advantages which ours did not enjoy.

As rigid economy must be practised in handling the finances of the country, I would suggest to the Minister of Finance that he let the agricultural implements of the country carry as light a load of taxation as possible so as to give encouragement to the industry of agriculture, because if it is prosperous, all others will be prosperous in turn. Business men by the dozen said to me last fall, "The farmers are good spenders. If they have money, I will have money too, but if they have no money there is none for me and as they get theirs from the soil there is no one they can fall back upon." I am talking about a purely agricultural country; the money comes from the soil, and when the crop fails there is nothing else for the farmer to fall back upon.

Of course, there are other difficulties the farmers have to contend with as well as the injustices of a protective tariff; but the federal government have it absolutely within their power to remedy the injustices arising out of a protective tariff. A protective tariff is not a popular doctrine to preach in any of the three prairie provinces, where the people are situated a long way from markets and pay high transportation costs on all they ship out and all they bring in. They need every encouragement possible in the way of removing handicaps to their industry. I would suggest again that if it is absolutely necessary for revenue purposes to keep a tariff tax upon agricultural implements, a corresponding tax for revenue purposes be placed upon all implements of home manufacture.

Reduction in freight rates is very important, but there will be an opportunity to discuss that later when the bill with respect to the matter is before the House.

A better system of marketing our wheat is necessary in the national interest, but this also will be before the House, so need not be taken up now. I would just like to emphasize what has been already said, that no one who is not actively engaged in farming really believes, even if he pretends to believe, that the granting of a national marketing agency with compulsory powers to handle the wheat of the country, is protection as it is generally understood. If it is, I for one am quite willing for the finance department to collect from me every dollar the wheat board pays me for wheat, over and above what the world markets warrant, less storage and transportation charges. The idea of a wheat board is to cut out the big slump in prices that occurs as soon as the movement of the wheat starts in the fall, to hold the market steady, and to see that the producer gets for his wheat all that the world's markets warrant.

As the development of the natural resources is the first and most important industry in Canada, and as the greatest of all natural resources in western Canada is the top six inches of fertile soil, so one of the prime requisites of that part of the Dominion is to have some place to sell its products outside of our own country. It is the function of provincial legislatures to look after the domestic affairs of the different provinces, but finding export markets is something that comes purely within the scope of the Dominion Parliament. A large percentage of the farmers of the three prairie provinces feel very sore over the loss of the market to the south just across the boundary line. True, we have no say in that at present, but if we cast our eyes back to the general election of 1911, we do not need long distance field glasses to discern what particular political party worked hard and successfully to shut the Canadian farmer out from the market to the south, and to-day that same party openly avow upon the floor of the House that they are in favour of restricted markets. I claim, Mr. Speaker, that had there been reciprocity in natural products between the two great countries—Canada and the United States—from 1911 up to the spring of 1921, the advantages to both would have been so apparent that no endeavour would have been made to interfere with the free flow of natural products north and south.

Canada, in effect, said to the United States in 1911, just exactly what the campaign cry meant, "No truck or trade with the Yankees." And the Yankees have certainly taken us at our word now, but Mr. Speaker, I commend the action of the Finance Minister, at the beginning of this session in making an endeavour to secure better trade relations with our neighbours to the south. I wish him God speed on

that undertaking and I would heartily commend to the notice of the Government and the House the recommendation of my worthy leader, the hon. member from Marquette (Mr. Crerar), that Canada should have representation at Washington.

From 1917 until the spring of 1921 livestock had free access to the American market, but when the Fordney tariff took effect, it seemed as if a cyclone had struck the Canadian livestock interests. The two greatest livestock marketing centres in Canada are the cities of Winnipeg and Toronto. What is the effect of the Fordney tariff upon these markets? The livestock shipper from my district in Manitoba told me personally last fall, that he saw nothing for it but to pay duty and ship his cattle to Chicago, as the Winnipeg market was so congested that one carload of cattle would knock it endways.

About the Toronto market I know nothing personally, but I can give the evidence of a gentleman living within twenty-five miles of Ottawa who has handled thousands of cattle in Ontario, and who has assured me since I came to Ottawa, that he was entirely out of the cattle shipping business since the market to the south was cut off because he could sell fifteen carloads of cattle in Buffalo just as easily as he could sell two head in Toronto. Since coming to Ottawa I have learned on the floor of the House that the maritime provinces depend very largely on the market in the United States directly south of them for the sale of their potato crop. Mr. W. A. Brown of the Poultry Division, Ottawa, speaking at the Agricultural Society's Convention in Winnipeg in the spring of this year, said:

> We need to look for wider markets than we have at present for poultry products. We want to see Canada shipping poultry products to the great cities of Boston, New York and Philadelphia, just the same as they ship to us, oranges, lemons and walnuts. Thirty-five carloads of poultry were shipped, live weight, from Prince Edward Island last year to Boston, 3,000 birds to a car, and 16,000 carloads of fowl were consumed by the Jews in New York alone last year.

Coming to Ontario, I find that the district in the southern part of the province lying along the shore of Lake Erie, has become properous growing garden and field truck for the United States market. The city of Detroit with a population of over 1,000,000 is within easy reach of that district; it sends motor trucks into the fields where the produce is grown and takes it into Detroit, paying duty on it. The northern part of the state of Michigan being rocky and bushy, no truck is raised there, and Detroit depends on the southern part of Ontario for a large part of the necessaries of life, and the Ontario farmers are only too pleased to supply them. Farther west, some of the farmers are raising Kubanka wheat. There are no mills in Canada to grind Kubanka wheat. No mills nearer than Minneapolis can do so. Being practically rust resistant, Kubanka does better than Marquis in a year when rust bothers the crop. But the restricted markets which we have at present are against the raising of this particular kind of wheat.

I did want to say a word or two about freight rates, but that subject will come up later in the House. However, I would just like to mention one instance as to how freight rates are killing the trade of this country. An Ontario farmer was in our district last fall during threshing time, and wanted to take a car load of potatoes from Manitoba to his home district, because there was a scarcity of potatoes there. He could get potatoes at 70 cents a bushel f.o.b. the car. He found, however, that the freight was $1 a bushel so it was prohibitive to ship them; the producer would get 70 cents for his potatoes but it would take $1 a bushel to ship them to their destination. In that case there was nothing doing, and that is one of the reasons why farming is getting so unprofitable. There are many other similar instances that could be cited.

I submit, Mr. Speaker, that western farmers are not kicking against existing conditions without reason. I would like to draw the attention of the House to one of the statements made by Mr. Sanford Evans while giving evidence before the Committee on Agriculture on the subject of the "Wheat Board." He said that those who cannot make money out of wheat raising at present prices have no business to be raising wheat, and that, in spite of the fact that wheat prices had fallen below cost of production. Mr. Sanford Evans also said at the same time that the price of all commodities the farmer had to purchase had started to come down before the price of farm produce came down. What are the facts? In the fall of 1920 wheat prices came down a half and stayed down. In March of 1921 the manufacturers and implement dealers of western Canada in convention assembled, decided that the price of farm implements was not high enough and raised the price 30 per cent. The blacksmiths of Mani-

toba at the same time met in annual convention and raised their prices 25 per cent, and this in spite of the fact that prices of farm produce were cut in two. These men certainly showed that they hated to take a loss.

It comes hard to give up money that people thought they had made, some honestly and some by outrageous profiteering, out of the world's dire extremity; but it must be disgorged just the same.

We are not to see that equilibrium, without which there can be no widespread resumption of business, until every mother's son of us shall have let go of all the temporary advantages gained under the stress of feverish war activities. They were all unfair, unreasonable and uneconomic at the time. They represented not honest reward nor effort, but a world's agony. They could have no permanent place in any man's industrial or business calculation.

Will people never learn the lesson that we are absolutely interdependent. It seems not. The starting point of the prosperity of every man, woman and child in Canada is a living wage for the farmer. The western farmer who has to take 18 or 20 cents a bushel for his oats is in no position to buy merchandise or machinery made and transported by labour receiving the price of 20 to 50 bushels of oats per day. That fact is so plain, that any wage arbitrator or price-fixing conference should understand it.

We have more respect for plain everyday highwaymen than we have for those who have not yet relinquished ill-gotten gains and accepted their losses. Of course, we hate to take a loss, even though it be a mere return of money which we thought had come to us as a blessing from heaven while Germany sat on our neck; but it came from the hell of war and we have no business trying to hang on to it any longer at the expense of barring the return of general business activity. The sooner the war booty is turned into the common pool, the sooner all will again find incomes equal to necessary expenditures.

Now, Mr. Speaker, I have not offered any remedy for the loss of revenue likely to come to the treasury through the lowering of the tariff on agricultural implements, which I have suggested. If the farmer were in a better position financially he would be in a better position to pay income taxes, something which he is not able to do at present to any great extent as he has not the income. There are a few suggestions in the Farmers' platform issued by the Canadian Council of Agriculture in 1918 which I would commend to the notice of the Minister of Finance.

The farmers in my neighbourhood paid income tax pretty considerably in 1920, but, on the 1921 crop, I am afraid there will be very little income tax paid.

There is a system of collecting revenue, which I am going to bring to the notice of the Finance Minister, and the members of this House, of which I do not approve, and I would like an expression of opinion from the Finance Minister as to whether or not he approves of it, or how much of it has been done. I may say that the Income Tax Department are penalizing religious institutions. I do not know that it would be well to bring out the facts, but I would like to place them before the minister sometime or other. I have an idea that religious organizations were exempt from taxation, but I have a proof in my pocket that they are not.

Mr. HALBERT: I move the adjournment of the debate.

Mr. IRVINE: I move the adjournment of the debate.

Mr. SPEAKER: It is moved by Mr. Halbert that the debate be adjourned.

Mr. IRVINE: I rise to a point of order—

Some hon. MEMBER: Order, order.

Motion agreed to.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 61, respecting Niagara River Bridge Company.—Sir Henry Drayton.

Bill No. 109 (from the Senate) for the relief of D'Eyncourt Marshall Ostrom.—Mr. Church.

Bill No. 110 (from the Senate), for the relief of George Herbert Stanley Campbell.—Mr. Ross (Kingston).

Bill No. 111 (from the Senate), for the relief of Deliah Jane Mills.—Mr. Spence.

Bill No. 112 (from the Senate), for the relief of Robert James Owen.—Mr. Boys.

Bill No. 113 (from the Senate), for the relief of Gibson Mackie Tod.—Mr. Boys.

Bill No. 114 (from the Senate), for the relief of Mary Agnes Flynn Donoghue.—Mr. Macdonald (Pictou).

Bill No. 115 (from the Senate), for the relief of Margaret Thompson.—Mr. Sheard.

Bill No. 116 (from the Senate), for the relief of Daniel Calvin Bell.—Mr. Sheard.

Bill No. 117 (from the Senate), for the relief of Stanley Davidson Morning.

Bill No. 118 (from the Senate), for the relief of Johnston Nixon.—Mr. Rankin.

Bill No. 119 (from the Senate), for the relief of William Andrew Hawkins.—Mr. Ryckman.

Bill No. 120 (from the Senate), for the relief of James Malone.—Mr. Boys.

Bill No. 121 (from the Senate), for the relief of Marjorie Elizabeth Wickson.—Mr. Maclean (York).

Bill No. 103 (from the Senate), for the relief of Charles William Murtagh.—Mr. Boys.

Bill No. 76 (from the Senate), for the relief of Marie Louise Dagenais was considered in committee and reported.

Mr. GORDON moved that the bill be now read a third time.

Motion agreed to on division, and bill read the third time and passed.

Bill No. 83 (from the Senate), for the relief of Telesphore Joseph Morin was considered in committee and reported.

Mr. GORDON moved that the bill be now read a third time.

Motion agreed to on division, and bill read the third time and passed.

On motion of Mr. Fielding, the House adjourned at 11.12 p.m.

Monday, June 5, 1922

The House met at three o'clock.

ADMIRALTY ACT AMENDMENT

Hon. D. D. McKENZIE (Solicitor General) moved for leave to introduce Bill No. 123, to amend the Admiralty Act.

Sir HENRY DRAYTON: Explain.

Mr. McKENZIE: Under the present Admiralty Act the Governor in Council has the power to appoint a judge and a district registrar. There is no authority to appoint a deputy registrar or a deputy judge. Both these officials are now appointed by the judge. It is thought better that the same power that appoints the registrar should appoint the deputy registrar. That is the purport of the bill.

Motion agreed to and bill read the first time.

ESCHEATS ACT AMENDMENT

Hon. D. D. McKENZIE (Solicitor General) moved for leave to introduce Bill No. 124, to amend the Escheats Act. He said: This bill comes to me from the office of the Department of Justice, and its sole provision deals simply with the time in which proceedings under the Escheats Act shall be drawn. The original act is dated 1910, and this is the first amendment to it. The bill simply fixes the time within which an action must be brought. As a rule actions are brought within the usual limit of six years. This is a provision that any action under the Escheats Act shall be brought within two years from the arising of the cause of action.

Motion agreed to and bill read the first time.

SUPREME COURT ACT AMENDMENT

Hon. Sir LOMER GOUIN (Minister of Justice) moved for leave to introduce Bill No. 125, to amend the Supreme Court Act.

He said: Under this bill we propose to provide for an appeal to the Supreme Court of Canada from the decisions of the Supreme Court of Ontario in cases of reference made under a certain act passed by the province of Ontario in regard to provincial matters. At present there is no appeal, and we are asked to provide for an appeal.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

YUKON—EXPENSES; POPULATION

Mr. MACDONALD (Pictou):

1. What amount was paid out of the Treasury in 1921-1922 for all purposes, in the district of Yukon?
2. What is the population of the Yukon?

Hon. Mr. COPP:

Department of Agriculture: 1. $3,619.22. 2. No information.

Auditor General's Office: 1. Referendum Election, $4,573.30; General Election, $6,337.75. 2. No information.

Customs and Excise Department: 1. $28,493.01. 2. No information.

Department of Finance: 1. $23,200. 2. No information.

Department of Indian Affairs: 1. $25,424.89. 2. No information.

Department of the Interior: Salaries and expenses connected with the admin-

istration of the Territory, $57,316.31; grant to Local Council, $45,000; grant for maintenance of roads, $20,000; grant for road construction (Mayo district), $20,000; total, $142,316.31. 2. No information.

Department of Justice: 1. $34,032.11. 2. No information.

Department of Marine and Fisheries: 1. Meteorological Service—Dawson, $600; Carcross, $100. 2. No information.

Department of Militia and Defence: 1. No payments were made in the Yukon district during 1921-22 by the Department of Militia and Defence, but travelling and transport expenses to the extent of $1,536.30 were paid to members of the military forces proceeding there on demobilization. 2. No information.

Department of Mines: 1. $5,941.59. 2. No information.

Post Office Department: 1. $172,113.69. 2. No information.

Department of Public Works: 1. $124,158.03. 2. No information.

Department of Trade and Commerce: 1. No information. 2. 4,157.

Department of Secretary of State: 1. $8. 2. No information.

TORONTO SUBURBAN RAILWAY

Mr. HOCKEN:

1. What were the total gross earnings of The Toronto Suburban Railway Company for the year ending December 31st, 1921?
2. What were the company's grand total operating expenses for the same period?
3. What were the net earnings from operation for the same period?
4. What was the miscellaneous income for the same period?
5. What was the total income from operation for the same period?
6. What amount of taxes were paid during the same period, specifying the same?
7. What was the interest on funded debt during the same period?
8. What was the interest on floating debt during the same period?
9. What were the total deductions for the same period?
10. What was the net loss or profit for the same period?
11. Is the net loss of $83,403.06 in the operation of the same railway for the year ending 30th June, 1918, correct, as is to be found on page 137 of the Report of the Bureau of Railway Statistics for the year ending 30th June, 1918?
12. Is the net loss of $107,834.09 in the operation of the same railway for the year ending 30th June, 1919, correct, as is to be found on page 225 of the Report of the Bureau of Railway Statistics for the year ending 30th June, 1919?
13. Is the net loss of $96,684.22 in the operation of the same railway for the year ending 31st December, 1920, correct, as found on page 265 of the report of the Bureau of Railway Statistics for the year ending 31st December, 1920?

Hon. Mr. KENNEDY:

1. $423,143.09.
2. $425,127.06.
3. Deficit, $1,983.97.
4. $11,698.84.
5. $9,714.87.
6. Taxes on real and personal property, $5,064.65.
7. $118,260.
8. Nil.
9. $547.89.
10. Net loss, $114,157.67.
11. 12 and 13. Yes.

NASSAU, ONTARIO, DAM

Mr. THURSTON:

1. Did the Dominion government award a contract in the months of November or December of the year 1921 for the supplying of sixty chair castings and the necessary bolts and nuts for the dam at Nassau, Ontario?
2. If so, what firm was said contract awarded to and at what price?

Hon. Mr. KENNEDY:

1. Yes.
2. The G. Walter Green Company, of Peterborough; price, $55, F.O.B., Nassau.

RAILWAY COMMISSION—CHIEF TRAFFIC OFFICER

Mr. ARCHAMBAULT:

Is it not true that Mr. Campbell has been appointed by Order in Council to replace Chief Traffic Officer Hardwell on the Railway Commission?

Hon. Mr. KENNEDY: No; but Mr. W. E. Campbell was appointed Chief Traffic Officer of the Board of Railway Commissioners in succession to the late Mr. James Hardwell by the Civil Service Commission, under date of June 1st, 1922.

FRUIT COMMISSIONER

Mr. MAYBEE:

1. Does the Government intend filling the position of Fruit Commissioner, lately vacated by Mr. Charles Baxter, by promoting someone from within the service of the department?
2. Will the new commissioner have charge of the whole of the Fruit Branch or only half as heretofore?
3. Will the salary of the new commissioner be three thousand five hundred dollars, the amount formerly paid, or is it to be increased and by what amount?

Hon. Mr. MOTHERWELL:

1. The position of Fruit Commissioner does not become vacant until August 21, 1922, the date of the expiry of Mr. Baxter's leave of absence. The matter of a successor is under consideration and the recommendation in the Civil Service Act in regard to the filling of vacancies by promotion will be followed, if considered

in the best interest of the Department and approved by the Civil Service Commission.

2. The Fruit Commissioner has always had charge of the whole Fruit Branch since its formation, as the Department understands it.

3. The new appointment will necessarily be made in accordance with the Civil Service classification and no change in the salary range as provided in that classification is contemplated at the present time.

ROYAL NAVAL COLLEGE

Hon. Mr. STEVENS:

1. Has the Government ordered the closing of the Royal Naval College of Canada at Esquimalt, British Columbia?

2. If so, what are the conditions and terms of the said order?

3. Have the services of the staff attached to the said college been dispensed with?

4. When was the college originally established?

5. In the estimate of the Government has the objects for which the College was established been attained, and have the instructions given and work performed at the College been of a satisfactory character?

Hon. Mr. GRAHAM:

1. Yes, at the end of the present term.

2 and 3. Cadets will be returned home; second and third year cadets may enter the first and second year respectively of the course of applied science in the Universities of McGill, Toronto and Queen's; civilian and naval personnel, not required elsewhere in the service, to be demobilized when work of closing completed.

4. 1910.

5. Yes, for the present.

CHARLES DAUPHINEE

Hon. Mr. BAXTER moved:

For a copy of all letters, telegrams, reports, correspondence and other documents embodying the representations made to the Minister of Public Works with reference to the dismissal of Charles Dauphinee as janitor of public building at Lunenburg, Nova Scotia, and which representations were referred to the Honourable Minister as considered by him as being satisfactory to warrant the dismissal of Dauphinee without investigation.

Hon. MACKENZIE KING: I do not know of any objection to having this order passed. The Minister of Public Works, Mr. King (Kootenay) is not present to-day. Perhaps my hon. friend will allow it to stand.

Mr. BAXTER: Very well.

Motion stands.

[Mr. Motherwell.]

UNOPPOSED MOTION FOR PAPERS

Hon. Mr. STEVENS:

For a copy of all correspondence, letters, telegrams, and other documents exchanged between the Dominion Government or any minister or any officers thereof, and the Government of British Columbia, or the Premier of the said province or any minister or officer thereof, regarding the assumption by the Dominion Government of an issue of Canadian Northern bonds (estimated $40,000,000) guaranteed by the province of British Columbia and the releasing of the British Columbia Government of all liability in regard to the same.

BUSINESS OF THE HOUSE

SATURDAY SITTINGS

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved:

That on Saturday, the 10th June next, and all subsequent Saturdays until the end of the present session, the House shall meet at 3 o'clock in the afternoon and the order of business on Saturday shall be the same as on Friday.

Motion agreed to.

PRIVILEGE—MR. HOEY

On the Orders of the Day:

Mr. R. A. HOEY (Springfield): Mr. Speaker, I crave the privilege of making a very brief statement concerning two newspaper reports, one appearing in the Ottawa Journal on June 2, and the other in the Toronto Evening Telegram of June 1. Both these articles refer to a split or division in the Progressive ranks and associate my name intimately with that division. It is scarcely necessary for me to say that these reports have absolutely no foundation in fact; that they are wholly the product of some fertile and uncontrollable imagination. I should like to add that, in my humble judgment, they are wholly unworthy of Canadian journalism.

UNEMPLOYED RETURNED MEN

On the Orders of the Day:

Mr. J. S. WOODSWORTH (Centre Winnipeg): Mr. Speaker, what action does the Government propose to take with regard to the unemployed returned men who have arrived in the city of Ottawa?

Right Hon. W. L. MACKENZIE KING (Prime Minister): The deputation to which my hon. friend has just referred, waited upon members of the Government this morning and made their representations in writing. Those representations are being considered by the Government; they are also being referred to the special com-

mittee of the House which is, at the present time, dealing with matters affecting the position and well-being of returned men. When the report of that committee is presented to the House, there will be opportunity, if desired, to discuss those representations further.

THE BUDGET

CONTINUATION OF THE DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Friday, June 2, the debate on the motion of Hon. W. S. Fielding (Minister of Finance) that Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means, and the proposed amendment thereto of Hon. Sir Henry Drayton.

Hon. T. A. CRERAR (Marquette): Mr. Speaker, before I come to a discussion of the matter that is at present engaging and has engaged the attention of the House now for a period of some eight or ten days, I wish to make a reference to one or two matters that I should not like to have pass unnoticed. The first is to the fact that the Prime Minister, the leader of the Government (Mr. Mackenzie King), has been created a right hon. gentleman and can now share with my right hon. friend who leads the official Opposition (Mr. Meighen) any distinction and honour that attach to this title. I am not sure whether the addition of this handle to the hon. gentleman's name adds anything to his wisdom or not. In the very difficult and trying times through which Canada is passing, I could hope that that were the case. I, however, sincerely congratulate him on this distinction and honour he has received.

I wish also, like those who preceded me, to make a reference to the fact that this is the sixteenth budget delivered by the Minister of Finance (Mr. Fielding). The Minister of Finance occupies an unique position in this House in the fact that of the members associated with him who have had at any time in their career the responsibility of a cabinet position, the Minister of Finance is by many years the senior in this assembly. While I cannot always agree with the Minister of Finance, while I expect to have some disagreement with the proposals which he has submitted to the House, I feel that, throughout the whole length and breadth of this country, there is no man whose name stands higher in public esteem or who is regarded by Canadians as possessing in higher degree those qualities that tend to the best in our public men than the Minister of Finance.

I have every sympathy with him in the responsible and difficult duty which he has had to discharge to the House and to the country in submitting his budget proposals for the present year. The circumstances under which this is done are grave, and I for one wish to approach a consideration of this question from the one angle of making, if possible, some useful contribution to the solution of Canada's difficult and perplexing problems at the present time. The general financial position of the country is not good; in fact, that is putting the situation very mildly. When we examine into the position of an individual as regards his ability to meet his obligation or to make progress, we usually associate that with the financial position in which he may be, and in national affairs which, after all, are simply individual affairs on a much larger scale, the same idea must govern. In considering the financial position of Canada today, we are faced with this fact—I was going to say this startling fact—that the debt of this country is almost two and a half billions of dollars; that notwithstanding that we are approaching four years from the conclusion of the war, Canada added to her debt last year over $86,000,000 and the year prior over $91,000,000. Those facts cannot be disputed. They stand out clearly before every hon. member; they stand out clearly before the country. I do not think there is anyone in this House, or, for that matter, out of it, who has regard to Canada's good name, who would wish that Canada should escape her honourable obligations. In private life we like to see the standard of personal responsibility and obligation that imposes upon the individual the duty of paying his honest debts. That must and should hold in respect of our whole federal financial administration. And if it does hold, then the burden of this debt, with the tremendous taxation that it involves, is a matter of very vital concern to every person in this country. In discussing his proposals the Minister of Finance pointed out that it is rather a difficult matter clearly to establish the balance of debt in each particular year, from the fact that the practice has varied as to the particular accounts to which certain expenditures should be charged. He made reference particularly to our railway expenditures, and I wish to say a word or two in that connection.

It is quite clear that a great deal, if not practically all, of the total deficit of our railways, is properly chargeable to expenditure and not to capital. I quite realize that expenditures made for the improvement of roadbed, for the purchase of new rolling stock, and for the building of new lines, are properly chargeable to capital account. But I think that the Minister of Finance and the Government will be very well advised indeed to draw a very clear line down through these items, and to charge to expenditure every cent that should be so charged, so that we may know precisely where we are standing in respect of the whole railway enterprise. That is of first rate importance, and when that is done we must then endeavour to make provision for such expenditures. I think the Minister of Finance, in the proposals he has submitted to the House, is endeavouring to do that in the new taxation that he is imposing. There are some who harbour the hope that these railways eventually will return to the country every dollar that is now being taken out of the taxpayers' pockets to make good the deficits and the accounts on fixed charges. I cannot take that optimistic view because, Mr. Speaker, as I have said in this House before, the occasion of this expenditure in connection with our railways is due to the wild-catting in railways that has gone on in this country for fifteen or twenty years past, at any rate for the fifteen years prior to 1914. Railways have been built where there was no need of them, and vast capital expenditures have been embarked upon and engagements made that were unnecessary. But when the individual in his business makes a mistake of that kind he has usually to foot the bill, and that is the position we are in in respect of these railways. For several years, therefore, I am afraid it will be difficult for us to escape some drain on the public treasury to make good the capital charges that arise out of this undertaking. The Minister of Finance has estimated this year that, on the basis of last year's taxation, he will have a revenue of $332,000,000. Last year on the same basis we collected $381,000,000. He has pointed out, and quite rightly, that the estimates brought down and submitted to the House provide for an expenditure of $466,000,000. This does not include the supplementary estimates which have yet to be brought down, and which, I assume, will amount to several million dollars more. At all events, putting the best possible construction on the situation, there is, between the minister's estimate of the revenue he will get on last year's basis of taxation and the proposed expenditure for the year, as revealed in the estimates brought down, a gap of about $140,000,000. Now, that is a very considerable amount. The sum of $140,000,000 more than covered the total annual expenditure of Canada before 1914. Consequently, when we are contemplating a budget, which on the basis of last year's taxation will fail by $140,000,000 to produce the revenue needed for the estimated expenditure this House has considered and passed, or will pass, we are faced with a most serious condition of affairs. And I cannot stress that point too strongly either in this House or out of it. The fact that we are $140,000,000 short on the same basis of taxation that we had last year is one of the most striking, thought-provoking suggestions in the whole of the budget proposals that have been submitted to the House. Our financial accounting, at any rate for the current year, does not give to the House the information as to the exact allocation of expenditures for capital and for ordinary purposes; and I presume that a great deal of it will be for ordinary expenditures. How does the Minister of Finance propose to adjust the discrepancy? He is proposing to adjust it by new taxation. He stated quite modestly—and I think perhaps it was the fact—that he was fearful that the new taxes would not quite bridge the gap that exists between his estimated revenue based on last year's taxation, and the expenditures for the current year. If the minister is correct in that view, then it imposes upon the Government, upon every member of the Government, the strongest possible obligation to curtail the expenditures of their departments wherever they can be curtailed, until we reach the point, at all events, where our outgoing expenditures are covered by our incoming revenue. That is absolutely and imperatively necessary. I have stated before that one of the most important things from this country's point of view is to get the budget within balance; that is to say, the ordinary expenditures of the Government, and the expenditures involved in the administration of the railways, apart from those strictly chargeable to capital account, should be covered annually by the revenues the country produces. That should be the cardinal guiding principle that should govern the financial administration of this country, at least for the next year or two. If we cannot make provisions for debt retire-

ment or debt redemption in the next few years, perhaps the time will come, a few years later, when the sun of prosperity will again be shining on the country and we shall be in a position to do that. But for the immediate present the urgent duty of the Government is to bring about this condition of affairs. I think we have pretty well reached the limits of taxation in this country. I must admit the skill and ingenuity of the Minister of Finance in devising some new methods of extracting money from the pockets of the taxpayers, but we have about reached the limit. How, then, is the desired result to be brought about? I have preached economy in the House and outside of the House, and I am going once more to raise my voice in advocacy of that great need in our national housekeeping to-day, not only in respect of our federal affairs, but, as well, in respect of the whole matter of public expenditures throughout this country. My hon. friend suggested—indeed, he did more than suggest, he stated very plainly—that a good many people in Canada failed to realize the changed conditions of this country, and I presume delegations are still coming from all parts of the Dominion pressing upon the Government the need for public expenditures in their particular localities. I think that is an evidence that there is a great deal of truth in the observation made by my hon. friend, that the Canadian people as yet have not a full and clear realization of our financial position. The tendency in Canada during the last twenty years has been towards extravagance in public expenditure all down the line. That applies not only to our federal government but to most of our provincial governments and to a great many of our municipal corporations. What is needed to-day more than anything else is a realization by our people of the need of practising economy in respect to our public expenditures, and the Government can give an effective lead in that direction by ruthlessly insisting on economy in every branch of expenditure under its charge and control.

We are considering the possibility of raising this year vast additional amounts by new taxation. I do not know how much the proposed taxes will bring into the treasury, but at any rate the Minister of Finance has gone quite far afield in imposing new taxes, and even in the face of that he tells us he is afraid his budget will not balance at the end of the year. In Great Britain taxation is being reduced, in the United States taxation is being reduced—practically all the countries of the world whose condition is anywhere comparable to ours are reducing their taxation; and we must get to the point as rapidly as possible where taxation can be reduced. This heavy burden is pressing upon the people and discouraging business enterprise, and it is making living conditions more difficult. Therefore it is well once in a while to impress upon the Government the need of practising rigid economy.

Now, I do not want to urge economy without suggesting how such economy might be brought about. I am among those who believe that our governmental expenditures—and I include in that term municipal, provincial and federal—is altogether too much. In the years before the war, when our revenues were buoyant and our treasury overflowing, when every person, or nearly every person, was prosperous, the tendency naturally was to embark upon new forms of governmental expenditure. I may be wrong, perhaps my experience and knowledge are not wide enough to enable me to give a competent opinion, but I am of the view that right here in the federal administration of affairs great economies can be effected by the reorganization of departments and the cutting out of needless duplication of services. There are some departments—we have seen it in the estimates—duplicating the services of other departments. Some departments have their offices scattered all over this city. In this respect I would suggest that as soon as the country can afford it we should put up a few good administration buildings here to house the public departments, and so obviate having the staffs scattered over two or three square miles of territory and utilizing office space in scores of private buildings. Nothing is more conducive to extravagance in administration than such a condition of affairs.

I think, too, that there is a considerable overlapping between Dominion expenditures, and provincial expenditures, and I would suggest to the Government that this is a field which might well be inquired into. What is needed in respect to the whole matter is a large comprehensive policy. The problem needs to be attacked with vigour. We are not doing enough when we pare down the estimates of some minister a few thousand dollars here and a few thousand dollars there; that is not going to get us very far along the road of effective economy.

The Government has only been in office a few months, and I think there has been a very general disposition to recognize that fact and to pass the estimates submitted, in the hope that the most rigid economy possible will be practiced. But I am pointing out now to my right hon. friend the Prime Minister and to other members of the Government that next session, if they are still in the seats of the mighty as far as power is concerned, they will not have that excuse, and I for one hope that when the next legislative programme is submitted to this House, I care not by what government, substantial reductions in the cost of running the government machine may be shown and brought into effect.

I want to say a word or two now about the character of the new taxation that has been introduced by the Minister of Finance. Any criticism I am offering is offered fully conscious of the great difficulties he must have in finding the money necessary to meet the demands made upon him. A few of these taxes I wish to make special reference to, and the first is the sales tax. My hon. friend has increased the sales tax by 50 per cent. I opposed the sales tax in the budget of a year ago when it was introduced by his predecessor. I think it is just as unsound to-day as it was then. Indeed, if I read correctly the speeches of my hon. friends opposite, some of whom occupy the Cabinet benches, I think I could find argument in those speeches made last session when this tax was under discussion which would support my assertion. A sales tax is unsound for the reason that it does not bear fairly upon those who have to pay it. It is true there are a certain number of exemptions from the operation of the tax, but nevertheless I submit that the person who has the smallest income and is the least able to pay this tax has to pay a share altogether out of proportion to his ability under this method of collecting revenue. Let me cite the case of a working man—he may be a farmer, or a workman in a factory, or a clerk in an office. We will suppose he has a family of half a dozen children, and is earning anywhere between $1,000 and $1,800 a year. The sales tax hits him on a large number of articles that he must purchase for the maintenance of his family, and it hits him most unfairly. By way of contrast we have a bachelor—I was going to say a wealthy bachelor, like my right hon. friend the Prime Minister (Mr. Mackenzie King); I do not know that he is a wealthy bachelor, but at any rate he is a bachelor. Well, he escapes the incidence of this tax almost altogether. In that respect the tax is unfair. Taxes should be levied according to the ability of the taxpayer to pay, and this method of taxation violates that sound canon of taxation. I have no doubt that this tax will provide a considerable amount of revenue, but I am equally certain that it will also be a discouragement to business. Taxes of this kind always tend to discourage trade and industry, because the heavier the tax on the articles consumed, the smaller the quantity of those articles that will be consumed, and restricted consumption means unemployment in your factories. Consequently, the tax, judged by any standard you wish to apply to it, is not a sound tax.

My hon. friend has also imposed a very considerable increase indeed in the tax on cheques. I admit there might reasonably be some increase in that tax. Under the old regulations it rested at two cents per cheque issued; under the new regulations of the Finance Minister a tax of two cents is to be affixed for every $50 or part of $50 in amount of the cheque. The result is that, in particular lines of business at any rate, the burden imposed will be a very heavy one indeed. I am not contending for a moment that no additional tax on cheques should be imposed, but I think that when this matter comes to be considered in committee—if, indeed, my hon. friend the Finance Minister has not given it consideration before that time—some change in this respect should be made. In the great majority of businesses the additional tax will probably have very little effect, but I know, for instance, of some firms doing business whose contribution under this tax will be between $50,000 and $60,000 a year. I do not know to what extent the condition may prevail throughout the whole country, but there are certain businesses that peculiarly have to do their business by cheque. Upon such firms this additional stamp tax is a very heavy burden indeed. This proposed regulation is one which might well receive further consideration when the details of the budget resolutions are taken up in committee.

Some criticism, I think, can fairly be levelled against the proposal to tax the premiums on outside insurance companies operating in Canada. Many Canadian firms are unable to get from companies registered in Canada the kind of insurance they desire, and have to go outside of Canada to obtain it. Why should they be penalized by an

additional tax on the premiums that the insurance company collects? Without doubt the tax will have to be paid by the person in this country who is taking out the insurance.

There is no doubt whatever that in all these burdens the Canadian people are carrying a very heavy load, and I offer to my hon. friend the Minister of Finance the suggestion which I have made before in the House and which I think has certain merit: that the time has come—if it has not already passed—when some attempt should be made to co-ordinate the financial policy of this country. I notice that this is advocated by the Citizens' Research Institute of Canada, which is making a particular study of the question of taxation. The object is, if possible, to find out whether overlapping cannot be done away with and whether expense cannot be reduced; to find out, if it can be done, where fair fields of taxation lie. Under the British North America Act the provinces of Canada have all the powers of taxation except that relating to customs, which is vested in the federal government; and the result is that the citizens of some provinces pay three income taxes, one to the Dominion, one to the province, and one to the municipality. There are various ways in which overlapping takes place. I believe that by a round table conference you could accomplish not only the straightening out of these inequalities in taxation, but the securing of well defined fields of taxation for each governing body, in other words, we should seek a policy the result of which would be to levy taxation fairly over all the people of Canada. One other advantage that would come from such a conference would be this: it would bring home to the provinces and to the municipalities, it would bring home to the people of Canada, the precise financial position of the country at the present time. In that way I am convinced that such a conference would be a very real service to the Dominion. I think the federal government should take the initiative in this matter. They are more conversant with the situation than are the governments in the provinces or in the municipalities; and I believe that if an effective lead were given by the Government of Canada to-day on this whole question of economy, there would be a splendid response from the whole of the Canadian people.

I wish now to discuss some other aspects of the budget. With some of its proposals I am cordially in agreement. It has some good features;—it has some features that are not so good, to which I shall refer in a moment or two, but it has, I say, some good features—and the first I would like to mention in that respect is the statement of the Finance Minister, which statement, I take it, represents the view of the Government, that it is the settled policy of the Government to secure reciprocity with the United States—to bring about a revival of the reciprocity arrangement of 1911, an arrangement which, had it been carried out, would have been of the greatest possible advantage to this country. The Minister of Finance gave good evidence I think, of his desire to bring this about in his recent trip to Washington and his taking the matter up as he did with the United States authorities. That, I say, is to the credit of the Government.

Another welcome and necessary change is the abrogation of the provisions in the Customs Act which gave the customs officer the power to assess the value of goods imported. That provision should never have been in the Customs Act; it often operated unfairly against the firm or individual importing goods into Canada. Another provision that has been done away with—and these are provisions that those of the Progressives who were in the House last session opposed most vigorously—is the regulation requiring that the country of origin be marked on goods brought into Canada. The whole purpose of that regulation was to make it difficult to import goods into this country, and to the extent that it did so it provided protection for the Canadian manufacturer on those goods. I believe, Sir, that was the whole purpose in view at the time this regulation was brought into effect.

Another important improvement—perhaps the most important—is the wiping out of that antediluvian provision in the customs regulations, that foreign currencies should be taken at half their pre-war value for the purposes of customs assessment when goods from such foreign countries were brought into Canada. That provision was, of course, the most outrageous form of protection that was ever placed upon the statue book of this country. It operated wholly and solely to keep goods from these countries out of the Dominion; and to the extent that you fence off certain goods, to the extent that you prevent their importation into Canada, you bring benefit and profit to the Canadian

manufacturer. In some respects that provision was in line with true protectionist doctrine. I have never been able to understand the philosophy of protection in this respect. If it is a good thing to make it difficult for goods to come into the country so that your home manufacturer may benefit, would it not be a better thing to keep foreign goods out altogether and leave the home market to your Canadian manufacturer? That would be the logical course to follow. I know my hon. friends to my right do not agree with that view.

Mr. MEIGHEN: Or opposite.

Mr. CRERAR: I am very sure they do not, either.

Mr. DUFF: Some of us do.

Mr. CRERAR: If the protectionist theory is sound, why not keep foreign goods out of the country altogether? Well, this practice that was introduced by the budget of last year was in accordance with true protectionist doctrine, inasmuch as it operated to keep such goods entirely out of Canada. But the only result was to increase the cost to the Canadian consumer of similar goods made in Canada. Consequently, I say that the Government have done a wise thing in wiping that provision off the statute books.

Something has been said in the debate about trade with Germany. My hon. friend the ex-Minister of Finance (Sir Henry Drayton) described this budget as a "two and a half per cent British preference and free trade with Germany." That was rather an extreme statement, but I have observed that some other hon. gentlemen who have spoken in this debate have condemned the idea of trading with Germany, and they would like to see our customs barriers and tariff regulations framed in such a way as to make trade with Germany impossible. I cannot agree with the view expressed by my hon. friend from St. St. John (Mr. Baxter) the other day who stated, and it seemed to me an extreme view, that he would have no part or parcel with anything German. Is that the position that is being taken by the other countries of the world to-day? What is the position of the United States with respect to trade with Germany? What is the position of Great Britain? Both of these great countries are doing everything they possibly can to restore their trade with Germany—doing it to-day, doing it at this very moment. A group of financial men from both countries is conferring with a view to extending credits to Germany so that her manufacturing and purchasing power may be increased, and the whole trade of the world stimulated thereby. Is not that a sound principle and policy to follow? Why, in the face of that, should Canada take the position that we will have no trade with Germany, that we will create conditions which will make trade with that country impossible? I say again that in that respect the Minister of Finance has acted very wisely in the change he has made.

When I come to consider the other proposals contained in the budget, I regret that I cannot offer the same commendation to the Minister of Finance. This budget, outside of the changes I have referred to in abolishing these regulations, is a protectionist budget. It is based on the principle of protection. It is true the minister has made certain reductions in the duties—2½ per cent on a large number of articles coming from Great Britain; in other words, the British preference is increased to that extent. As far as the United States and the general tariff is concerned, the reductions made are very few and very far between. I think I am quite within the facts when I state that this budget is based upon the principle of protection. Nor is there any statement of government policy in the matter from the Minister of Finance. If he had stated: We are aiming at the elimination of protection in the fiscal policy of Canada—then the changes he has made, while they would not be sufficient, or anything like sufficient in my judgment, to meet the needs of the case, would nevertheless have given to this country an idea of which way the Government was travelling. Take the item of agricultural implements, for instance. My hon. friends on the government side have a very definite policy on the question of agricultural implements. They had a very definite policy in respect to the question of agricultural implements.

Mr. CHAPLIN: Before the election.

Mr. CRERAR: That policy was based on free agricultural implements. It was a sound policy, for reasons which I hope presently to give to the House. But in the changes which have been made in the tariff proposals submitted by the Government to the House, do we find anything of free agricultural implements? There is not one single, solitary lone implement added to the free list in Canada.

Mr. HOCKEN: Did you expect that?

Mr. CRERAR: I do not know what my hon. friend expected. I am not asking him, and I do not intend to disclose to him what I expected. But that is the position and I think the Minister of Finance has not been quite consistent even in the changes he has made in the duties on agricultural implements. What are those duties? We find ploughs, for instance, reduced 2½ per cent; the duty now stands at 15 per cent under the general tariff. As my hon. friend pointed out, it is very true that practically all the agricultural implements that are imported into Canada come from the United States, and consequently the reductions in the British preference are of no value as far as agricultural implements are concerned. But there have been a few reductions. Ploughs to-day stand at 15 per cent under the general tariff, and mowers at 10 per cent under the general tariff. Can any minister in the Government or any hon. member of this House tell me why there should be a difference of five per cent between the duty on mowers and the duty on ploughs? The very same materials enter into the making of a plough as enter into the making of a mower, and yet there is a difference of five per cent in the duty. My hon. friend the ex-Minister of Finance smiles at that, but I can assure him that he was guilty of the same thing a year ago when he brought down his budget proposals. Portable engines carry a duty of 17½ per cent. Why should they vary from ploughs I do not know. Then tractors under $1,400 are free of duty. There is a little ray of comfort in the fact that the Government are fixing this by statute, and no longer leaving it subject to possible fluctuations by Order in Council. The duty was taken off tractors by the Union government in the early part of 1918. For what purpose? For the laudable purpose of increasing production in this country. Even under the stress of war conditions, under the stress of an urgent need, that government, which comprised many most ardent protectionists, recognized that it was necessary to take the duty off tractors in order to encourage and increase production of foodstuffs in this country. If that was a sound policy then, is it not a sound policy to-day? It is, and the Government is to be commended for making this change permanent so far as this particular tariff is concerned. But why distinguish between the tractor that costs $1,400, and the tractor that costs $1,500? The farmer who wants to buy a tractor at $1,400 from the United States gets it in free of duty, but if some one wants a tractor a little bit larger than that, and it costs him $1,500 in the United States, when that machine comes to the customs border it is assessed $162.50 duty.

Again, the self-binder that cuts the grain in the fields has a tariff tax of 10 per cent, but threshing machines that thresh the grain after it has been harvested, carry a duty of 15 per cent. Why should that difference exist? Why should the threshing machine not be brought down to 10 per cent duty? I would also point out that the tools that are necessary to keep both of these machines in repair have to pay a duty of 30 per cent.

4 p.m.

There is nothing consistent in these tariff proposals so far as agricultural machinery is concerned, and I can scarcely believe that my hon. friend the Minister of Finance has given this matter the fullest attention that he should have given it. Or is it possible that he was unable to go as far as he would like to go in making changes in the duties on agricultural implements? One of the amazing things in the situation to-day is the fact that among hon. gentlemen opposite, and even in the very Government itself, there are men who professedly hold almost diverse views on the question of the tariff and protection. Is that a sound thing? It is not, and I say that the Government failed, in my opinion, in implementing their pledges through their failure to reduce the duty on agricultural implements. If the Minister of Finance had come to the House and said: We would like to have cut off the duties on agricultural implements, but the needs of revenue are such that we feel we cannot bring the duties down below 10 per cent, I believe he would have had support in this House for that proposal. But I see very little effort in that direction. When you come to the necessaries of life, where do you find the reductions on those articles? We have reductions of 2½ per cent made in a few cases, but, under the general tariff to-day, on the main necessaries of life—clothing, boots and shoes, the household equipment and utensils needed in the home—the general tariff duty ranges from 25 to 35 per cent. Am I therefore unfair—and I do not wish to be unfair—in stating that this budget is, in its essentials, a protectionist budget? There is no change of moment in the tariff, for the reductions of 2½ per cent made in the

customs duties are almost all swallowed up in the increase in the sales tax. It is well known that the sales tax on goods imported is higher than it was on the domestic manufacture, and, consequently, the ratio of increase, I submit, has practically taken away all the reduction that has been made by the 2½ per cent. That is not the platform of the Liberal party. If the Minister of Finance (Mr. Fielding) had come before this House and said "It is true we had a tariff platform in 1919. I do not feel, and the Government does not feel, that it can cross every 't' and dot every 'i' of that platform to-day," and had been able to give some reasons why they could not go the full length, I think they would have received consideration from this House. As far as I am concerned, I would have been prepared to give consideration to that statement. But such is not the case; and, indeed, if we consider the resolution that was moved in amendment to the budget a year ago which my hon. friend, the Minister of Finance, made reference to in his speech, I scarcely think that these budget proposals that have been brought down square with that resolution. What were the cardinal principles, or the cardinal features, of that resolution a year ago? I think the second and third paragraphs of that resolution contain the meat of the whole thing, and they read:

> That the aim of the fiscal policy of Canada should be the encouragement of industries based on the natural resources of the country, the development of which may reasonably be expected to create healthy enterprises, giving promise of enduring success.
>
> That such changes should be made in the Customs duties as may be expected to reduce the cost of living, and to reduce also the cost of implements of production required for the efficient development of the natural resources of the Dominion.

I say again, if the Government had come to the House and said "We have not had time to make these changes," it would have taken a considerable degree of faith to swallow that, but they would have been in some reasonable position. But as I understand to-day from the budget proposals made by the Minister of Finance, these, excepting some minor changes which may be made, represent the policy of the Government so far as tariff reduction is concerned; and if that is the case, I submit to this House and to the country that the tariff changes made in the budget proposals submitted to the House do not implement the resolution that was moved in amendment to the budget a year ago, and, consequently, are not such as the country requires, and should have, at the present time.

[Mr. Crerar.]

I want to deal now for a moment with the attitude displayed in the budget with regard to the reduction of duties on goods from United States. I am not at all sure that my hon. friend the Minister of Finance—and I give him credit for every sincerity in his desire to improve trade relations with the United States—is taking the wisest course in making a discrimination against the United States in favour of Great Britain at the present time. I know that is a debatable question. It may be that the minister has information, or has reasons for his views, that I have not got, and I would certainly defer greatly to his judgment in that matter. But, nevertheless, it is quite apparent that even in the United States to-day, in some of its leading newspapers, the discrimination against the United States is being treated as a retaliatory measure against that country. We turned down reciprocity in 1911. The American government had approached the Canadian government of that day and said "We are willing to make an arrangement with you on this basis." The Canadian people had turned down that arrangement. I think that now we would have advanced our interests further in the matter of trade with United States if we had frankly said "We will show no discrimination against you in any changes we make." My own view is we would have gone further. I am as firmly convinced as ever that trade with United States is necessary. Indeed, if we study the trade figures submitted to the House by the Minister of Finance in the proposals he laid before us, we find the two countries with which our trade is done mainly are Great Britain and the United States. Last year we exported to the United States $293,000,000 worth of goods and we imported from the United States $516,000,000 worth. That has been the ratio or something near it for a great many years—and I might, in passing, draw the attention of my hon. friends to the right to the doleful prediction they used to make in the House a few years ago that the adverse balance of trade with United States was the cause of the depreciation of the Canadian dollar in New York.

Sir HENRY DRAYTON: Hear, hear.

Mr. CRERAR: My hon. friend the ex-Minister of Finance (Sir Henry Drayton) says "hear, hear," and his leader (Mr. Meighen) echoes the sentiment. Perhaps my hon. friends, when they speak in this debate, will explain how the discount on

our Canadian dollar has disappeared, while the balance of trade continues the same.

Mr. MEIGHEN: Borrowing money.

Mr. CRERAR: I think the Minister of Finance has not been happy perhaps in taking that attitude towards the United States. Now what is the feeling in the United States? I am convinced the feeling is friendly to Canada, and I am convinced our protectionist friends in this country, while holding up the example of the United States to-day, will surely be deprived of that example. All the signs of the times in the United States point to the fact that they are abandoning the system of protection in fiscal policy. My right hon. friend the leader of the Opposition laughs, but we have the fact that the leading business houses of United States, the manufacturers, the leading bankers and the Chambers of Commerce of that country, are all protesting against the tariff legislation that is now before Washington. And where is this wonderful protectionist doctrine that was going to do so much for the United States? Where is the legislation introduced in the American Congress over a year ago, and scarcely any further on to-day than a year ago when it was introduced?

Mr. MEIGHEN: It is in effect.

Mr. CRERAR: My right hon. friend is altogether mistaken. The Fordney measure, which affects the importation of agricultural products from Canada and other countries, is in effect, but the general tariff is not in effect. The tariff which is in effect is still the Underwood tariff passed in 1913, which contains a large list of free articles entering the United States. My hon. friends are extremely anxious to bring to Canada capital needed for Canada's development. They argue that it is necessary to secure money needed for the development of our resources. I think it was my hon. friend from Centre Toronto (Mr. Bristol) who urged the argument that because of the principle of protection in Canada during the last thirty years, 350 manufacturing concerns in United States had opened branches in Canada and spent one hundred million dollars in this country. I am not sure that is greatly adding to the wealth of Canada. To-day, United States manufacturers are turning their eyes to Quebec. Why are they doing so? In the words of a manufacturer of some note in the United States, it is because of steadier labour conditions in Quebec that they are turning their eyes to that province as a manufacturing centre. But what profit is it nationally to Canada to have one, two, three or five million dollars coming in from the United States for the establishment of a factory in Sherbrooke, Three Rivers or any other town in Quebec for the manufacture of goods, and then to have all the profits made on those goods go back to the shareholders in the United States? Is that a sound policy of development?

Mr. McMASTER: Absentee landlordism.

Mr. CRERAR: Absentee landlordism! That is all it is. In order that this may be done, as I will presently show, we impose severe handicaps upon the natural industries of this country. I cannot for the life of me see the wisdom of any such proposal. The plain fact of the matter is this, that, in the United States to-day, some of the leading manufacturers are opposed to the principle of protection as regards the United States. They recognize, as has been already said by several hon. members in this debate, that if a country is going to sell goods, it must buy goods, and if it is going to buy goods, there is no sense in having those goods climb over a high protective tariff. The business of trade is not a one-sided business, although our protectionists assume it to be so. Our protectionist friends eternally lose sight of the fact that trade is not a one-sided affair. If you sell goods produced in a country outside of that country, you must buy in return, because that is the only way in which you will get paid for your goods. The United States are recognizing that principle to-day. They recognize that Europe owes them over $10,000,000,000, and that the only way in which they can get repaid is in goods. Consequently, instead of pinning their faith to the old fetish of protection, they are coming out into the sunlight of freedom of trade, and they are saying: "This thing is no good for us at the present time; it does not fill our needs." I venture to predict that within a few years the United States will have its face set definitely against the principle of a protective tariff, just as definitely as Great Britain to-day has its face set against that principle. But American industries which are looking for free trade for their factories in the United States, are not unwilling to have protection for their factories in Canada, and why? Because they wish to exploit the area of Canada as regards the things that they produce. It is

a significant fact that when the ex-Minister of Finance (Sir Henry Drayton) was engaged in that lengthy peregrination over Canada a few years ago seeking evidence as to what changes should be made in the tariff, manufacturer after manufacturer in Canada representing American interests, took the view that they could not possibly live unless duties were kept up on the goods they manufactured, and they were branch houses of American concerns. I am very doubtful as to the wisdom of that kind of development.

We of the Progressive party stand unalterably opposed to the principle of protection in our fiscal policy, and I wish to make that as clear as I can make it. We are opposed to it for the following reasons, amongst others: First, that a nation grows rich by trading. No nation in the world ever acquired wealth, no nation ever acquired world prominence that did not trade with the world; and because we grow rich by trading, not within ourselves, but with the world, we are opposed to protection, for protection presents a barrier against trading with the world. A second reason is that protection retards the development of the natural industries of this country. What are the natural industries of Canada? They are those industries which are based upon the natural resources of Canada. The Almighty, when He gave us this country, gave it to us filled with a wonderful richness, a fertile soil, wonderful forests, rich mines and splendid fisheries. These are the great natural sources of wealth to this country. And how has protection operated to assist in their development? My hon. friends to my right argue—and I will say that I have not frequently heard that argument come from the other side of the House—that protection is necessary because it furnishes a home market to our Canadian producers of natural products. There never was a greater fallacy in the world than that as applied to this country. I will admit, for the sake of argument, that it furnishes a home market to vegetable growers around our large cities; but of what value is the Canadian market to the Canadian farmer who is producing in Canada enough wheat to feed 50,000,000 people when we have a population of only 8,500,000? What use is it to the Canadian farmer and the Canadian dairymen who are producing far away and beyond what can possibly be consumed in Canada? It is of no use whatever. Protection has operated to discourage those industries by making it costly and difficult to secure the very things that are necessary to carry them on. In order to build up a few factories and crowd a few cities, for forty years we have imposed this enormous burden on the masses of the real wealth producers of this nation. Protection has had no other effect.

The absurdity of the thing is discovered when you examine into some of its oddities, some of its peculiarities. Let us take rubber, for example. Rubber shoes, rubber belting, rubber goods of all kinds, are taxed under the general tariff either 30 or 35 per cent—I cannot at the moment recall which. Not an ounce of raw rubber is produced in Canada; we have to bring the raw material for these factories hundreds, yes, thousands of miles, to this Dominion. And then, in order to create an industry that will give employment to a few hundred or a few thousand people at the very outside, we say: "we will put a protective duty of 30 per cent on all rubber manufactured goods coming into this country, and we will build up in this Dominion a home industry that the Dominion may be proud of. That is the theory and doctrine of my hon. friends to my right. I wonder how many of my hon. friends to the right of you, Mr. Speaker, down in their hearts believe in the economic wisdom of that policy.

Mr. CAHILL: Not many.

Mr. CRERAR: I should say not; I would hope not. What is the effect of protection in that particular case? We tax the Canadian consumer of rubber goods to the extent of 30 or 35 per cent—indeed, with the present sales tax, the tax is more like 40 per cent. In other words, every person who wants to buy a garden hose, or a piece of rubber belting, or a pair of rubbers, or any class of rubber goods, has the cost of it increased by that amount. And for what purpose? To bolster up and support and maintain in this country an industry that gives employment to a few thousand people at the very outside. I put it to the commonsense of this House: Is that a sane policy? I know the Minister of Finance in his heart does not believe it is a sound policy. I give him credit for having too much vision and business commonsense to believe in it.

I have talked so much about cotton that I am getting a little tired of the subject in some ways, but I want to refer to it to-day for a specific reason. For many years we have had, on cotton goods coming into this country, a protective tariff of

over 30 per cent under the general tariff. Cotton is not produced in Canada. This is another manufacture where the raw material is brought into this country free of duty. It is true it gives employment to a few thousand people in Sherbrooke, Valleyfield, Cornwall, and other places where they manufacture these cotton goods; but in order to sustain these few thousand you put a penalty of 30 per cent on every cotton consumer in Canada. And not only that, you do even worse; because the finished cotton goods is the raw material for some one else in this Dominion. Now, it is an interesting fact that in the late election one of the most enthusiastic supporters which the Progressive cause had in the city of Winnipeg—and we had many there—was a manufacturer of workingmen's overalls, smocks, and shirts. He was frankly a supporter of the Progressives, and was opposed to the tariff for this reason. He said: "It prevents me from buying my raw material where I can get it to the best advantage. My raw material is the cotton goods made in these factories, and when I come to buy it I have to pay the price the manufacturers lay down; and they even go so far as to specify the quantities I shall have". My hon. friend from Brome (Mr. McMaster) gave us some interesting information in his address the other day as to the operation of trusts and combines in matters of this kind. The manufacturer of overalls did not have any advantage from the tariff, because he paid his duty to the Canadian cotton manufacturer; and although there may have been a protection to him against the goods he manufactured, coming into Canada, he enjoyed no real protection in his industry for the reason I have pointed out. And that is the inconsistency of the thing all through the piece; for under the protective tariff, what is the finished article of one factory is the raw material of another, and you cannot possibly define any system of customs tariff that will work equitably. It simply cannot be done.

There is another reason why we are opposed to protection, and it is that protection is sectional and selfish in its operation. What is needed in Canada is a policy that will unite the Dominion. But protection has built up a few large cities; it has done very little else; and it is all the veriest nonsense to say that this system is necessary to provide employment for Canadian workingmen. Where are the skilled workmen in Canada going? They have been going in shoals to the United States in the last ten years. We know that the immigration figures in connection with the United States during the last ten years show a balance against Canada for actual purposes of residence, although there has been a big flow of population both ways. People have come from the agricultural portions of the United States to settle on our cheap lands in western Canada. What, then, has constituted the drift of population from Canada to the United States in the other direction? It has come from the labouring people of the Dominion; and that is why I urged the Minister of Immigration (Mr. Stewart) the other night to see to it that records are kept of the people going out of Canada, what parts of the country they come from, and what their occupations are. And why has there been such an exodus of population from the East? The reason is simple. The cost of living is less in the United States than in Canada, while wages, on the whole, are just as high. The Canadian workman will work in a country where the same amount of wages will buy more of the necessaries of life he requires, and that is why many of our workingmen go there. I say, therefore, that this system of protection, created to build up the Dominion, is absolutely unsuited for the purpose. And what has been the effect on the maritime provinces of forty years of protection? During the last election I spent a week or ten days in that part of Canada advocating the Progressive cause. I will confess that the results were not very fruitful.

Mr. DUFF: Hear, hear.

Mr. CRERAR: Nevertheless it gave me an opportunity to get an insight into and to study the conditions in the maritime provinces such as I never had before.

Mr. DUFF: We are all Progressives down there.

Mr. CRERAR: And I make this assertion, Mr. Speaker, that there is not a single part of Canada that has suffered so much under protection as the maritime provinces.

Some hon. MEMBERS: Hear, hear.

Mr. CRERAR: I am very glad to see that I have some support on the other side of the House. What was the condition of the maritime provinces prior to Con-

federation? When you had freedom of exchange your ships were going into practically every port of the world. But for 40 years we have had a system of tariffs in this country that has made it difficult, if not impossible, for the maritime provinces to trade with the world, and the result is the stagnation of the natural industries of those provinces. But our protectionist friends say that the remedy is to get manufacturing industries in the maritime provinces. Well, of what use will they be? Can you create manufacturing industries in the maritime provinces that will compete with the industries of Montreal, Hamilton, Toronto, and other larger cities? It cannot be done. The whole tendency to-day in the manufacturing business is towards centralization, and the big centralized protected manufacturer controls the field and can crush out competition. I say to my hon. friends from Nova Scotia, New Brunswick and Prince Edward Island that they will never have manufacturing industries in the maritime provinces under this policy of protection; never in the world. What about Ontario? Well, Ontario has been lauded and has been cited as an example of the efficacy of the principle of protection. But what a change has taken place in Ontario. Study the figures of population as disclosed by the census returns and you will discover this undeniable fact, that some of the finest agricultural counties of old Ontario have gone down steadily in population in the last 30 years. My hon. friend from West Toronto (Mr. Hocken) says that the people will not get married. They will not get married, I apprehend, because they cannot afford to do so under this system of protection; and I would invoke the assistance of my hon. friend in getting this thing righted. That is the condition of affairs. Is it a healthy condition? I put it to the common sense of hon. members, is that a healthy condition of national growth and development? I submit that it is not, and I say to my hon. friends to my right, and to hon. gentlemen opposite who believe in the principle of protection: Try to justify this system on the ground of what it has done in Canada during the last 40 years either in the way of increasing population or in extending the national wealth, and you find that you cannot justify it. And what about the prairie provinces? We have heard a good deal of criticism, or at least we have seen considerable criticism in the eastern press, of the prairie provinces. I want to say in this House, with a full sense of my responsibility, that the prairie provinces will never become protectionist. You may send, as has been done in the past a first class hidebound Tory protectionist from the province of Ontario to western Canada, and while the heresy may last with him for a few years it will not affect those who come after him in his family. And I will tell you why. Western Canada cannot have manufacturing industries. In the first place, we have not the coal and iron upon which manufacturing industries largely are based, and in the second place the climatic conditions are such that the manufactures based on these articles cannot be developed in western Canada. On the other hand, what have we received from protection? It has not helped us. Western Canada progresses in spite of protection. Our chief exports have been wheat, live stock and agricultural products, and the home market has not been of the slightest value to us in respect of these things. Then again take British Columbia. This province is supposed to have some belief in protection. I was much interested a short time ago in seeing a proposal advocated, I think by the Board of Trade of Vancouver, for the purpose of making Vancouver a free port. I think my hon. friend from Vancouver Centre (Mr. Stevens) favoured that proposal.

Mr. STEVENS: Does my hon. friend desire to be accurate?

Mr. CRERAR: Yes.

Mr. STEVENS: Then let me correct him. What the Board of Trade of Vancouver asked for was a free port zone in the harbour of Vancouver; which is slightly different from what my hon. friend said. It was for re-packing and re-exporting goods.

Mr. CRERAR: I am glad to have my hon. friend's explanation, although I remember reading the bill that they propose to submit to the House and his explanation is not my understanding of it, but I may be wrong. What was the purpose of that? It was simply to get away, if possible, from the evil effects on the trade of that city. That was the whole purpose behind the proposal.

Now, what this country needs is a policy that will unite it from one end to the other. And I repeat, Sir, that the system of protection is selfish and sectional in its operation and unsuited to our national needs. The real wealth of Canada is pro-

duced from its natural resources. Let me give you figures of our exports in that respect. Agriculture has prospered in spite of protection; the West has prospered in spite of protection. But why? What has been the history of protection in this country? It was introduced in 1879 and for ten years, when we had a period of great depression and our people were leaving by the tens of thousands and going to the western states. In the early days the party that had been responsible for introducing protection was shifting its ground, speeches were being made about the need of "lopping off the mouldering branches," and in 1897 a very substantial reduction was made on the tariff upon imports from Great Britain under the change of government that had taken place. But the prosperity that Canada enjoyed from 1900 to 1912 was not due to the tariff at all, but was due to the fact that the great West with its vast areas of free lands was opening up, people were coming into this country by hundreds of thousands each year, and capital was pouring in by the tens of millions of dollars annually; railways were being built, public works were being carried on. Those were the conditions that gave prosperity to Canada at that time. That prosperity was not due to the tariff; indeed, the manufacturing establishments of Eastern Canada were practically "on their uppers" until the western development started.

But even in spite of the tariff, our natural industries have prospered. Let us look at the export figures for last year. Our total exports then amounted to $740,000,000—a very considerable total, although a substantial reduction from the figures for the previous year. Now, the wealth of a country is measured by its trade figures. That is why finance ministers, not only in this country but in every other country, dwell on these figures as a measure of prosperity. As I say, we exported goods to the value of $740,000,000 last year. But where did those exports come from? Last year was a year of trade depression, a very trying year throughout the world. Of this total, vegetable products accounted for $318,000,000, and animal products, $135,000,000; in other words, $453,000,000 of the $740,000,000 of exports last year had their origin in the farms of Canada.

Mr. MANION: In that connection, has my hon. friend figures for the total production of the farms of Canada last year to compare with the amount exported?

Mr. CRERAR: I have not those figures, Mr. Speaker, and they have nothing whatever to do with the question.

Mr. MANION: In my opinion they have.

Mr. CRERAR: We produced enough on our farms to maintain our own population and have a surplus for export. I am pointing out the surplus we exported last year.

An hon. MEMBER: What about cotton?

Mr. CRERAR: Our cotton manufacturers contribute very little in the way of exports, but we import a very small amount of cotton goods, so the main business of our cotton manufacturers and other manufacturers of similar lines of goods in Canada is to produce for the needs of the Canadian people under tariff protection ranging from 30 to 35 per cent.

Mr. STEVENS: Does my hon. friend include in those figures products of the farm that had been manufactured?

Mr. CRERAR: Certainly, those figures include manufactured products of the farm such as flour and meats.

Mr. STEVENS: Cereals?

Mr. CRERAR: Cereals and everything of that kind. The next item of our exportable wealth is from our forests, and represents $180,000,000. The wealth of our forests gains nothing by protection, because 85 per cent of the pulp and paper manufactured in this country is exported, and the main purpose is to find export markets for our surplus manufactured products. Our mineral products represent $50,000,000. So we have a total in farm, forest and mineral products of $683,000,000 in value, out of a total of $740,000,000 of exports. And yet, for forty years we have been following a fiscal policy aimed to create wealth in this country by building up manufacturing industries, although even last year they were not able to produce more than a few million dollars of exports in the most serious year that this country has passed through in a long time. To my mind the situation is absurd. The fiscal policy of this country should be based on considerations that will give the best possible opportunity for the development of these natural industries, such as agriculture, lumbering, and mining. The production of grain is just as much an industry as the making of goods by machinery. Let us then shape our fiscal policy to give encouragement to

these great natural industries. If by encouraging the production of cereals we can double our production, and so increase by another $200,000,000 or $300,000,000 the value of our exports, our business is going to benefit, our railways will have more traffic to carry, and our factories will give more employment. That is a sound basis upon which to build our industries. But we have, so to speak, inverted the pyramid and endeavoured consistently for forty years to follow protection for the avowed purpose of building up manufacturing industries in the Dominion, creating them as the basis of our wealth, and neglecting our great natural sources of wealth.

The futility of protection is being recognized throughout the world to-day. After the war was over the various European countries sought to enrich themselves and advance their own interests by raising tariff walls against their neighbours so as to exclude their neighbours' goods. What has been the result? It has accentuated the suspicions, hatreds, and distrusts that have cursed Europe for hundreds of years, and after the terrific turmoil of the war was over the spirit of peace, that should be brooding over Europe has given place to a spirit of hate, distrust and strife. Those who were responsible for bringing about the Genoa Conference recognized that truth, and in the resolutions adopted at Cannes for the conduct of that conference specific reference was made to this particular subject. It is so important, Sir, that I shall read it to the House. It stated:

> The obstacles to revival—

That is, to the revival and reconstruction of Europe.

> The obstacles to revival, however, are economic as well as financial.
>
> The conference will therefore consider how the existing impediments to the free interchange of products of different countries can be removed, in particular by the abolition as rapidly and completely as possible of such new impediments as have resulted from post-war conditions.

That was set out as one of the specific things that was wrong with Europe to-day. I have already alluded to the United States; —what was the position in Great Britain? Some of my hon. friends in this House have cited the safeguarding of industries bill in Great Britain as evidences of the fact that Great Britain was moving toward protection. Well, I advise them, Sir, to get all the pleasure and comfort they can out of that in the immediate future, because if I can read aright the signs of the times, there is nothing more certain, than that when the British people have an opportunity to pronounce upon the matter, the safeguarding of industries bill will go to the scrapheap and stay there forever. Lloyd George himself has stated that it is only a temporary measure; he was apologetic for it the other day. There is no organization of bankers, manufacturers, transportation people or labour people which is not opposed to it to-day, and it will soon be a forgotten thing. Yet my hon. friends seek to support the maintenance of this doctrine in Canada on the ground that Great Britain had the safeguarding of industries bill in operation for a few years.

The cure for the world is to have more trade, not less trade. Trade begets friendly feelings between countries. Individuals who are trading with each other, who are exchanging goods with each other with resulting mutual benefit and gain, are invariably good friends; the same holds true in our national life.

I have said that the budget is protectionist. It is protectionist, in the sense that it practically makes no changes in the customs tariff. I want to point out to the House that in 1919 I left the Government of the day because it brought down a budget that was very little different from the one that is submitted now. Under these circumstances, Sir, I cannot support the budget proposals of my hon. friend the Minister of Finance.

I want to say a word now about the amendment that has been moved by my hon. friend the ex-Minister of Finance (Sir Henry Drayton). The first thing that strikes me in that respect is that the terms of the amendment vary entirely from the arguments that have been made by my hon. friends to my right who have spoken in this debate. The terms of the amendment are very simple; they state that the budget proposals brought down constitute on the part of the Government an utter failure to implement its pledges by legislation. Well, while I have been pretty severe in my criticism of the Government, I do not think those words are justified by the actual facts of the case. My hon. friend the Minister of Finance has wiped out that iniquitous discrimination against countries with depreciated currencies, and he is entitled to some credit for that. But my main objection to the motion of the ex-Minister of Finance is not founded on that; it is founded on the fact that it offers nothing constructive at the

present period of this country's development. We have a serious condition of affairs in this country. We have a burden of debt of almost $2,500,000,000. According to the proposals brought down by my hon. friend the Minister of Finance, on the basis of taxation of last year as I have already stated he will be $140,000,000 short of meeting the needs of the present year as asked for by the Government in their estimates. Under these conditions, what is necessary? I submit that what is necessary is a broad, courageous policy. What is necessary is that we get away from this principle of protection in our fiscal policy and set our eyes definitely and steadily in the other direction. Only in that way can we add to the wealth of our country; only in that way can we make the people of Canada prosperous; only in that way can we bring about such a change in the conditions as will enable the people to bear the burdens of taxation that are imposed upon them. That is the broad, constructive policy that will lead to the advancement of this country in the development of all its great potential wealth. For that reason I beg to move, seconded by the hon. member for Springfield (Mr. Hoey):

> That all the words after the word "support" at the end of the third last paragraph of the amendment to the motion before the House, be struck out, and the following be substituted therefor:
>
> "That the Liberal party having been returned to power, the budget proposals of the Finance Minister now brought down, based, as they are, mainly on the principle of protection in respect to the tariff, are wholly inadequate to implement such pledges by legislation.
>
> "That while recognizing that changes in fiscal policy should be made in such a way as to give industries affected a reasonable opportunity for readjustment, this House is of the opinion that the principle of protection as a basis for fiscal policy in Canada is unsound and not in the best interests of the Dominion."

Mr. FIELDING: I submit, Mr. Speaker, that the motion is not in order.

Mr. SPEAKER: I would like to have the opinion of the most experienced members of the House on that question. I have an opinion, but I do not wish to express it at the moment; I will reserve it until later.

Mr. FIELDING: The ground of my objection is that it is a well understood principle that you cannot have two amendments on a motion to go into Committee of Ways and Means or Committee of Supply.

Mr. MARCIL (Bonaventure): I may add that during my term as Speaker, and for many years before and since, the custom to which the minister refers has always been followed.

Mr. CRERAR: I submit, Mr. Speaker, that in all the circumstances, the amendment to the amendment which I have moved—should be recognized by you and admitted. I have not had a great deal of experience in the study of authorities who have dealt with these questions, but it is a well recognized practice in the British House of Commons—the Mother of Parliaments, from which we derive practically all that we have in the way of parliamentary institutions and parliamentary practice—to permit the introduction of secondary amendments or amendments to the amendment. Now, I may say with reference to the British practice that the method of procedure, as I understand it, is different from ours. In effect, the permission of the British House must first be secured for an amendment; that being done in each case, as many amendmens may be offered as hon. members wish to introduce. Our own rules provide that:

> In all cases not provided for hereinafter or by sessional or other orders, the rules, usages and forms of proceeding of the House of Commons of the United Kingdom of Great Britain and Ireland in force on the first day of July, 1867, shall be followed.

We have no rule of this House which is contrary to the practice to which I have referred as the well established practice in the British House of Commons. Our practice in Canada rests upon a precedent. I quite admit that in recent years, and, indeed, for quite a number of years in this House it has been the rule not to admit second amendments, or even an amendment to the amendment. That practice rests, so far as I have been able to discover, upon a decision given by Mr. Speaker Smith in the old Parliament of Canada in 1858, but as Bourinot has pointed out in his very valuable work: "This peculiar limitation to moving amendments arose originally from a misunderstanding of a Canadian Speaker as to the English practice."

Bourinot had in mind the decision given by Mr. Speaker Smith upon this occasion. It was a decision that a second amendment was not admissible. I do not need to recite to the House the particulars of that discussion, but a curious thing, I find, happened two years later when Mr. Speaker Smith, the same Speaker who had given the decision in 1858, practically

reversed that decision. I quote from Speakers' Decisions, a work compiled by Mr. A. Laperriere, who was at one time First Clerk of the Library of Parliament, and who quotes the decision of Mr. Speaker Smith upon that occasion:

> The Hon. A. T. Galt having moved the House into Committee of Supply, an amendment was proposed by the Hon. Geo. Brown, and after debate, an amendment to the amendment was proposed by the Hon. L. T. Drummond. C. Dunkin, Esq., raised the point of order and asked whether an amendment could be moved to the amendment to the motion for the House in Committee of Supply. The Speaker answered thus:
>
> "The point is very clear. There could be only one amendment to the motion for going into Committee of Supply. The motion of the Hon. L. T. Drummond was simply to amend the amendment, and consequently as it was not a substantive motion, he must rule it to be in order."

And he so ruled, and the House voted on the amendment to the amendment.

I submit that the present case is identical. It is true that subsequent speakers, either through lack of knowledge of the practice or of the decision on this particular occasion, have held that the first decision of Mr. Speaker Smith in 1858 should govern Canadian parliamentary practice, and I recognize that there have been several decisions by Speakers subsequent to that date confirming that view, but I submit, Mr. Speaker, that the full facts of the case were not taken into account and that you, Sir, in your ruling should follow the precedent established by Mr. Speaker Smith in 1860, in the circumstances which I have just related to the House.

There is another reason, aside from the practice and the rules, and that is that at the present time we have in this House a well recognized third party. I submit, Sir, that in fairness and equity this party of which I have the honour to be the leader, should have the opportunity of expressing its view upon a question of this kind in the manner in which we have done in the amendment I have moved. I think that is only a matter of equity and right. I quite recognize that you, Sir, in the duties of your office must be guided by the rules and by the practice that has gone before, but I submit, Sir, that the practice of refusing an amendment to the amendment is not substantially or soundly founded in this country. I therefore hope, Mr. Speaker, and ask you to so rule, that the amendment to the amendment which I have proposed is in order.

Mr. FIELDING: I submit, Sir, that the hon. gentleman has stated that something that occurred sixty-two years ago justifies his present motion. I do not admit that he is correct. I think possibly he may not be; but against his events of sixty-two years ago may I not plead the practice of the Parliament of Canada so long as any member of this House has any knowledge of it?

Mr. SPEAKER: Although I have studied the question, having been made aware that an amendment to the amendment might be moved, yet I find the point raised so important that I shall reserve my decision until to-morrow to give me an opportunity of reviewing the opinion I have formed, and see if I can render justice to the third party in this House. As I stated a moment ago, I have an opinion based upon the practice in the past, but I shall go deeper into the subject during the day, and to-morrow I shall be in a position to give a ruling. In the meantime my decision on the point is reserved.

Mr. E. J. McMURRAY (North Winnipeg): Mr. Speaker, in discussing the budget this afternoon, I do not propose to enter into any philosophical arguments in support of protection or free trade. There are the regular stock arguments in favour of either proposition. The case for protection has been well and ably set forth by the hon. member for Centre Toronto (Mr. Bristol), and that in favour of free trade by the hon. member for Marquette (Mr. Crerar) and the hon. member for Brant (Mr. Good). Indeed, the latter has put forth various arguments in favour of other forms of taxation. Neither am I going to enter into a minute discussion of the budget itself. I am not well enough informed, and it is a matter of a highly scientific nature. The Canadian tariff is described as one of the most difficult of all subjects. I wish to discuss the matter more from a general point of view. It is easy enough to put forward theories, but their practical application in a country like Canada is a far more difficult and serious thing. Circumstances are compelling forces that limit and curtail the carrying into effect of many theories. This is true in all walks and callings of life. We see it every day. We must fashion the suit from the amount of cloth and the material at hand.

5 p.m.

Financial conditions in Canada to-day, as in practically every other country of the world, are exceptionally serious. We have a national debt of two and a half

billion dollars, and a potential debt in connection with pensions that will amount, before we are through, to practically one billion dollars. In addition we are rapidly accumulating railroad deficits. The difference between the first two kinds of liabilities and the third is that the first two constitute a liability for many generations, while the third in all probability can be stopped. Last year we were short some $86,000,000, and the year before some $90,000,000. This year we are going to be short some $140,000,000. With that facing the hon. Minister of Finance (Mr. Fielding) his policy, as a matter of consequence, had to be more or less limited. He might well have exclaimed with Macbeth that he was "cabined, cribbed, confined" by the actual financial conditions prevailing in this country. He had to face a falling revenue and a rising indebtedness. In addition to that, we will have to meet the Fordney Bill of United States. The minister finds his vessel is driven by contrary winds on a rough sea, but that splendid pilot of the people of Canada has pointed his course true to the Liberal chart and compass as he has ever steered it in the past.

In the discussion of this question we must understand that the indebtedness to which this country is committed is largely that created by war. It was not created in the special interest of any particular industry or section of people in Canada, but in the interest of all, and all have a patriotic duty to bear that burden. The taxation harness has been placed by a master hand. The budget has been drafted so as not to injure any particular industry in this country and yet in such a way that the burden is borne by all. It is a burden in which all bear a part, and no one is injured. I am satisfied that the people of this country as a whole will accept favourably, recognizing all the conditions, the budget as it has been drafted.

I am not so much concerned with the budget to-day, but what of the future budgets? I have listened in this House for some constructive proposition in that regard. But I have not heard anything constructive in the amendment moved from the other side (the official opposition) which I submit is empty, querulous and petulant, harking back to the past election, which appears to be an ever-present and bitter memory. I have heard nothing constructive from the hon. leader of the Progressives (Mr. Crerar). During the course of his speech he told us he had some constructive suggestions to make. He did refer to construction work in the past, but I listened in vain for something constructive in his amendment. He was purely critical and had nothing, with one exception, to offer. He did not offer any suggestion as to how the vast sums of money that had to be raised annually in this country were to be raised under his amendment. We are annually going back financially. In 1921 we had added a debt of $50 on every family in Canada. In 1922 we propose to add $75 a family. This cannot continue. It must end somewhere. What of next year? Are we going to make any provision for the creation of a reservoir of wealth from which we can draw to meet our needs? We must do something definite. In this country there appears to be a growing tendency to take a grumbling attitude. Everybody is against something; apparently nobody is in favour of anything. That is the attitude apparently of every applicant who besieges the Minister of Finance to lift the burden off his back and "let George pay it." We have farmers from the West wishing to lift the burden from their shoulders to put it upon the back of the rest of the community. There must be created large reservoirs of wealth to pay the debt and lower the insufferable burden of taxation. Wealth is not created by budgets nor by resolutions of Parliament. There is only one way in which wealth is produced, and that is by labour applied to natural resources. Providence will not do it. We cannot sit here and wait for rain and favourable climatic conditions to produce wealth. We cannot be like the fable of the frog that sat on the rock with his mouth open waiting for the flies to fly in. He waited there long and grew emaciated and finally died. We have got to do something constructive, if we are going to take care of the heavy taxation of this country. We must not, like Victor Hugo's toiler of the sea, sit on the rock and allow the waves of financial distress to sweep over and destroy us. Providence always sides with the energetic and the capable. Canada is a country of tremendous resources. It seems like tautology to harp and dwell upon this. There is not a man in this House who does not believe that this will be a great country; that it will be a populous country; that it will have diversified industries, large cities; and that, in hundreds of years to come it will be one of the great nations of the earth. Of course, we all believe

that, and I submit the great chieftain of the Liberal party, Sir Wilfrid Laurier, was right when he made the prediction that the last century was that of United States and the present century will be that of Canada. The Americans believe that, and the Americans believe in the resources of this country. The hon. Minister of Finance was able to go to the city of New York in the United States and arrange a large loan at a reasonable rate of interest. The other day a friend of mine from Chicago, who had a small sum of money to invest, told me he went to a broker's office, asked for a suitable investment and the broker suggested bonds in a Canadian municipality. His friend asked him if he considered that a good investment and he said, "Certainly". He said that Canada was in the same position to-day that United States was 50 years ago. When the Liberal party went into power in 1896 things were in a bad shape in this country. There was unemployment, the West was unpopulated. There were no cities or towns there worth while. Times were bad and the people were leaving our country as fast as they could. There was blue ruin abroad in the land. The policy of the Liberal Government was that of a keen, active, energetic immigration policy based upon a sound business system. When Sir Clifford Sifton—then Mr. Sifton—became Minister of the Interior, he inaugurated an active immigration policy, and a complete revival followed. The West, which was practically a large barren prairie at that time, opened up to thousands and thousands of settlers drawn from all parts of the world. Cities sprang up; industries became active throughout Canada; unemployment disappeared; railroads were built. And that prosperity continued unremitting until 1914, when the war broke out. Since then, that policy has been dropped. Under that policy the manufactures of Canada increased six hundred per cent in twelve years; under that policy the population of Canada increased 40 per cent in twelve years; under that policy the total trade of Canada increased 400 per cent in twelve years. If that policy had been continued, and had not the war intervened we would probably have had in this country to-day, instead of 8,000,000 people, some 15,000,000 people. That policy was halted by the war, and it has not been revived. That policy should, in my humble opinion, be revived instantly. It was the policy that was making us great, prosperous and wealthy.

[Mr. McMurray.]

Sifton was the Canadian Columbus who discovered Canada to the people of the world.

We now have the railroads built; we have the elevators built; we have the mercantile marine; we have the large manufacturing plants created. The stage is all set. All we want is the strong hands and courageous hearts to produce the wealth and prosperity that we had before, to create that reservoir of wealth of which I have spoken, to secure in this country a body of wealth that can be taxed to take care of the great indebtedness that we must meet some time or another, and to do away with our annual deficits. There must be more shoulders to carry the burdens, and in that way alone can they be got. There are to-day in western Canada lands in unlimited quantities. The roads are built; the railroads are built; the schoolhouses are there; the municipal organization is ready. These lands lie within from twelve to fifteen miles of the railroad. There are some 12,000,000 acres of them along the line of the National Transcontinental from Winnipeg to Edmonton; there are 25,000,000 acres of good arable land in northern Ontario and northern Quebec adjacent to the railroads. In my opinion, there never existed a more favourable opportunity of getting desirable immigrants than exists to-day. Throughout Europe, by reason of the great war, there is great disintegration. Thousands of people there of capacity and ability, who have been disheartened and broken by conditions in that land, would hail the opportunity of coming to this new land with their sons and daughters and starting anew. That this is not a mere idle phantasy, we have the case of Australia to prove. Australia has actually embarked upon a policy of spending $250,000,000 in an agressive immigration policy to bring the people, particularly the British people, to their country, to help develop its resources and to pay the large burden of debt which the Australians, like ourselves, have to labour under. Not only is this true of the Australian Commonwealth itself, but it is true of each and every independent member of that commonwealth, such as New South Wales or Queensland; they are all actively engaged in that immigration policy. We can go out into the world to-day: we can go to Great Britain and we can get the best of her people; we can get the Scandinavians, we can get the people of Europe. From my experience of western Canada, an experience of considerable length, I am not one of those who are opposed to the intro-

duction into this country of the peoples of Central Europe. If I might be pardoned a personal allusion, I have lived in western Canada for some twenty-six or twenty-seven years. I came to that country when it was more or less practically unsettled. There were no cities there except the city of Winnipeg. I have seen the effect of immigration. I saw the hardy people of Central Europe come there with their ox-teams and go out on the prairies. As I have stood on the ridge looking over miles of country in the summer time, I have seen that brown prairie turned into black ploughed land. I have come a year or two afterwards and seen that land in waving fields of grain. I have seen those people go to that land, dig their homes out of the ground, build their sod homes and sod stables, and I have seen them grow rich. To-day their children are going to our schools and colleges; they are competing with the best that we have in the West. In the province of Manitoba, in the high schools, I understand that 18 per cent of all the students are descendants of these people from Central Europe. If there is one weakness that the English-speaking Canadian possesses above all others, it is his sense of superiority to those of other races; he is inclined to look down upon the people of other extractions. But as regards thrift, industry and capacity for hard and continued labour, I do not think he is the equal of the people of Central Europe. The coming of those people was the result of the policy I have described. I have given only one instance out on the prairies; but those people did not get the best land of western Canada. They were turned to the wooded districts and to the swamp lands. Out from the city of Winnipeg, some thirty miles, is a settlement of Bohemians who went into a district that was considered practically worthless. To-day it is one of the most valuable districts in western Canada as regards the price of land. Those Bohemians made wonderfully fine settlers. They are cleanly, industrious, with a turn for music and painting, and if one goes down to a place called Ladywood, one will see every sign of thrift. Their condition reminds one of the story of Washington Irving's " Sleepy Hollow," where the schoolmaster went to court the old Dutchman's daughter. He admired the turkeys and geese and all the live stock around the place, the apple orchard, all overflowing with evidences of thrift and prosperity. That is the story of those people. Throughout western Canada, I have never known at any time the foreign people to ask for help or assistance. They do not need it; they are capable, by their thrift and industry, of taking care of themselves. If this active immigration policy is entered into, it will in a very short time solve our railroad deficits. I have this upon the statement of one of the ablest authorities on railway rates in Canada, a statement given a short time ago, not many miles from this House. He pointed out that the doubling of the production of grain in western Canada would settle the railway question instantly. I was pleased to hear the hon. member for Last Mountain (Mr. Johnston) advocating an immigration policy. I was doubly pleased to hear the hon. member for South Renfrew (Mr. Low) the other night referring to the necessity of an active businesslike immigration policy, and particularly to hear him speak of the necessity of stirring our agencies in the United States into keen and active work. Some years ago, in the city of Winnipeg, the large real estate offices were busy bringing thousands and thousands of settlers from the United States to western Canada. Practically every real estate office in the United States was a Canadian immigration office. But that is not the story now. One hundred thousand families of farmers settled in western Canada would produce enough added wheat in the next six or seven years to take care of the annual deficit on the National Transcontinental Railway. I believe that this is the view of the business men, and the men of standing in Canada to-day. I have made a point of discussing it with various persons I have met in different parts of the country, and I have rarely met any man who did not think that the solution, and the only solution, of our present unhappy situation is to bring the strong hand and the stout heart of the capable and willing immigrant wherever he can be secured to develop these resources of ours that are idle. Sir Clifford Sifton a short time ago, speaking in Toronto, advocated a keen, decisive, active immigration policy. He dealt with the question of our people leaving Canada, and the hon. member for Marquette (Mr. Crerar) bore out his opinion a few minutes ago in his speech when he said that the men who were leaving Canada were the skilled artisans and the residents of the cities. It has been our mistaken immigration policy in the past that we have

not brought to this country purely agricultural people to develop our resources. We have brought thousands upon thousands of artisans and labouring men who during the time of prosperity helped to build up the cities, and who, now that that era of prosperity has passed, are out of employment. They are not to blame that they are idle. They are men who have been trained along certain special lines, and the artisan cannot go out and make a success of farming in western Canada or, for that matter, in any other part of this country. A leading journal in western Canada, the Winnipeg Free Press, dealing with the problem of immigration says:

> Every live business man in Canada knows very well that there can be no solution of the great problems with which Canada is faced until there is greater development, more business, and more population.

Referring to the inactivity of immigration work in this country it says:

> It has been asleep or dead for some years now; and there are no real indications yet of any revival of life.

As regards the exodus of people from this country, it goes on to say:

> The other explanation for this exodus must be found in the unfitness of many of the immigrants for making a living in this country. What profits it to bring a million immigrants into this country if they do not stay here? The whole problem centres around the need for the careful selection of immigrants so that when they reach this country they will be able to employ their talents and services to their own advantage and to the benefit of the country. All criticism directed towards any proposed scheme to be valid must take cognizance of this basic fact. As for the considerations of race of nationality, of language which are being injected into the discussion, the wise course is to bar them all. The test is fitness and it is the only test that is required at this time. Fitness includes ability to make a living in this country and willingness to become a Canadian in every sense of the word. The problem of how to induce a maximum of immigrants of this class from Great Britain and Ireland, from northern and central Europe, and from the United States, is now before the government; and the people are waiting and watching, not very hopefully, for some signs that the government is equal to providing a workable solution of it.

The press recently contained an interview with one man who in Canada is undoubtedly an authority on these questions. That man, Baron Shaughnessy, on his return from Great Britain some time in May, is reported as follows:

> But the greatest potential asset for Canada to be found in Europe lies in the millions of desirable immigrants who should be brought to this country. "We have not been doing anywhere near as much as we should have been doing during the past few years to make an impression in Europe." declared the veteran railwayman. "We have abandoned anything like a strenuous effort to secure population, our immigration office in London is practically abandoned and such people who are going abroad are bound for either Australia or New Zealand. Of course, many of these are not of a type we care for in this country. We really want only such people as are willing to settle on the land and develop our agriculture.
>
> "We can take from 125,000 to 150,000 families per year into this country. These would represent roughly 600,000 persons, but they must all be of the agricultural class.
>
> "For these, we would draw upon every "white" country of Europe. England alone, can give us very few. Were we to depend upon British immigration alone, for the next ten years, our increase in population would only be trifling. No doubt they would be glad to give us a considerable number of immigrants from the large cities, but we have no room for them here just now, and probably won't have for a considerable time to come.
>
> "Our cities are overcrowded as it is, in proportion to our rural districts.
>
> "From information I have received, I believe that the Slavonic countries can give us a great many desirable people, Austria, Hungary, Holland to some extent and probably Norway and Sweden can give us our supply.
>
> "How long can we continue this supply? Almost idefinitely if we insist on the right kind of immigration. We can accommodate them and we need them, need them badly to meet the demands of our public debt.

On the 25th of April a large convention of the provincial Liberal party of Manitoba was held in the city of Winnipeg. It was drawn from all quarters, from the city and from the farming districts, and the following resolution was unanimously adopted without a single dissenting voice:

> Whereas the undeveloped lands and other natural resources of the province of Manitoba are capable of being developed, thereby producing homes for many new settlers;
>
> And whereas the time is now opportune for an aggressive immigration policy to attract desirable settlers;
>
> Be it resolved that the Liberal party is of the opinion that the provincial government co-operate with the federal government with a view of bringing, to this province of opportunity, settlers to assist in the development of these resources, thereby increasing our population and wealth.

What must be the qualification of the immigrant? I submit, in the words of Lord Shaughnessy, that he must be one who can earn a living in this country. In addition to that he must be a man who can be assimilated into the national life. He must be an agriculturist, or be capable of becoming such. You cannot make a farmer out of a man reared in the city. Somehow or other there comes about in city people a process of de-naturalization, if I may use that term in this connection.

They largely loose the love and taste for nature which the farmer's son in the years of his youth apparently breathes into his very mind and which creates in him the instincts of the agriculturist. The city man has no such opportunity of acquiring an appreciation of and a liking for farm life; and besides, through his associations in the city, he is more gregarious than the farmer. Life on the western prairies of Canada is hard. There nature is stern and severe and the life is lonesome. She calls for the sturdy, men who, in the words of Robert W. Service, are grit to the core.

Who were the successful immigrants in the past, who were the men who came to Canada, went on the land and stayed there? The hardy men who settled this country were of the agricultural type. They were men of the Scottish Highlands, used to the outdoor life, rugged and strong and full of courage; they settled in the maritime privinces and in Ontario. Then we had the peasantry of Ireland, driven from their native land by famine; they too made good. Then there were the disbanded British soldiers, who in nearly all instances were of the peasantry of Scotland and Ireland; they also made good. Another very successful class of settlers were the United Empire Loyalists. They, like the Americans now coming to our western states, were men of the open, farmers in the American colonies who were loyal to the British connection, and when the war was over they came to this country. They were the very finest type of settlers, because they were men familiar with outside work and loyal to our institutions. Throughout Ontario and down in Nova Scotia we had the sturdy German people, and they invariably made good. Out in southern Alberta are the Mormon people. They came there in the month of June years and years ago in a snowstorm—sturdy outside people. They have stayed with us and helped develop the country. The hardy farmers' sons of Ontario, Quebec, and Nova Scotia have come to the West and made good. I remember when the Barr Colony, along about 1900, trekked out over the plains of western Canada; they made good. And the people of Russia, of German extraction, known as the Russ-Deutchers in their language, have turned the prairies into a garden. To-day around the city of Winnipeg we have these people settled on ten, fifteen or twenty acres of land, and they are prosperous and well to do.

Now, we hear all sorts of criticisms of our immigration policy, and I propose to deal with them for a moment. Various members of the Progressive group have stated that there is no use bringing in immigrants at the present time, because, if the actual farmers already here cannot succeed, how can we possibly hope for the newcomer, unfamiliar with local conditions, to make headway. I believe that my friends from the prairies have painted too dark a picture. I believe that what they have experienced in the last year is only a temporary condition. They felt the period of deflation almost before any other class. But that deflation is setting in all along the line —wages to-day in the West have fallen forty or fifty per cent—which will lessen the cost of producing grain—the commodities that the farmer has to buy are also coming down in price, and freight rates are undoubtedly coming down—if we do our duty here they should be reduced very substantially.

The West has produced great wealth in the past and has built up great cities there and in eastern Canada. The immigrants who came into western Canada under the Sifton regime started under far harder circumstances than those which obtain to-day. I remember when those immigrants were coming into western Canada wheat was selling at 50 cents a bushel. And if I might be pardoned a personal allusion, I have under those conditions raised as fine stockers in the West as you can raise to-day and drove them eighty miles and sold them at 2¼ cents per pound—Black Galloways at that.

An hon. MEMBER: Where was that?

Mr. McMURRAY: Touchwood Hills. The West was not built on dollar wheat I would remind my hon. friend. You will see as fine farm houses and buildings in the West as anywhere in eastern Canada. I believe we are to-day in the position of the teeter—we are about at the dead centre, prices are going down and prosperity will return. We will shortly pass through this valley of depression and emerge again on the tableland of prosperity where we were five years before the war came.

Throughout western Canada there are holders of a vast amount of victory bonds. I know farmers who own as much as $20,000 and $25,000 worth of those bonds—dug out of the soil.

Mr. FORKE: Do you know that I have sold my victory bonds during the last two or three years to keep my farm going?

Mr. BROWN: So have I.

Mr. McMURRAY: That does not disturb my argument at all. You may have been obliged to do that. I will grant you that last year was very hard on farmers. I farm myself and I know that. But I believe that it is only a temporary condition, and that with lower freight rates—a great desideratum in western Canada—lower wages and lower prices of commodities we will be back where we were before the war; in a word, we will be prosperous again.

It is argued that our immigrants must be from the British Isles, that they must be English speaking. I submit, Mr. Speaker, that that is not the test at all. What we want are men capable of earning a living as agriculturists and who will grow into the common life of the country. Many of our people in the province of Quebec cannot speak English at all; who will say that they are not just as good Canadians as those who can speak English? For many years throughout this country people were found—and they are found now, I believe, in some parts—of Scotch extraction who talked Gaelic. They were and are good settlers; and I maintain, therefore, that a knowledge of the English tongue is not a necessary standard. It is not essential that these immigrants should be of English-speaking extraction.

Then, there is an objection against the foreign-born man that he will not become Canadian. I think it is rather a hasty view that if the foreigner does not talk our language in ten or twelve years he will not become part of the national life. The building up of a nation, Sir, is a matter of slow growth; it is a matter not of years, but of decades. If these people are thrifty, industrious, courageous, they will in the years to come develop into a solid Canadian people. And it is a scientific fact that from the mixing of nationalities a more competent, more virile race is bound to issue; we see instances of that in the United States.

Then, there is another argument—and it will recur to my labour friends in the House—that the introduction into this country of a large body of immigrants would be injurious to labour; would be detrimental to those of our people who are now idle; would add unemployment to unemployment. I do not believe that for an instant; if I did, I would not be here advocating the policy that I do. In fact, I think the very opposite would be the effect. With agricultural immigration into this country taking place, a home market would be created for the products of our factories. If 100,000 families were settled to-day upon the plains of the Canadian West, the result would be the giving of employment to large numbers of men in the annual production of some $50,000,000 worth of goods. Toronto, Brantford, Hamilton—all the cities of eastern Canada in fact—were stung into life under the immigration policy inaugurated by Sir Clifford Sifton following 1896.

There are those who tell us that we should follow the policy of the United States which allows not more than three per cent of any given foreign population to come in during one year. But that was not the policy of the United States when they needed settlers as we need them. After the American Civil War the people of the world were welcome to go to the United States, make their home there and assist in the building up of the great population and the great wealth that that country now possesses. We are now more or less in the situation of the people of the United States at that time, and if we are to build up a population; if we are to create a body of wealth, we must do it by the application of labour to the soil; and we must have the people of the world here to help us do it. They are to be had; they will come, and come gladly. We are not bringing them here to pay our taxes; their taxes are heavy where they are. They will come here and enjoy prosperity, as thousands of their countrymen have done in the past. Nor are we bringing them to a country that is, or should be, despondent. The financial situation of Canada, while it is bad, is fairly good compared with that of most other countries. I take the opportunity of quoting briefly from an influential financial paper published in the United States. It says:

> Canada has her troubles. They are the lesser problems of resumed growth, not of reconstruction. She has no war currency to deflate. Her budget practically balances. In foreign trade her cash position is stronger than a year ago. Her production increases. No other country in the world can point to the combination of all these factors in January, 1922.
>
> If the course of exchange be the true augury of 1922 eventualities, the Canadian outlook is 100 per cent better than a year ago. The new year opened with Montreal dollars at a 5 per cent discount. The old year began business with Montreal dollars worth 85 cents apiece in New York.
>
> Actual gain in cash position of Canadian foreign trade is stronger by $150,000,000 than 12 months ago. Both exports and bank clearings have declined less than our own.

Immigration sets in. Building revives and building costs decline. Production increases. Where is the outlook better or as good?

Now then, what will be the result of an active immigration policy in this country? To-day we have idleness in our cities. We have an ever-increasing annual deficit. We have diminishing railroad returns; we have an idle merchant marine, and apparently we have a despondent agricultural population. With the production of more wealth in the country; with a larger population, there must in every way be created a larger body of wealth. Our railroad situation will be improved; freight rates will be reduced for the western farmer; the annual deficit will be more or less wiped out, and lower taxes will come for all. As I have said, the people of this country are looking forward to the adoption of such a policy as this. Mr. Sifton wasted no time on statistics and red tape and inefficient government employees. He went to get immigrants of the right type by the shortest, most direct methods—exactly the methods that would be adopted by an ordinary common-sense variety of business man, and the greatest prosperity Canada has ever known immediately followed that policy.

What we want at this time, I submit, is a courageous, active immigration policy. Without it, I do not know how we can get on. We require political courage—we owe it to ourselves; we owe it to the poor and to the unemployed; we owe it to the world. We are entitled to enjoy better things. With an active immigration policy; with settlers flowing into this country as they did from 1898 to 1912, I submit, that ultimately there shall come peace, prosperity and happiness; there will be the evolution, slowly but surely, of a great national type, drawn from the kindred nations of the earth, developed by hardy toil in the invigorating climate of Canada, so that in the centuries to come one of the great and distinct races of the earth will be known by the name Canadian.

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

Mr. DONALD SUTHERLAND (South Oxford): Mr. Speaker, the budget proposals of the Minister of Finance always constitute one of the most interesting features, if not the most interesting, of a session of Parliament, and in view of the fact that this is the first session of a new Parliament, summoned on the advent to office of a new government, the present budget is of much more than usual interest not only to the members of this House, but to the country as well. Some hon. members may become somewhat impatient at times owing to the length of time taken by a budget debate. That is frequently the feeling of new members of Parliament, but the practice has, however, the endorsation of old, experienced parliamentary leaders, who consider it very valuable and who believe that the time given to the budget is not lost, but, on the contrary, is very usefully employed.

Under present conditions the budget must of necessity interest every one in this country to a very marked degree. We are experiencing at the present time a condition of affairs in this country, and it is universal throughout the world, such as has not existed before during the lives of those now present, and it is a question whether during the whole history of the world such a condition has been experienced. During the years from 1914 down to the end of 1918 practically the whole wealth of the world has been destroyed—blown up, burnt out, absolutely destroyed—leaving nothing except heavy liabilities. That is the condition of affairs that is confronting this country, as well as the rest of the world, at the present time. It is, therefore, not a theory that we are confronted with, but an actual condition of affairs with which we must deal to the best advantage of our people and of our country. Theories do not count for much under such conditions.

I thought as I listened to some of the addresses which have been delivered during this debate that some hon. members had lost sight of the difficulties in which this country finds itself and of the tremendous efforts which must be put forward by our people. I thought as I listened to the criticisms with regard to the budget, the amendment, and the amendment to the amendment which has just been moved, that possibly some hon. members were losing sight of one very important feature of the situation. But, fortunately for us, or unfortunately, it may be, we have in the Minister of Finance (Mr. Fielding) one of the oldest parliamentarians in the public life of this country. The Minister of Finance brought down in this House on the 23rd of May his sixteenth budget. That is something very unusual; something which I doubt will ever be repeated. I do not believe it will ever be repeated under similar conditions. The

Minister of Finance comes back here a member of the new Government installed in office about six months ago, after ten years in opposition, with all his experience and all his ability, and he has presented this budget to Parliament, and it is now open for consideration and any suggestions which hon. members may have to offer.

It is remarkable how frequently we hear hon. members on the Government benches offering excuses for the budget which is now before this House, saying that it is not the budget which might have been expected owing to the fact that the Government have been in office for only a short period. The hon. leader of the Progressive party (Mr. Crerar) also in his address to the House this afternoon excused the Government for not including much that he thought might have been in the budget, and said that he was not so much concerned about this budget as the one that would be presented in about a year from now. Under certain conditions there might be some justification for such excuses, but as the Minister of Finance has returned to power in full possession of his faculties, to a greater degree, indeed, than many men years younger than he is—and frequent references have been made to his experience and the long service he has rendered—I say there is absolutely no excuse under those conditions, because he has been in touch with the public life of this country during the years when he was in opposition.

We know that during the last election the Government professed before the people of this country to have a policy which they were anxious to put into effect if they were placed in a position to administer the affairs of this country. Yet in spite of that we have presented to us to-day a budget which does not carry out to any degree the promises and pledges which hon. members who now occupy the Government benches made a few months ago when they were appealing to the people of this country. Is it a small matter to break faith with the electors of this country so quickly or at any time? Is it sufficient justification for that breach of faith to say: Oh, we have only been in office for a short time. I thought as I listened to the hon. member for Marquette this afternoon that he also was anxious to justify the Government and to find some excuse for not voting for the amendment censuring the Government for their breach of faith with the electors. What does that amendment say? After pointing out the manner in which the Government had failed to implement their promises and pledges it concludes with this paragraph:

> That the making of such solemn pledges, the utilization of them to secure support, and their flagrant violation after the attainment of office reveal a disregard of political honour and tend to lower the standard of public life.

If it is true that the Government have disregarded their pledges and promises, surely there is something to be said for censuring the Government for that breach of faith, but I have looked over the amendment to the amendment which has been moved by the hon. member for Marquette, and I find that the substance of it is this:

> The budget proposals of the Minister of Finance now brought down, depending, as they do, mainly on the principle of protection with respect to the tariff, are wholly inadequate to implement pledges of legislation that have been given. This House is of the opinion that the principle of protection, as a basis for a fiscal policy in Canada, is unsound and not in the best interests of the Dominion.

Hon. members will notice that the hon. member from Marquette has not a word of censure for the Government with regard to their breach of faith with the people of this country. It is apparently a custom that has never obtained in this country to move an amendment to the amendment, and, consequently, the hon. member from Marquette must have been aware of this, and had been evidently looking for some ground upon which to justify his motion. I am not altogether sure in my own mind as to whether he expects his right to move that amendment to be sustained by the Chair. The fact that ever since Confederation no such motion has been entertained in this House has established a custom, which would not, I think, be very lightly cast aside by the Speaker of this Parliament. However, I do not intend to deal with that, but I would like to call attention of hon. members to statements that have been made with regard to such breaches of faith or confidence on the part of those who have entrusted the reigns of government to a political party. Hon. George Brown in his day stated:

> If, Sir, a public man avows certain principles, agitates those principles, and seeks to overthrow the government of the day and establishes those principles, and if, when he attains power, he laughs at his principles, and casts his professions to the winds, he is aiming a blow at public morality.

This was the view of the Hon. George Brown in his day with regard to promises

made by political parties. Is it possible that we, in this age, can afford to be less strict with regard to such matters than the public men of that day, or is it possible that the public conscience at the present time can be abused and violated in that respect more than in those days? We have also the statement of the Right Hon. the Prime Minister (Mr. Mackenzie King) a year ago in this House. On 15th of February, 1921, in moving a motion in this House he stated:

> What is it, Mr. Speaker, that works havoc in human lives, that destroys the noblest of friendships, that blights all that is most sacred in our human relations? It is the loss of confidence that comes through disillusionment, through the broken pledges the shattered ideals, the lost visions, the vanished faiths, cruel, indeed, it is when that breach in confidence comes between man and man, between friend and friend, between race and race, between nation and nation; but when it comes between a people and its government, there is no saying what injury it may ultimately work.
>
> * * * Is there nothing binding in conscience and in honour between those who rule a people and those who have permitted them to be ruled.

These are the words of the Prime Minister only a year ago in this House, and yet we find to-day that the platform of the party of which he is the leader is absolutely being ignored in the budget which has been presented to this Parliament. We have also heard hon. members opposite expressing their views with regard to the policy of the Liberal party, not only to-day, not only in the past, but also what it is going to be in the future. We had a few days ago the hon. member for Brantford (Mr. Raymond) declaring in this House that the Liberal party in this country was not a free trade party, that they had never advocated free trade and that he did not expect they ever would. On the following day the hon. member for Brome (Mr. McMaster) rose in his place in this House, argued strongly in favour of the very thing that was condemned by the hon. member for Brantford, and strongly advocated free trade in this country. Then the hon. member for Hants (Mr. Martell), I think it was, interrupted the hon. member for Brantford, declaring that he was in favour of a free trade policy. We have also witnessed ministers bringing their estimates before Parliament submitting them to the consideration of this House, moving to have them adopted, and another hon. member of the Government moving to reduce them by $50,000 or $100,000 or $400,000, or whatever the amount may have been.

I question whether there has ever been in the history of this or any other country, a similar policy adopted. It is something entirely new. It is something the people have not been accustomed to, and, therefore, it is possibly time enough for us to criticize this budget when we know what this Government is going to do with it. In all probability, when it goes into committee they will change it entirely and we will have another budget emerge from the committee that will not resemble the present one at all. I would not be at all surprised to see that happen, and, in view of the statements made this afternoon by the hon. member for Marquette, I am inclined to think that possibly his views will prevail with regard to the policy of the Government. We have also had—I will not say the spectacle—but we have had the very amusing experience of witnessing the hon. Minister of Finance, metaphorically speaking, chastising some of his colleagues in the Government very severely in the presence of hon. members of the House. We have seen that done in the case of the Minister of Labour (Mr. Murdock) and a little later on our genial friend the Minister of Agriculture (Mr. Motherwell) subjected to a similar castigation by the Minister of Finance.

Mr. MOTHERWELL: It did not hurt me.

Mr. SUTHERLAND: The hon. member says it did not hurt him, but it has been noticeable that he has been very quiet, and that his voice has scarcely been heard since in this Parliament. It must have had a considerable effect upon the Minister of Agriculture. I was inclined to agree with the Minister of Agriculture, and I could scarcely understand why the Minister of Finance should become so annoyed and exhibit the temper which he did on that occasion. It is quite evident that the Minister of Finance is determined to have his own way in the Government, and if he decides to go through with this budget as it is, undoubtedly it will go through, but if other counsels prevail, and they overcome the views of the Minister of Finance, we do not know what the result will be.

I have already referred to the views entertained by hon. members opposite; some of them are extreme free traders and others are strong protectionists; in fact, we knew very well during the recent

campaign they had practically a policy to suit the requirements of every constituency. This was the policy pursued by the Government throughout the campaign, and, as far as their platform was concerned, I do not believe that they paid very much attention to it. I was of the opinion, all through the campaign, that there was a tacit understanding between the Liberal party and what is called the Progressive party that they were out to defeat the government. Judging from things that have happened since this session has opened, I have not seen any reason to change my views in that regard.

In 1920 a by-election was held in western Ontario, and the present Prime Minister (Mr. King) when he was interviewed on that occasion by a correspondent of the London Advertiser, made a statement with regard to the prospects during the next general election, and this statement was made in reference to a trip which he had just had through western Canada:

> The people were most anxious to hear the trade policy of the Liberal party outlined. Of course, a large part of the audience was formed by farmers, who are more or less aligned with the new party, but they gave us a most cordial welcome just the same. Their policy is essentially Liberal, and it was quite plain that they realized we must stand together if we are to get results. The National Liberal-Conservative party is devoting all its efforts in an attempt to bring about a division of the farmers and the Liberals, but their success along these lines has not been very apparent.

That may be quite true; but at the same time, it is evident that every discordant element in this country was lined up with the object of defeating the late government in the last general election. After the elections were over, a different atmosphere prevailed, and this was indicated by the following statement made by the hon. member for Brome (Mr. McMaster). He said: "After the fight is over, why do you say anything about what took place?"

A year ago the present Minister of Finance referred to a speech that was made in the West by the leader of the official Opposition (Mr. Meighen). The Minister of Finance quoted Mr. Meighen as having stated at Winnipeg:

> Mr. Fielding has time and again given his adherence to the protective principle. and never in language more unequivocal than employed in recent years.

The Minister of Finance stated:

> My right hon. friend is mistaken. I never gave any adherence to the principle of protection. , . If I had to choose between the two principles by all means I would start from the standpoint of free trade.

[Mr. Sutherland.]

That was the statement made by the Minister of Finance on that occasion. The year before in this House, he said, and he was evidently preparing the people of this country for what has taken place:

> I do not even think we can expect to get a safe and sound tariff policy by a too rigid adherence to every line and every letter of the tariff platform. I think myself that we will find that we are all prone in framing platforms to put things perhaps a little more strongly than is wise, and we all find when we come to the responsibilities of office that we have to modify our views.

The following day the hon. member for Brome in this House used these words in a most vigorous speech:

> Mr. Speaker: Protection as a policy for this country is not only dead, but after the next election it will, as Disraeli said, "be damned!"

Those were his views with regard to his policy at that time. The hon. member for Brome, so emphatic and so satisfied in his own mind, even ventured into the field of prophecy on that occasion. We have had further statements with regard to the policy of the Liberal party by those who, I think we might assume, ought to know what they are talking about. In 1907 there was a proposal before the House to reduce the duty on agricultural implements, and the then hon. member for Souris moved the following amendment:

> That the committee reconsider item 445 and that it be amended by striking out the figures 17½ per cent in the general tariff and inserting in lieu thereof the figures 10 per cent.

This is in relation to the duties on agricultural implements that my hon. friends to the left have been advocating so strenuously. What did the Minister of Finance (Mr. Fielding) have to say on that occasion, although a year ago and, indeed, whenever it suits his purpose, he states that he is absolutely opposed to protection and that he favours the idea of free trade? The Minister of Finance spoke on that occasion, and you will find his words quoted at page 5621 of Hansard of that year:

> Mr. Fielding: . . . . by a careful calculation, we are advised that the drawbacks we allow are somewhat less than the disadvantage under which the manufacturer is placed by the reduction of the tariff. . . . . Even suppose for a moment that he got everything free and had a duty of 17½ per cent on the implement, would that be an extravagant duty as things go in this country? . . . . I believe this proposal of the hon. member for Souris, if adopted, would do an injustice to an established industry. . . . My belief that if this motion were passed, we would strike a severe blow at one of the great industries of the country. I believe the Inter-

national Harvester Company would find it to its interest to close up its business in Hamilton, at least so much of it as is devoted to mowers and binders, and have them made at the American branch and bring them from the United States. The factory in Hamilton is an American concern. With a moderate duty we have induced American capital to come into Canada and to establish that great industry, and after we have brought it in and established it in Canada I believe that if we were to pass this resolution the company operating that industry would find it profitable to close the Hamilton factory and bring in goods which they make in the United States.

This was the view of the Minister of Finance on that occasion, when hon. members in this House were asking to have the tariff reduced on agricultural implements. The Hon. Mr. Paterson on that occasion stated:

I do not disguise the fact that we propose to give these people nearly the amount of reduction in duty that has been made. For it must be remembered that 17½ per cent is no more than a revenue tariff.

The hon. member for Brome the other day was dilating upon the traditions of the Liberal party. I wonder what he has to say with regard to that statement by Hon. Mr. Paterson:

17½ per cent is no more than a revenue tariff.

It is not approaching a protective tariff at all. Yet we listened this afternoon to the hon. member for Marquette (Mr. Crerar) and the other day to the Minister of Finance, claiming that the people of this country made a terrible mistake in 1911 when they did not accept the proposition which was made to them by the government of that day and adopt the reciprocity pact of Messrs. Fielding and Paterson. We have heard that during the election campaign, from every platform where it suited their convenience to advocate such a policy. What are the facts with regard to that matter? If you had the tariff that is adopted under the reciprocity arrangement or agreement entered into by Mr. Paterson and the present Minister of Finance on that occasion, you would have to increase the duties on agricultural implements all along the line very materially, and you would place on the free list everything that the farmer raises without his receiving any corresponding advantage. Do you suppose, Sir, for one moment, that had that agreement been adopted by the people of this country, it would have had any influence upon the people of the United States when a change of government took place in that country when it suited their convenience to adopt a policy which they believed was in their interest? Have they in the past shown any regard or consideration for the interest of this country? Have they not always placed their own, first, last and always? You cannot blame them for doing so. They are looking after their own interest and they would have done so, in any event because this agreement was not a treaty or binding; it was termed simply a pact, which might be denounced at any time by either party to it. We should have been compelled to develop new channels of trade again just as we did in 1866, after the treaty of 1854 had been denounced by the United States government. There were people in this country in 1911 who had a distinct recollection of what took place on that occasion and they were not going to be led into another trap of that kind, when conditions indicated in no uncertain manner the fact that the agreement was more in the interests of the United States than of Canada.

Under the reciprocity pact the duty on waggons was 22½ per cent, and we reduced it to 20 per cent. The hon. member for Marquette (Mr. Crerar) claimed that he had a cause to resign from the government in 1919, because he differed from it on its tariff policy. The other tariffs under reciprocity were hay-loaders 20 per cent, reapers 15 per cent, binders 15 per cent, mowers 15 per cent, and windmills 20 per cent, reduced to 17½ per cent. What about cement? We have not heard much during this debate with regard to cement. But, oh! how it figured during the election campaign. There was a provision in the reciprocity pact for a tariff of 11 cents per hundred pounds on cement, but the government that succeeded the administration of that day reduced that tariff to eight cents per hundred pounds, at which figure it has remained ever since. These were things that were done for the benefit of the people of this country by the governments after 1911, but they were not provided for in the reciprocity agreement of 1911. The duty on binders, mowers, and these other things was reduced to 12½ per cent instead of 15 per cent as proposed in that pact. There were some other things that farmers are vitally interested in that were not provided for in the reciprocity agreement; but to hear some members of the Progressive party one would suppose that any one who does not come from the prairie provinces would be encroaching on the prerogatives of true farmers to mention these things. We have heard so much about

farming from these gentlemen that apparently there is only one class of people who are qualified to call themselves farmers, and that is the grain growers of western Canada. However, I shall mention some of the other articles in which the farmers of Canada generally are very much interested. Butter was made free under the reciprocity pact. Now, during the past year upwards of two million pounds of butter were brought into this country from Great Britain under the British preference, to say nothing of millions of pounds imported from the United States. Does the farmer of Canada not obtain any advantage from a protective tariff in view of these importations? The United States put their tariff on butter up to eight cents per pound, and yet hon. gentlemen in this House who call themselves farmers say they do not need protection, advocate that it should be done away with, and declare that we should have everything free.

An hon. MEMBER: Hear, hear.

Mr. SUTHERLAND: An hon. gentleman says: "hear hear." Does he know that 9,000,000 dozens of American eggs came into this country last year with a tariff of three cents per dozen? We cannot under- present conditions produce enough eggs to supply the requirements of this country. Hon. gentlemen say it is more profitable to grow wheat than to bother with these trifling things, and so we import all these eggs from the United States. Take apples, for instance. There was a tariff of 60 cents per barrel on apples, and it has been increased to 90 cents per barrel; and in spite of that increase, during the past year, even though it was the smallest importation of this commodity that has come into the country, upwards of 110,000 barrels of apples were brought into Canada. If I had time to go over the list of articles and to show how many millions, and tens of millions of pounds of beef, pork, bacon and things of that kind have been imported into Canada from the United States, the wheat growers of the west would probably appreciate the fact that those who are carrying on actual farming in Canada do not ask that the tariff shall be removed, but, on the contrary, are strongly in favour of having it increased on many things that farmers are producing to-day in large quantities.

This is absolutely essential under present conditions. As I said at the outset, we are confronted to-day with a condition and not a theory. There is throughout the whole world a tendency on the part of most nations to erect tariff barriers for the protection of their own people from the cheap labour of foreign countries, and to establish their own industries in order to provide employment and a home market for their own people. But hon. members say: "Oh, but we are going to blaze the way for the whole world; Canada is going to set an example that eventually will be followed by all other countries." The hon. member for Marquette this afternoon, venturing into the field of prophecy, which is not always a very safe thing to do, stated that even in Great Britain the protective tariff which has been adopted will soon be discarded. I am inclined to think, however, in view of the statement made by the Prime Minister of Great Britain a few days ago, that that right hon. gentleman is not at all so sanguine in regard to that probability, for he has pointed out that the tendency to-day in all countries is to impose tariffs for the protection of native industry. While he deprecated the fact, nevertheless, it existed and had to be faced. These countries that are protected, in order to maintain an even price at home in proportion to the costs of production, ship out their surpluses. This may be an unfortunate condition of affairs, but it is the actual condition that prevails.

That leads me to a feature of the budget which I was somewhat surprised to hear the member for Marquette speak of in the way he did. I refer to the fixing of the rate of exchange on imports into this country, including German imports. The hon. member for Brome (Mr. McMaster), dealing with this matter the other day, referred to small nations of Europe that had adopted the protective tariff, and he was quoting the imports into those countries and giving the rate of duty collected on the total imports. He did not, however, give the rate of duty collected on the articles upon which a duty was levied. There were many millions of dollars' worth of free goods taken in there, and had he given that he would have shown that the protective tariffs in those countries were higher in regard to many things than is the tariff in Canada. I shall refer briefly to what has been done in the United States. The hon. member for Marquette said that the bill dealing with this question of the exchange on imports was put through the American Congress a year ago, and that there is no possibility of its going into effect. Let me inform the hon. member for Marquette that this bill had its second reading on April 11, 1922, and was referred to a com-

mittee of the House of Representatives, and is now under discussion in the Senate. Hon. W. E. Andrews, who was for eighteen years an auditor of the treasury department of the United States, and is now a member of the House of Representatives, on April 12 of this year, referring to the rate of foreign exchange pointed out, not with regard to any other country but specifically with regard to Germany, how absolutely impossible it would be for the United States to compete against the goods produced in that country under the depreciated currency of Germany. Yet the Minister of Finance (Mr. Fielding) and the member for Marquette refer to these as most iniquitous measures, and display indignation when the hon. member for West York (Sir Henry Drayton) in moving the amendment refers to the budget proposals as a preference of 2½ per cent to Great Britain and free trade with Germany. Some expressions of indignation had been uttered with regard to that statement, but I think the hon. member for West York (Sir Henry Drayton) was well within the mark when he made it. I have here the report of an address delivered by Mr. Charles M. Schwab at a banquet tendered to him by the New York Chamber of Commerce, during the course of which he stated:

> Is it possible that after having won the war, we of the allied nations, with everything in our hands, will allow Germany to win the peace through the efforts of her labour?
>
> Germany can to-day put a ton of steel in England at a price $20 a ton cheaper than what it costs England to make it. Germany is to-day selling pneumatic tools in Detroit where formerly we made machinery and shipped it to Germany to sell there cheaper than she could make it.
>
> The difference is solely a matter of labour costs.
>
> Railroad costs must come down, and it is in the interests of national prosperity that our government, acting through the Railroad Labour Board and every other agency, shall reduce railroad wages and bring costs down to a living point.

Now, what does the United States provide for in this bill? Section 304 (a) reads as follows:

> Every article imported into the United States, which is capable of being marked, stamped, branded, or labeled, without injury, at the time of its manufacture or production, shall be marked, stamped, branded, or labeled, in legible English words, in a conspicuous place that shall not be covered or obscured by any subsequent attachments or arrangements,—

And so on. I will not read the whole section. But this indicates the steps which have been already taken by the United States government to protect the country against unfair competition. Section 315, it will be found, provides that the President may put into effect a tariff to absolutely prevent the unfair competition of imports. It has always been the custom of all governments to accept the currency of the countries from which goods are imported, but it will be seen that the United States government have taken the necessary steps to adequately protect its industries under the bill which is now being considered by the Senate of that country. So I say, Mr. Speaker, there is absolutely no justification for the Government to cancel the legislation which was passed a year ago to protect our industries. But the hon. member for Marquette states, "This is going to prevent trade, and so long as these cheap goods come in we do not care where they come from." Well, I think that anyone who has any regard for our industrial stability will not take such a view.

The hon. member also pointed out that in so far as our protective policy is concerned it is sectional and unfair and that there are many objections to it, and that the people of the West will never tolerate its continuance. He followed that up with the statement that manufacturing could not very well be established in western Canada because conditions there were not conducive to it. Well, some of us remember the predictions which were made by certain of our prominent public men years ago in regard to western Canada. When the Canadian Pacific Railway was first projected it was predicted that there would not be enough traffic to pay for the axle grease of the cars. I am inclined to think that in view of the immense oil, coal and other natural resources in the West the day will come when we shall have very extensive manufacturing industries established there as well as in other parts of the Dominion.

The hon. member for Marquette deprecated a protective tariff because of what he termed its sectional nature. Is it not a fact, although a matter for regret, that during the last few years our people have been inclined to look at matters from a sectional rather than from a national or international standpoint? Have we ever witnessed in our public life a condition similar to that which now prevails? Where did it have its origin, and what is its outcome going to be? Everything new has to be tested and tried before we can be sure of its containing any degree of permanency. We have been told that the old party system

has ceased to be of service to the country, and that something else is to take its place. Well, I would caution anyone who runs away with such an idea to pay some attention to the manner in which this system came in to effect and to the fact that it has been adopted by every progressive country in the world. There were some wise people in the old days just as well as to-day, and this system which has been developed and perfected is now acknowledged by all countries except Russia as the most suitable system for self government. There can be no question as to that, and yet we find people to-day stating that they are going to upset all the old conditions and have a brand new system. Well, innovations have been tried out in different countries, but up to the present time I do not think there is any occasion to get very enthusiastic over what has happened.

When did this new party, styled the Progressive party, originate, and how? We in this corner of the House have been taunted frequently by hon. members to our left and by hon. members opposite with being a remnant of the old Tory party. I would remind hon. members that the old Tory party has to its credit achievements that are now of historic record, and that record its supporters need not be ashamed of. Indeed, in one of the most critical periods of our national existence the leaders of what is termed the "old Tory party", but really of the Liberal-Conservative party, paid very little attention to politics. They realized the danger which confronted the country, and in order that Canada might put forth her maximum war effort they scrapped the old party and by every means in their power encouraged those who were hanging back to come forward and do their duty for Canada, for the Empire and for civilization. Yes, there is a remnant left of the old Tory party, and that remnant will be heard from in the near future, when the people will appreciate what the party did during those critical times. That party will not in this House or elsewhere tolerate such a violation of pledges as we have witnessed on the part of our hon. friends who now occupy the Government benches.

The hon. member for Marquette (Mr. Crerar) was a member of the Union government which was organized in 1917. Was there any discussion when he was taken into the Cabinet as to what the fiscal policy was to be? It is true that he and several of his friends came here from western Canada and other parts of the Dominion and discussed with the Prime Minister of the day the conditions under which they would come into a union government, but there was never as far as we know any discussion as to tariff policy. They returned home. What happened in the meantime? The War-time Elections Act was placed on the statute book, because a war time election had to be held and we were determined to see that our men at the front should have an opportunity of exercising the franchise. Eventually, as is well known, the Liberal party were given the appointment of one-half of the election officials under that act, and the Hon. member for Marquette and his friends then entered the Union government. Now they claim they did a great thing for the old Tory party when, as they insist, it was in such dire straits.

Yes, the hon. member for Marquette became Minister of Agriculture in the Union government. This afternoon he stated that he resigned in June 1919 because of his differences with his colleagues on the question of tariff. Well, I want to remind him that greater tariff reductions, particularly in the duties on articles which the people of western Canada are concerned in, were made by the budget which failed to meet his approval than have been made since the national policy was adopted in 1878. Those reductions were made in order to satisfy the demands of the people of western Canada. Were the government of that day not entitled to some consideration? When the hon. member tendered his resignation the day before the budget was brought down his action came like a bolt from the blue to many people, but there were others who were not surprised. They knew that negotiations had been proceeding even at that date, with a view to organizing a new political party, and that the company of which the hon. member for Marquette was president was contributing funds for the building up of this new party.

I had occasion to be a little suspicious of what was going on in view of certain appointments that were being made in my own constituency, for even during the enforcement of the Military Service Act the hon. member for Marquette took steps to see that appointees of his department were placed on the exemption tribunals.

Mr. SPENCER: If I may ask the hon. gentleman a question? He says that the company with which the hon. member for Marquette was connected was contributing

funds towards political organizations in western Canada. Has he any proof of that?

Mr. SUTHERLAND: I presume the hon. gentleman is a member of the Grain Growers' Grain Company?

Mr. SPENCER: I am a shareholder.

Mr. SUTHERLAND: Well, you will find my statement confirmed in one of the annual financial statements of that company.

Mr. SPENCER: I beg to assure the hon. gentleman that he is wrong.

Mr. SUTHERLAND: That is my proof. I have also the published statement that had it not been for the encouragement received from the Grain Growers' Grain Company and the Minister of Agriculture at that time, a statement that has appeared in agricultural journals in Ontario from the pen of the hon. member for Brant (Mr. Good), who is now an active supporter of the new party—

Mr. FORKE: Will you repeat that statement?

Mr. SUTHERLAND: The member for Brant.

Mr. FORKE: Excuse me.

Mr. SUTHERLAND: I am not in the habit of making reckless statements. I have made these statements before in the presence of the hon. member for Marquette, and he has not denied them—nor can he deny them. It is somewhat significant that while the agitation was active in the country to exempt farmers' sons from military service, the then Minister of Agriculture was given the right to appoint on each military tribunal a representative of his department, and I assert that in every instance in Ontario those who were appointed were absolutely opposed to and worked against the government of which he was a member in the election of 1917.

Mr. GOULD: If the hon. gentleman will allow me a question? You make the statement that funds were subscribed by the United Grain Growers' Company for the purpose of organizing a political party in western Canada, and you add that your statement is proven by the annual statement issued by the company. I think I am safe in stating that either you have read that annual statement wrongly or put a wrong impression upon it. I say that, Mr. Speaker, because I happen to be a shareholder—

Mr. DEPUTY SPEAKER: Order. The hon. member may ask a question with the consent of the member who has the floor, but he can hardly make a statement.

Mr. GOULD: The question I would ask, Mr. Speaker, is: What annual statement does the hon. member refer to?

Mr. SUTHERLAND: I could not give the year, but the hon. member surely could not have overlooked it, for I put it on Hansard last session. I did not take the trouble to look it up again, because it has never been called in question. I also made the statement that those who were appointed by the Minister of Agriculture at that time as representatives of his department on exemption tribunals were men who were absolutely opposed to the Union government and to the enforcement of the Military Service Act. I ask the House if that was an honourable proceeding on the part of the then Minister of Agriculture, if he was carrying out the mandate that had been given to the Union government? That happened in the London district, the Toronto district, and the Kingston district. These matters have been referred to in this House before and have never been called in question. There is absolute authority for the statement I have made.

The hon. member for Marquette informed the House this afternoon why he resigned from the Union government. It was because he differed with his colleagues on their tariff policy. What does Mr. Rice Jones, the general manager and first vice-president of the United Grain Growers' Company say with regard to this matter and Mr. Crerar's acceptance of office? This is the sworn evidence given by Mr. Rice Jones before a parliamentary committee of this House:

> At the time he, Mr. Crerar, entered the government, he was drawing $10,000, and he continued to draw on that basis. He said he would not draw any salary unless they thought he should have a nominal salary for acting as president. The point is that when he came down the directors did not think he would be down here very long.

Well, if the directors did not think he would be down here very long, they must have expected that the Union government would be defeated at the general election which was then pending. Fortunately for Canada the government were returned with a majority of 46, and consequently might be expected to live its full term of office.

Mr. McMASTER: Will the hon. member permit a question? Is it not possible that

the true construction to be placed on that statement is that the directors thought the Union government would redeem its promise and go out of office as soon as the war was over?

Mr. SUTHERLAND: I may inform the hon. member for Brome (Mr. McMaster) that if he was so sanguine that the end of the war was near, his view was not entertained by very many people in this country or anywhere else. The situation was becoming more desperate from day to day, and a few months afterwards the fears entertained by the former government were fully justified by events on the western front, when the fifth army division was practically annihilated. The people in those days were not very sure as to when the war would end, but rather about what might ultimately happen. Again he states:

> Mr. Crerar's position at the time was that he should not draw the $10,000, but the directors decided in view of the fact that he did not figure he would be here very long that the matter would stand over.

So he figured that he would not be here very much longer, and the company did not think he would be here very long. A little further on, he states:

> I think that the general view at that time was that it was very doubtful as to how long the Union government would last.

Then on page 824 I find this:

> I may state, if you will go back, that Mr. Crerar has not drawn the $15,000 because that salary was set to take effect whenever he returned to the company.

So a by-law or regulation was passed by the United Grain Growers' Limited increasing the salary from $10,000 to $15,000, but it was conditional upon his returning to the company.

Mr. MORRISON: Might I ask what the salary which the United Grain Growers paid to the hon. member for Marquette has to do with the business of the House?

Mr. SUTHERLAND: The hon. member for Marquette informed the House this afternoon that the reason why he got out of the government was that he differed with them on their tariff policy. I am trying to show to the hon. member and the House that pressure was brought to bear upon the hon. member for Marquette by his company, and that he had either to give up the salary as president of the company or cease to be a member of the government.

[Mr. Sutherland.]

Mr. MORRISON: There was never the least bit of pressure brought to bear on the hon. member for Marquette by the company.

Mr. SUTHERLAND: Then all I can say is that the sworn evidence given by Mr. Rice Jones was not in accordance with the facts.

Mr. CRERAR: It is not very often that I interrupt an hon. member making a statement, but I cannot allow to pass unchallenged the remarkable doctrine or explanation, or whatever it is, that my hon. friend from South Oxford is trying to give the House. As to the statement he has just made, there is not a particle of foundation for it. My hon. friend has drawn very largely on his imagination to produce the state of mind in which he now finds himself.

Mr. McMASTER: Withdraw.

Mr. SUTHERLAND: It was in September of 1918 that Mr. Rice Jones informed a committee of this House that this regulation or condition was passed by the company of which the hon. member for Marquette is president.

Mr. CRERAR: I again protest. No such regulation was passed, and when I say that I think my hon. friend should take my word.

Mr. SUTHERLAND: I am very glad to hear the hon. member for Marquette make that statement. He states that no such regulation was ever passed. I state most emphatically that I am giving the sworn evidence of the general manager and first vice-president of his company before a committee of this House.

Mr. CRERAR: You are drawing an inference from the evidence that is not warranted.

Mr. SUTHERLAND: I am drawing no inference. I am giving the exact words of Mr. Rice Jones. I was a member of the committee, and I thought it was a most remarkable statement for him to make at the time. As to the hon. member's desire to serve the farmers of this country, almost one of the first things which he did was something to which I have referred on several occasions. On September 1st the Grain Growers' Grain Company and the Alberta Elevator Company amalgamated under the name of the United Grain Growers, Limited. I do not suppose he will deny that

fact. The president of the new company, the hon. member for Marquette, was sworn in as a member of the government on the 12th of October, 1917. On October 25, 1917, one of the first things that he did was to grant the right to the manufacturers of a certain commodity known as oleomargarine in this country to adulterate butter. By the adulteration of butter, greater injury has been done to the interests of real agriculture in this country than most hon. members or most of the people in the country realize. Almost the next move made by the president of the Grain Growers, Limited, was to contract with the terminal elevators for the recleaned screenings at $35 per ton. The president of the company also made the statement that previous to the war the sum received for screenings was very low, hardly worth considering, about four or five dollars per ton. By this act of the hon. member for Marquette, a great injury was also done to agriculture through the spread of weed seeds.

Mr. MORRISON: Does the hon. member think this is the annual meeting of the United Grain Growers?

Mr. SUTHERLAND: If the hon. member was as anxious to advance the interests of his country as he is to defend his leader and his party, he would be rendering a better service. I am taking the statement of his leader that the reason why he got out of the government was that he differed with them on the tariff, and I have pointed out to the House that there was a greater reduction in the tariff that year than has ever taken place since the National Policy was first adopted.

The next thing the hon. member for Marquette did was to change the grain standards which permitted the millers of this country to adulterate mill feed, and that has been going on practically ever since.

The next thing he did was to be a consenting party to placing an export duty on dairy produce going from this country. I could give you a lot more things that happened while he was a member of the Government, but I am not going to trespass on the time of the House.

One of his colleagues, Hon. Mr. Rowell, in the House stated on June 12, 1919:

> But I say to the House and to the country that if I was prepared, as all my colleagues, were, to support the Finance Minister in coming down to this House during this war year without any revision of the tariff, I do not believe that I am absolved from supporting him when he has revised the tariff in a measure according to the lines that I desire. I feel there is a double obligation upon myself to stand by the Minister of Finance and my other colleagues who have made a partial revision in the tariff along lines which I believe to be just and right in the public interest.

We had a staunch free trader in the House at that time, Dr. Clark, and what did the hon. member for Red Deer have to say to the hon. member for Marquette who had seen fit to resign on account of the tariff? He said:

> I cannot agree with my hon. friend from Marquette. I think this is the only disagreement I shall have with him in describing the budget as a protectionist budget. I think a fairer thing would be to define it and I think history will so define it as a budget tending towards free trade.

That was the view held by the hon. member for Red Deer, and no one who sat in this House at that time will call his free trade proclivities in question. His view was that the budget tended towards free trade. The tariff was not an issue in the elections at that time. I must now leave that subject and pass on to the customs tariff.

Mr. SPEAKMAN: Did the hon. member for Red Deer support that budget at that time which he characterized as tending towards a free trade budget? If he did, I should be very much surprised.

Mr. SUTHERLAND: I have given you his words. I have not looked up the vote. I am quoting from Hansard the words which the hon. member from Red Deer used on that occasion. Protection has been condemned in no uncertain tones by the hon. member for Marquette and other members supporting the Government. After listening to the address which was delivered condemning certain members of this House for not offering something of a constructive nature, what did the hon. member from Marquette have to offer to take the place of the policy which we have in this country to-day? Did he offer a single constructive suggestion? Did he intimate to this House how he was going to raise the revenue? If he did, I did not hear it. This committee of the House to which I have referred had some information from others who have been and are supporters of the member from Marquette. We had as a witness before that committee, the present Premier of Ontario, Mr. E. C. Drury. This evidence was printed and in it he gave his views on taxation. The following questions were asked and answers given:

> Q. Taking your farm as a typical case, do you object to a 1 per cent separate land tax.

A. I would not, if I were relieved of the other ordinary tax.

Q. Have you any knowledge of that being generally acceptable.

A. It is part of the platform of the United Farmers in Ontario, which was adopted unanimously at the last convention. I think that is the acceptance of the term at the present time.

By the Chairman:

Q. All other taxes being eliminated except the direct tax on land?

A. That is the ultimate object.

This is the statement made by Mr. E. C. Drury with regard to the taxes on land. Then he was further examined as follows:

Q. That platform is to tax unoccupied land?

A. No, beg pardon, to tax the unimproved value of land.

Then a question was asked by another member of the committee:

Q. Out west "unimproved land" has a different interpretation?

A. Mr. Crerar was taking that up when I left the Chamber. I think his interpretation agrees with mine—not a tax on unimproved land, but a tax on unimproved land value.

This is the method which the hon. member put forward, but he did not have the courage to intimate to the House what his policy would be with regard to that matter. This is a plank in the platform of the Progressive party, and this is the system by which they would raise the revenue of the country, not a tax on unimproved land, as some people imagine, but on the unimproved value of all lands. I have here a paper issued by the single tax people, called the Square Deal and it contains the platform of the Progressive party. It is headed:

We Claim the Earth is the Property of the Whole People.

And their proposal in this paper is that they will exempt everything that has been created by labour and that the taxes must come on the land for everything, and everything that has been created by artificial methods shall be exempt from taxation. These are the steps which, I presume, would be taken if these people were entrusted with the reins of government in this country to bring about the reforms which they are advocating. Conditions are altogether too serious in this country to take chances on any such wild schemes as have been outlined so far to take the place of the custom which prevails in this country. A free trade policy may be an ideal one if adopted in all countries, but owing to the fact that our neighbours to the south are erecting tariff barriers so high as to be absolutely prohibitive, in view of the fact that other countries are doing the same, and that the old motherland is the country to which we must, under present conditions, look for a market to dispose of our surplus produce, it would be most suicidal to give up our markets to the surplus products of highly protected countries, which would be dumped in here at times and absolutely demoralize our own markets.

The hon. member from Qu'Appelle (Mr. Millar) made a statement in the House the other night that more money should have been raised while the war was on, that the government had developed extravagant habits, and that it was hard to get away from them. It may be that they have developed extravagant habits, but the people of this country will have to come to their senses and realize that these extravagant habits, for the time being, will have to be dispensed with, and that the obligations with which this country is confronted cannot be settled by saddling a tax on a certain class of people, and excluding all others in the community from the tax which is proposed under the scheme outlined by Mr. Drury in his evidence before a committee in this House.

Just a word or two with regard to matters contained in the budget. I notice that the doubling of the sales tax is going to be a very serious matter indeed to many of the struggling industries in this country at the present time. I am going to refer to a few of the items which are exempt from taxation, but will not mention them all by any means.

Meats and poultry, fresh; milk, including butter-milk; cream; butter; cheese; oleomargarine, margarine, butterine or other substitutes for butter; lard, lard compound and similar substances, made from animal or vegetable stearine or oils; materials for use solely in the manufacture of oleomargarine or any substitute for butter or lard.

Any of these substances and substitutes are to be permitted to come into the country without any tariff. There is to be no sales tax upon them, but, in face of that, we find a tax on one of the most important food products in some sections of the country and one that is now used very largely by people on the ocean liners, in the mines, and by those who have to go into the interior, far from the settled portions of the country and the people generally. There are twenty-seven milk condensories in the Dominion of Canada. Some of them are very large, employing hundreds of hands. I see that 310,858,503 pounds of milk were condensed or converted into milk powders in these factories

during the past year and 105,898,450 pounds of this commodity was manufactured in the county a portion of which I have the honour to represent. A little over 34 per cent of the total condensed milk product of the Dominion of Canada was manufactured in the small county of Oxford and I hope that when the Minister of Finance comes to deal with this question in the budget, notwithstanding his strong advocacy of the exemption of the articles to which I have referred, he will still take steps to see that justice is done to this important industry which has developed in this country and in which many millions of dollars are involved. I might point out that for the county of Oxford alone last year—and it was practically, with the exception of one factory, all manufactured in the constitutency I represent—the value of the product was $4,574,878. There is an excise tax of 1½ per cent; it is proposed to increase the sales tax by 50 per cent, so that this will practically mean a sales and excise tax of 6 per cent on this commodity, whereas all these other substitutes for dairy products are to be exempted from any customs tariff and from the sales tax. I would ask if it is fair, when it is well known that this industry is at the present time suffering owing to the fact that there is a large accumulation of goods on hand in the warehouses of this country, to permit all goods such as are mentioned in the budget resolutions, to come into this country free of all tariff regulations and free from the sales tax, and to impose a tax of 6 per cent upon condensed milk and powdered milk in Canada. I hope, when this matter is before the House in committee, the minister will give it his very careful consideration, because many factories are at the present time finding it very difficult to dispose of their produce and to continue in business.

I am glad to see the Minister of Finance (Mr. Fielding) in his seat, because there is something to which I should like to call his attention, in view of the fact that some of the heavy liabilities that confront this country at the present time are a heritage from the government which was in office prior to 1911. We have had a considerable discussion regarding the railway situation in Canada and the need for reducing rates in connection with railway transportation, and I think every one agrees that something must be done along that line. The railway situation is one that has not developed recently. The present Minister of Finance was Minister of Finance of the government of that day when the building of the Transcontinental was launched in Canada in 1902 and 1903. The Minister of Finance and the Prime Minister of that day claimed, in their statements in the House and in the country, that all it would actually cost the people of Canada would be between $13,000,000 and $14,000,000; at least, that amount of money set aside and placed at interest would pay for the whole Transcontinental line to the advantage of every one in this country. What did the Minister of Railways of that day have to say with regard to the proposition when it was brought into the House?

Hon. A. G. Blair: Let me tell the House, in the first place, however, what the right hon. gentleman did not say in explanation of his course.

He is referring to the then Prime Minister.

He did not deny that there had not been deliberation; he did not affirm that the government of the country had availed itself of all proper sources of information; and had waited until they had exhausted all the means in their power to ascertain what the conditions were in the various portions of the country which the road was to traverse; he did not tell us the need which had arisen for us to jump headlong into a scheme of this kind; he did not tell us that he had summoned to his assistance the wisest counsels which the country could afford; he did not tell us that he had sought the assistance of experts in order to know what the traffic conditions were which would make this railway desirable; he did not even pretend to tell us that he had done these things.

The Hon. Mr. Blair goes on:

What does the right hon. gentleman mean when he says "The flood of tide is upon us, that leads on to fortune; if we let it pass it may never recur again." What does the right hon. gentleman mean when he says: "If we let it pass the voyage of our national life, bright as it is to-day, will be bound in shallows." What does the right hon. gentleman mean when he says: "We cannot wait because time does not wait." I think, Mr. Speaker, and I say it with respect to my right hon. friend that it would have been as correct if not as poetic for him to have said: "We cannot wait, because Senator Cox cannot wait."

This was the statement made by the Minister of Railways of that day who evidently had not been consulted when this scheme had been entered into by the government of which he was a member, and it is the irony of fate that the Minister of Finance of that day should be called upon to face some of the obligations which this country has had to shoulder as a result of what the hon. member for Marquette

(Mr. Crerar) termed the "wild cat" schemes that had been launched with regard to railway construction in this country. The late government has been charged by some hon. gentlemen opposite with not managing the affairs of the railway as they should have done. The late government found that they had either to go on advancing million after million of dollars to those companies or to take them over because they had to meet those deficits annually. When the Minister of Finance claims before this House that these obligations are the result of war, I say that they are not by any means all the result of war conditions, but largely the result of mal-administration on the part of the government of which he was a member on that occasion. We are to-day in this country paying the penalty for the policy that was pursued, for the steps that were taken upon that occasion, without due consideration, to build railways many years in advance of the requirements of Canada. This statement was made, not only by the Minister of Finance, but by the then Prime Minister in a speech delivered in the City of Toronto on October 5, 1907. The then Prime Minister stated on that occasion:

> I will not bore you with figures; I will give you the figures compiled by the experts of the Finance Department, who calculate that what we would pay in interest for seven years represents a sum in cash which, if it were put in the bank today, would amount to a little more than $13,000,000, and a little less than $14,000,000. That is all we would have to pay for the construction of the road if our expectations and contracts prove to be as accurate as we think they are. I ask you, my fellow-citizens, if we can get that tremendous railway for $14,000,000 do you think that will be so very heavy a burden for the Canada taxpayers?

And so on. This was the statement made by the Right Hon. Sir Wilfrid Laurier in Toronto in October, 1907, with regard to the railways. On that occasion he also referred to another matter which the Minister of Finance of the present day has evidently forgotten about. I have the Toronto Globe report of the speech delivered by the Right Hon. Sir Wilfrid Laurier on that occasion:

> I am proud to say that under our regime the manufacturers always sleep soundly and never fear interference with the tariff. We have made very few changes in the duty. We chiefly introduce new principles rather than make changes in the duty. For instance, one of the changes was made in 1904 when we introduced the anti-dumping clause. Why did we adopt such a policy? Why did we introduce that anti-dumping clause? We introduced it for the reason I gave a moment ago, that it was essential to the success of manufacturing that the man who is engaged in business should know exactly the conditions under which he would operate and we put in this clause to prevent the demolition of the market.

This is the very policy that is required in this country to-day, and which was put into effect last session to prevent the importation of cheap goods from foreign countries by reason of the depreciated currency and the almost abolition of the German mark. It is somewhat significant that the German government kept the printing presses constantly going in order to turn out these marks as rapidly as possible; and they were produced to such an extent that people in this country and elsewhere were buying them at about eight cents, and then six cents, and later on at less, and now they are worth one-third of a cent. I believe it was the intention of Germany to depreciate the value of the mark for the purpose of bringing about the conditions that now prevail, and I contend that it would be fatal to the industries here to permit German goods to come into Canada on the terms proposed, because it would put out of business those who are manufacturing the same goods in this country, and would thus throw out of employment those labourers whom we should take care of in Canada.

Now, I say that instead of $13,000,000 or $14,000,000 being the cost of the Transcontinental Railway, the total up to the present time, in my opinion, is $354,000,000. The conditions with which we are faced to-day in regard to the railways is largely attributable to the mismanagement of previous years when money was borrowed in every part of the world and the railways were built far in advance of the times. We have roads to-day in many instances paralleling each other, and it would be wise to close one where we have two, and in some instances as many as three lines. These are some of the matters that must be considered by the Government; and I would also emphasize the great need there is for rigid economy in the administration of the public affairs of the country. It is significant that notwithstanding the dismissals that have taken place in the Civil Service there should have been a very substantial increase in the cost of civil government during the present session, although the supplementary estimates have not yet been brought down. These are questions that must be seriously considered by the Government before we can hope to have any real progress in the direction of substantial economy.

In view of what has been brought out in this debate, Mr. Speaker, I shall have no difficulty in supporting the amendment that has been moved by the hon. member for West York (Sir Henry Drayton), because it is quite obvious that the Government have not dealt fairly by the people. They professed during the election campaign that they would adopt a certain policy, and the people took them at their word. But the attitude of the Liberal party on this occasion is on all fours with what they did in 1896. In this connection I may quote from a speech of the Hon. J. I. Tarte delivered in 1903, with regard to the professions that had been made by the Liberal party before they obtained office. The remarks I am about to quote may be found in Hansard of April 20, 1903, at page 1634:

> I say it openly, I say it from the bottom of my heart, that I fully expected that the Liberal party, with which I have been connected during the last ten years, would carry out the policy it was understood in 1896 they would carry out. I am weighing my words. I know what arrangement, what understanding took place between some public men. I know what took place. I do not divulge any secrets. I know what we did in the election of 1896 in Montreal. I see within the radius of my eye public men who, at our request, came to the city of Montreal, went to the manufacturers, with the knowledge of the leaders of the party, and told them not only would the tariff not be disturbed, but it would be changed in the right direction when the proper time came. There was no secret about that. I shall not give names. There are men who hear me—I am sorry there are not more on those benches—who know that I am perfectly right. I am out of office because I could not stay in office under the present circumstances. I have had only but pleasant relations with most of my colleagues and have for the most of them the greatest respect. But I could not possibly stay in office when I knew that the policy we are following now is not the right policy—when I knew that understanding took place formerly.

Here was a member of the Liberal government of that day deploring their betrayal of public confidence; and I have a distinct recollection of a campaign carried on in our county at which the leader of the party and his chief lieutenants were present at that time. They preached the policy that is now advocated by hon. members to our left, practically that of free trade, or commercial union, or unresticted reciprocity, or a combination of all. Sir Richard Cartwright was for seventeen years a representative of the constituency I have now the honour to represent, and that was his slogan during the whole of that period. And here was the Hon. Mr. Tarte, a member of the government of that day, putting on record in Hansard that it was by trickery of that kind that they had obtained office, afterwards disregarding their pledges and promises. I say, therefore, that the motion of the hon. member for West York, censuring the Government for making pledges to the electors of the country which they never intended to put into effect, is a motion that should receive the unanimous support of the House. The policy of the party now in office is one that cannot find approval in the country, and I shall therefore vote for the amendment that so properly condemns it.

Mr. WILLIAM IRVINE. (East Calgary): The members who have taken part in this budget debate have offered, no doubt, their very best advice to the administration, in full view of the situation in which the nation is placed, and with that sincerity of purpose and that spirit of patriotism which should characterize the utterances of statesmen. It would be interesting if not educational to review comprehensively the wide range of subjects that have in some remote way been related to the main theme which, as I understand it, is the consideration of the most effective, as well as the most equitable, method of raising the estimated financial requirements for current expenditures. But I refrain from reviewing the debate in any hypercritical mood, and choose to offer my humble suggestions, as other hon. members have done, in the hope that those who occupy the highest office of the state, as well as the hon. members of this House, will give me a hearing and at least some reasonable consideration.

It is indeed a matter worthy of the highest congratulation that the Minister of Finance (Mr. Fielding) has had the singular honour to present to Parliament his sixteenth budget; and I am sure that the people of Canada highly appreciate the distinguished services which the minister has so generously given during his many years of public life.

Adding my congratulations to those of the many hon. gentlemen who have preceded me in debate, I wish to state that it is my hope that the hon. Minister of Finance will long retain that splendid vigour which he now enjoys and thus be able to give to Canada many more years of service. I congratulate him not only on having been privileged to move his sixteenth budget, but on the budget itself as a great achievement of political genius.

The budget has been launched upon a stormy sea and the gathering waves are dashing around it in all directions. This was to have been expected, and no doubt was anticipated by the Finance Minister, who has had long experience in matters of taxation and finance. As a matter of fact, taxation is becoming increasingly difficult of accomplishment in all countries of the world, and these difficulties are being encountered chiefly, I think, for two reasons. The first is that indirect taxation is now pretty well understood. We are past the time when the people could be compelled to pay without knowing how much they were paying or how they were paying; and following this knowledge there has come a disposition on the part of the people generally, to dodge taxation. So really it does not matter much what we tax by the present method; there will always be some class or other that will feel that it has been discriminated against, and in many instances there may be good ground for that feeling. The second reason is that there is a widespread realization of the utter hopelessness of trying to catch up with the national debt, which is increasing on the principle of geometrical progression, while every tax imposed in the vain attempt to catch up but serves to reduce the purchasing power of the people, to stop the wheels of production, and more securely to bind the nation in financial servitude. Any criticism that I have to make will not, therefore, be applied exclusively to the present budget, but will have special reference to the financial blue bird that we are blindly chasing and the methods that we are adopting to snare it. If we are to continue to figure our credits and debts by a method of bookkeeping which ignores the real wealth of the nation; if we are to continue to train our people in the false idea of the building up of bank accounts for financiers instead of abundant wealth for all the people, then truly the budget as presented by the hon. Minister of Finance, is as good and, even better than, any other budget. I will go further, and say it has been drawn up admirably to meet both the political and the financial outlook from the observatory of the old political school. If we are to continue our hopeless drifting on the seas of high finance until we come to grief on the lee shore of bankruptcy, which is not very far off, then the present budget will do as well as if it had been brought in by hon. members on the opposition side of the House. If we do not intend to get control and steer for a safer port, then indeed the pessimism of the Minister of Finance is well warranted. I propose, Mr. Speaker, to deal with what I may call the colossal lie upon which the budget is based. I am going to advance a credit proposal that in my opinion would help to raise our national revenue to meet current expenditures and at the same time to enable us to pay off our national debt; then I will give a detailed example of how that credit proposal may be worked out, and instances of social credit in operation. Then I shall deal, Mr. Speaker, with the amendment, and I shall have something to say on the amendment to the amendment.

The pessimism which the hon. Minister of Finance gives voice to in his budget speech is a symptom of a panic which is seizing the minds of national leaders throughout the modern world. The hon. Minister of Finance said:

> I must to-day present two thoughts which are of paramount importance. The first is as to the need, the deep and earnest need, of economy. That means that we must appeal both to members of Parliament and to the people to pass what I may call self-denying ordinances. They must not expect all the things which in the good old days they got so readily.

There is only one reason, it seems to me, for this panic; only one reason for passing self-denying ordinances, and that is that we apply the financial system upon which the budget is built and the method of taxation of which it consists. If that is the only course, we may well breathe deeply of the pessimistic atmosphere which we find so heavily around us. The minister told the House that the total estimated revenue for the present year was $332,629,000, while the estimated expenditure calls for $466,983,359, with supplementary estimates yet to be heard from. This means that there will be a deficit in this fiscal year of $134,354,359, without taking the supplementary estimates into consideration. This is not, in my opinion, a complete statement of the nation's real financial position; in other words, there are other facts of even greater importance which have not been given. No doubt the minister gave all the figures that are usually required in the national financial statement, but there are other important inquiries to be made before we can be convinced that Canada is a poverty-stricken country, that the people cannot meet their obligations, and that we must be called upon to practise self-denying ordinances. I had hoped that the Minister of Finance,

and then I had hoped also that the Minister of Trade and Commerce (Mr. Robb), would have given the House some more statistical information in regard to Canada's credit, but neither of these hon. gentlemen did give that information. I am in hopes that the Prime Minister (Mr. Mackenzie King) will give it to us; for if Canada is so poverty stricken that we must face a deficit of over $134,000,000, on this year's current expenditure, and if people must prepare to deny themselves, how did it happen that a few weeks ago a $100,000,000 pledge of the national credit was subscribed for in New York within a few hours? Is that one transaction alone not ample proof of the soundness of Canada's financial position? The belief that Canada must necessarily be impoverished as a result of the war is what I call the colossal lie that is back of unemployment, that has inspired a policy of wage cutting, and that is damning up the natural flow of trade and industry in our home market. When I call this belief a colossal lie, of course I make no reference to individuals; rather I refer to the settled opinion that has grown up through the concentrating of our attention upon bank balances rather than upon our real wealth. We are short of money, but we have abundance of wealth. This distinction I hope to make clear as I proceed. The vital facts concerning the real economic situation should be put on record. A budget statement is incomplete which does not embody our total national assets as well as our total national liabilities. When we find that financial houses abroad are anxious to lend hundreds of millions of dollars on the nation's promise to pay, the idea that our country is poverty stricken may be challenged with considerable confidence. When the Prime Minister speaks, then, I urge again that he tell the country as near as possible, through the statistical records available in the Dominion Bureau of Statistics, what the total national production amounts to annually in money value; what the total annual national consumption amounts to, in terms of dollars, and, if he will, to prove from that the necessity of self-denying ordinances, and to prove that Canada is poverty stricken; that we should be curtailing our expenditures on every hand, and that we should be passing out from this House the suggestion to the people of Canada that we are just about bankrupt.

I am going to give to you, Sir, an approximate estimate of our national production based on figures obtained from the Dominion Statistician—and I am sure that when I speak on the authority of our Dominion Statistician, the statement will not be looked upon as an exaggeration of the facts. It is safe to say that our total production, including the building of the roads, houses, the crops, the production of the fisheries, the forests, the mines, the manufactories and all other items of appreciation and improvement measured in terms of real credit, is not less than six thousand millions of dollars. I have here a report published in the Ottawa Morning Citizen of a statement which was made from the pulpit of Knox Church on Sunday evening by the Rev. R. B. Whyte on the very same point, and I am going to quote it; I think it is worth repeating. He says:

> One other parallel between Coxey's army and the one in our midst: Coxey's army raised the question, "Why should there be hunger in a land of plenty; why unemployment?" and these are the questions which press upon us now. We, in Canada, produce wealth from our farms, our factories, our forests, our fisheries and our mines, amounting to six thousand millions a year; we consume, as nearly as it can be estimated, about three thousand millions. That shows a fairly healthy condition of affairs. Surely that should stir reflection.

Now, I want to place upon Hansard the figures as I have received them from Mr. Coats, our Dominion Statistician. First of all, I want to deal with the estimated wealth of Canada. This is the estimate for 1921:

Wealth of Canada

Farm Values, 1921—	
Land	$ 3,196,876,000
Buildings	1,035,712,000
Implements	391,660,000
Live stock	766,720,000
Poultry	38,007,000
Animals on fur farms	5,824,000
Mines and forests	1,200,000,000
Fisheries	50,405,000
Steam and electric railways	2,687,000,000
Canals	137,000,000
Shipping	200,000,000
Telegraphs and telephones	191,000,000
Urban real property	4,115,050,000
Manufacturing machinery	666,835,335
Stocks of raw materials and manufactured goods	789,513,000
Stored products of farm, fisheries and the mine	500,000,000
Household furnishings, clothing, carriages, motors, etc.	800,000,000
Specie	193,603,304
Imported merchandise in store	250,000,000
Total for Canada	$17,215,205,639

It is to be observed that under the heading of "lands", no estimate is attempted of

the value of unimproved lands or natural resources.

Now, this statement does not completely represent our real credit, for our real credit implies the ability to produce and deliver goods, and with the prevalent industrial anarchy—for that is what it is—we have never had an opportunity to test properly our ability to produce, except during the time of war, when a great number of our men were at the front. It is quite reasonable to suppose, that in comparison with the production of 1921, when our factories were running on short time—many of them closed altogether—and when 10 p.m. unemployment was current throughout Canada, we can very materially increase our production and thereby our credit if industry were properly organized and running to capacity. So I insist that while this is a very handsome balance sheet indeed, it does not represent all our real credit, which implies our ability to produce goods and deliver them as and when and where required.

Now, I want to give you the figures of Canada's production for 1921:

Canadian Production		
Agriculture, 1921—		
Field crops	$931,865,000	
Farm animals	98,424,000	
Wool	2,975,000	
Dairy products	260,337,000	
Fruits and vegetables	40,000,000	
Poultry and eggs	55,000,000	
Fur farming	1,065,000	
Maple products	4,174,000	
Tobacco	2,393,000	
Totals		$ 1,396,233,000
Fisheries 1921 (estimated)		35,441,000
Minerals, 1921 (preliminary)		172,327,580
Furs, seasons 1920-21		10,151,594
Forest products, 1919 (estimated)		330,713,598
General Manufactures, 1919 $3,520,731,589— This figure of $3,520,731,589 includes fish canned and preserved, log products, wood pulp and clay products production, which would reduce the amount to be added in with Canadian production to approximately $3,300,000,000 for general manufactures not included in above headings		3,300,000,000
Total Canadian production		$5,244,866,772

Let me quote here a very significant statement of the statistician. He goes on to say:

> The above is a statement according to the latest available figures under the headings usually included in "production". It does not include all activities which may be regarded as "productive" from a strictly economic point of view, such as transportation and trade activities. Railway gross earnings, for example, in 1920 amounted to $492,101,000, street railway gross earnings to $47,000,000; telephone and telegraph gross earnings to $45,000,000, etc.

So you will see that when I say we have at least an annual production in Canada of $6,000,000,000, I am well within the mark; that estimate of our annual production is a very conservative one. Just to indicate that it is, I would point out that in addition to our annual production of consumable goods, we produce annually a large amount of what might be called capital goods, existing in the form of public improvements, new or improved manufacturing plants, railways, canals, harbours, dry docks, ships, telegraphs, telephones, houses, roads and similar forms of capital goods. Now, if our total production in Canada be $6,000,000,000 and our annual consumption as estimated by the statistician is only $2,000,000,000, then we have a difference of $4,000,000,000 between our consumption and our production. The statistician, in reply to my question as to what would be an average wage for the Canadian bread-winner, stated:

> We have no annual statistics of average wages, but in 1911 every individual on salary and wages was asked by the census to state his or her total earnings during the preceding year. The result showed an average of $592.75 for each male, and $313.12 for each female.

That is a very low average, and I want to add that in that estimate there was no allowance made for those who received high salaries and those who received incomes from profits in corporations, and the like. I am going to make my estimate in this way. I am going to estimate our population as around nine millions, and that one in every five of a family is a bread-winner or earner of money, and I am going to grant to each bread-winner an average income of $1,000. You will agree with me that that is giving them a really higher wage than would be borne out by the facts. If we make that calculation, we shall find that we have something like two billion dollars worth of wages and salaries paid out to Canadian bread-winners in a year. That is the measure of our consuming power. I am going to assume that we consume all of that, that nothing is laid by, that we spend everything in consumable goods. If we consume it all, having only two billion dollars to purchase with, we should have four billion dollars worth of goods left on our hands, because we have an annual production of six billion dollars worth of goods. If those are

the facts—and if they are not, I hope the speakers on the Government side of the House will challenge the figures and give the correct ones—it is a very strange thing to hear hon. members on the Government side of the House talk about the necessity for economizing and for increasing production, and to hear the leader of the Progressives plead for strict economy. What is the value of strict economy when you are not able, as shown by earning measurement, to consume much more than one-third of what has been produced? If a man has a salary of $6,000 a year, and he can only manage to consume $3,000 of it, we all reckon that man is in a fairly good financial position. Is not that our state? That is precisely the position which Canada finds itself in to-day, measured in terms of our national credit. There is something very wrong with the belief that Canada is poor. What need to pinch when your production much more than doubles consumption? This "great lie" of poverty should be dropped from the philosophy of the Government.

The credit question is without doubt at the very centre of our national problems of trade depression, railway deficits, high taxation and unemployment. Canada's credit is good, as must be evident from the comparison which I have just given, and we should make collective use of our real national credit for the purpose of developing our home market. By increasing the purchasing power of the people they would be able to buy a larger percentage of that extra four billion dollars worth of goods that they are unable to purchase at the present time. Germany in using her national credit has once more outwitted her trade rivals and left the financiers of the world in consternation. She has successfully prevented the industrial stagnation which of very necessity prevails in other countries of the world where the old system of financing is still in operation, guided by the knights of high finance. There is practically no unemployment in Germany.

The hon. member for Fort William (Mr. Manion) quoted in this debate from an article in the English Review of October, 1921, written by J. Austin Harrison. I shall repeat his quotation, because I think it is germane to my argument:

> Germany is doing a brisk trade, is industrially prosperous, has few unemployed and has a growing export which, to the consternation of the Allies, threatens to grow more real and valuable as the depreciation in the value of Germany's currency increases. He says that this will still further close British markets, increase unemployment, because Britain is forced to buy food at a great loss to herself and cannot compete in Europe with countries whose currency is depreciated.

Here is another quotation by the same speaker, given in this debate, from the Literary Digest of November 26, 1921: ,

> Returning travellers report Germany humming with industry, her workers well paid and well clothed and fed, with taxes the lowest in Europe and a promising export trade stimulated by her cheap money which permits her to under-bid England, France and America on foreign orders. Thus the cheap mark helps Germany and hits every one else.

One other quotation in this connection will give the quietus to the wild statements that I have heard hon. members make with regard to the position of the workingman in Germany. I have here an article from a well informed writer in a recent number of the London Economist, who says:

> . . . The belief that the German workman works for long hours is mistaken. He works for eight hours, in coal mines for seven hours; if a bill already submitted is passed he will work in all mines for seven hours, and last year in the Ruhr mines a general strike was threatened in favour of six hours. The assumption that German workmen work, and will work, for extremely low wages is based on confusion between nominal wages, gold wages, and real wages. German gold wages are very low. The German real wage, the only wage that comes into account in considering working class "content", and "apparent acquiescence," is not low. It is considerably higher than before the war. The cost of living index (Statistical Bureau's) is 880; the Wages Index (Frankfurter Zeitung's) is 1,132; in other words, real wages are 30 per cent higher than before the war. Further, German workmen show the same persistency as British or American workmen in pushing up or keeping up wages. Between January, 1920, and April, 1921, the cost of living in Germany rose 50 per cent, whereas nominal wages, always as the result of agitation, rose 120 per cent; so that the present movement is altogether for a higher real wage.

Mr. Arthur Kitson, writing in the New Age—and by the way Mr. Kitson is a British manufacturer who has been very successful in business, and a student of financial affairs for over forty years, and I submit that his opinion is worthy of at least consideration—says:

> The fact that the only countries where trade is really flourishing are those (like Germany) which have abandoned the gold system, whilst those where the revival of the system has been either attempted or achieved (such as Great Britain and America) are suffering the worst period of trade depression ever known, conveys no meaning to the sound-currency association.

How has Germany accomplished this wonderful economic feat? She has done it by printing paper money and by fixing

prices. I do not know whether Germany's credit issues have been made scientifically. I do not know to what extent and upon what basis prices have been fixed in that country. No doubt the fear of Bolshevism was very largely at the bottom of this innovation, and therefore it is likely that Germany would fix prices to some extent at least upon the essentials of life, so as to forestall civil uprisings, but the main thing to be noted is the effect upon Germany's trade and industry which the issuing of paper money against her credit produces. The full significance of Germany's credit arrangement will be appreciated if we note its effect upon world financiers. It will be seen that if Germany continues to ignore the gold basis and to issue new money upon the basis of her national credit, there is likely to be a downfall of the present financial system of the world. If she continues at her present rate, she will be able to pay off the indemnity in the form of goods, and pay it off very speedily. If this were done under ordinary circumstances that is, if the people who are Germany's creditors were permitted to consume the goods received as payment we would not need to worry, because if Germany pays off the indemnity in the form of goods our workingmen could take a holiday while they consumed the goods which the German workmen sent over. But, somehow or other, it does not work out that way, but works out in this way: that our workmen must starve and go unemployed until we have finished consuming the goods Germany ships in here. We are unable to consume our own goods now. How then could we consume the goods sent by Germany, especially when our workers would be put out of employment thereby? So that it is necessary for the financiers, not only to prevent that trouble which might develop under those conditions, but, at the same time, to help themselves to make the profits which they, no doubt, have been figuring upon when they offer to lend Germany some money with which to pay us a part of our debt. The International Bankers, meeting in Paris some little time ago, have been trying to get Germany to borrow a billion dollars, in order that she might pay back to France, to Great Britain, and the United States some of the indemnity that she owes. Here is a despatch from Paris May 26, which will show clearly how unfavourably financiers look upon the credit system in vogue in Germany. This despatch reads:

> "The Committee of international bankers in session here this evening served notice on Germany that further consideration of a billion dollar loan to the German government is virtually out of the question until Germany accepts in full the conditions of the ultimatum of the Reparations Commission, which expires May 31st, and also gives adequate guarantees that the inflation of Germany's currency will be stopped immediately . . . . A solution of the situation was said to be bound up in the question whether Germany can end her wholesale printing of paper marks and make drastic improvement in her currency."

I might also say that the United States Federal Reserve Board announced recently, in reference to the special overtures made for the cancellation of the war debts, that no proposals of any sort should be entertained until far reaching guarantees of fiscal reforms have been secured.

It is an old truism that money talks. In that statement money is not only talking, but screaming, and you can hear its voice going round the world. The German financiers, it may be presumed, are just as anxious to float a loan in Europe for a billion dollars as the European financiers are, because, doubtless, the financiers in Germany are just as anxious to return to the old system of financing as the financiers of other countries, and, therefore, it is very probable that the stipulations of the International Bankers Association may be met, and Germany, in that case, will borrow money from us to pay us. If this goes through, it would prevent Germany from paying back speedily the indemnity, and thus prevent, perhaps, the development of the trouble in the countries concerned that have to receive indemnities from Germany, and, at the same time, it will place the hands of the financiers of the world upon the treasuries of the world a little more securely. But whatever may come of the proposals of the International Bankers, the effect upon the industrial life of Germany, arising out of her credit, is a lesson which the nations of the world cannot overlook. I do not advocate that we should do in Canada what Germany has done. I contend, however, that there is a way by which Canada can borrow from herself on the strength of her own credit, and a way to regulate the prices so as to prevent inflation, which if adopted, will be a benefit to Canada, a way in which we could increase the purchasing power of the nation, stimulate industry, do away with unemployment, and bring a prosperity that will only be limited by our utmost power to produce. I want to point out that, to adopt the credit system which I am going to propose somewhat in detail to this House,

will not involve the adoption of any fundamentally new principle, in so far as credit itself is concerned, but it will involve a fundamental change in the controlling of credit. In substantiation of that statement I want to indicate to you how the banks in Canada issue credits or new money. The Banking Act will describe very minutely the process of starting a new bank. Five men can start a bank. They apply to the Treasury Board to do banking business. If their application is granted they will be required to sell not less than $500,000 worth of stock, $250,000 of which must be paid back temporarily to the Treasury Board. After this, the organization of the company will be completed, and we shall suppose that $250,000 of stock which remains after depositing that amount in the Treasury Board is expended in bank buildings, equipment and for legal services and so on. When the certificate to do business has been granted, the Treasury Board will be required to deposit in the circulation redemption fund $5,000 out of the money deposited with it, and hands back to the banking company, $245,000 in cash. This new bank I am describing, in reality, has only in cash $245,000, but it is privileged to issue new money to the extent of its paid-up capital. Now, its paid-up capital, in this instance, is $500,000, but $250,000 out of the $500,000 have been expended in bank buildings and other equipment; and so the bank issues new money on the strength of its assets to the full extent of its assets. Now why should not the Government of Canada. which delegates that privilege to the banks, utilize that privilege to itself of issuing new money on its own credit to the extent of its assets if necessary? That is the question I want to leave in your minds.

Mr. McMASTER: Will the hon. member permit a question?

Mr. IRVINE: Yes.

Mr. McMASTER: Has the hon. member not forgotten to mention the double liability, which affects all banks? Has that not something to do with the security on which the bank is allowed to issue currency?

Mr. IRVINE: I do not think that the double liability has anything to do whatever with the principle of credit issue that I am discussing. I frankly confess that I have made no pretence to be a financier, and you have all seen that already, of course. I do make a pretence, however, to be able to see a principle and to say how it is working out in our national life. I maintain that this is a privilege which is granted to the banks, a statutory privilege which permits the monopoly of our social or national credit, and credit has become, in our complicated modern civilization, an absolute necessity of human life and prosperity. That is the contention I wish to make. Here is the problem in a nutshell. When a bank issues new money it really issues paper notes based on its assets. It lends this to a farmer for his note which is issued on his assets. But while the assets of the bank are of no more value than the assets of the farmer, the latter must pledge a great deal of his assets for the use of a very small portion of the notes representing the assets of the bank. But this is not all. Why should the farmer who has exchanged a superior note for the loan of an inferior one be compelled to pay a toll called interest on the transaction? This used to be a riddle. It is now as clear as day. The banker through a statutory privilege charges the farmer for the use of his own credit.

It is this private monopoly of social credit that accounts for the fact that we have to-day a huge national debt. That debt is spoken of in the budget; it will be spoken of, I fear, in many more successive budgets, and it is very doubtful if it will ever be paid if we go on financing as the budget proposes to do. The national debt of Canada as given by the Minister of Finance (Mr. Fielding) is now $2,427,269,798. This means that our annual interest is $138,223,000. The interest alone on this debt, says the Minister of Finance, calls for an enormous sum of money, greater, indeed, than the whole expenditure of Canada a few years ago. At that rate, I suggest that we shall have to do more than pass self-denying ordnances, for we shall almost have to have no expenditure at all before we can even pay the interest on our national debt. But this does not represent all our debts Every municipality has debts; every city, I venture to say, is burdened down more or less; every province has its debt, in addition to the national debt. Not only that, but many of us have our homes mortgaged, and it has been said by some—I do not know to what extent it is true—that some 75 or 80 per cent of the farmers have their farms mortgaged. Therefore, our national debt does not begin to represent the real indebtedness of Canada from the point of view of finance.

The first thing to do, in my humble opinion, is to stop making more debt, to stop making multi-millionaires by allowing them to lend our own credit to us in order that they may charge us very highly for the privilege. Let us use our own credit and issue our own money thereon. It would take all the gold in Canada, I believe, and, perhaps, something more than that to pay the interest on our national debt for one year. If you go outside the realm of Canada for a moment or two, in order to make a comparison, we shall see that what we owe is merely a drop in the ocean. The post-war debt of the nations of the world is placed at $354,181,523,786. Allowing an average rate of 4 per cent interest on this enormous sum, I figure that it would take $14,167,260,948 to pay the interest for one year. It will take $38,800,000, to pay the interest for one day, and some hon. members had better figure out what it will take to pay the interest for a minute and see if we can do it.

This, then, is the situation. The more we borrow on the present system, the more interest we shall have to pay, the more inflation will follow, the less will be the purchasing power of the people and the more difficult it will be for them to pay taxes and more impossible to pay the national debt. If we follow then this beaten path of financial monopoly which leads into the thickets of despair and national bankruptcy, the scenery does not look very well; but the scenery is brighter and more inspiring, indeed, if we can step out of the rut and march in another direction. Deflation follows the inflation of our currency, and that has happened to such an extent that our people are in the position to-day where, as I have proved to the House, they cannot buy back more than one-third of what they are producing. What then will the workmen think when they receive the message of the Minister of Finance asking them further to deny themselves? They have little more to deny themselves save existence; and if they deny themselves existence, that would not pay our annual expenditure, nor our war debt, nor our national debt. I contend, then, that we must find some way of placing our people in a position to purchase the necessaries of life. Put an end to the under-consumption by using our own credit, and industry will soon be humming. Make consumption possible and production will look after itself. It will not be necessary for the Government to send highly-paid lecturers to tell the farmers to raise wheat and potatoes, if they know there is an excellent market for those things. Let us make it possible for the people of Canada to consume, by giving them money with which to purchase on their own credit, and you will find that you do not have to trouble much about your foreign markets nor about your tariff; that your industries will be humming, and that you will be able thereby to pay whatever national debt there may be, to pay the deficits of this year and to continue to prevent deficits in successive years. I am arguing for a new system of national credit in connection with this budget, because that would not only reduce our financial burden in the way of giving our people something with which to pay taxes, but it would shut off the interest taps of the financiers, so that our national debt will not continue to grow. Those are the two reasons. It will shut off the interest taps of the financiers, stopping, at its source, the debt that is inundating us and, at the same time, by increasing the purchasing power of the people, they will be enabled to buy back what they are producing and thus give them an opportunity to pay the taxes which have been heaped upon them by the present budget. It is hopeless for us to try to catch up with our national debt, which is travelling, I may say, at a speed that is twice as fast as the utmost speed with which we can follow it.

Before giving an outline of a system which is known as the Douglas system, and which I do not contend is the only possible way, I want to state that there are in connection with this system certain fundamental principles which I claim to be undeniable, and these I want now to emphasize. The details of working them out, as given by the Douglas system exponents may or may not be practicable, but I will leave that to the Government to find out. I want to insist first of all that the definition which Major Douglas has given of credit is, so far as I know, unchallengeable and hinging upon that definition, there are two important principles which, I say, are also unchallengeable if the definition be correct. As I say, hon. members may possibly not be able, from the incomplete outline that I am going to give the House, to understand the system, or, understanding it, they may not agree with it. But I submit that they will not be able

to puncture the definition of credit, nor the principles which follow as natural corrollaries. The definition of the Douglas system of credit is:

> The correct estimate of ability to produce and deliver goods as, and when and where desired.

If that definition is established, then credit is acknowledged to be a community-created thing. If credit is a community-created thing, then it is only reasonable that it should be community-controlled, especially when we consider how essential it is to national prosperity. I am not aware that this definition has ever been challenged. Will any hon. member of this House challenge it? If it is true, I repeat, that our credit is our ability to produce and deliver goods, that implies, not only plant, equipment, management, and labour power, but the consumer.

Goods cannot be delivered unless there are consumers, and therefore credit is really a social or collective asset. Granting that it is a social asset, and one which by its power and its proper use may bring prosperity, or by its misuse may bring depression or poverty, it is in the highest national interest to see that this powerful instrument of credit is taken from the hands of financial kings and placed in the control of the nation. In further support of the argument that credit is a social asset, I will quote briefly from the bulletin of the National City Bank of New York. The writer says:

> First of all, the condition essential to credit is the maintenance of an orderly state of society, which includes a stable government having the support and willing obedience of the people—

I think he might have changed that statement and said a government which willingly obeys the people. That would be better. However, he goes on:

> —recognition of property rights, general willingness on the part of the people to work and maintain an effective state of industry. These are the foundations of credit everywhere; and the more clearly it appears that they are understood, and the benefits thereof recognized by all classes, the better the credit of a people will be.

That is a statement from the mouthpiece of a bank. If there are those who have some doubts about the definition as given by Major Douglas, they surely cannot have much doubt after such a statement from a banker himself. That must certainly be reassuring. Now, those who to-day control credit control also the issuing or holding of money. In that respect I desire to quote the late Hon. H. R. Emmerson, at one time an eminent minister of the Crown in our own Parliament. In speaking on banks and banking on January 30, 1913, as reported in Hansard at pages 2424 and 2434, and while referring to interlocking directorates, the Hon. Mr. Emmerson said:

> There is lurking in every section and paragraph of this bill—

By the way, I think it was the present Banking Act.

> —an atmosphere of that menace.

Namely, interlocking directorates.

> While those influences in the United States are limited to, say, ten men as controlling the great financial interests of that country, we in Canada have the condition of practically twenty-three men controlling the great corporate interest, the financial institutions, the insurance companies and the trust and loan companies of the country. . .
>
> We grant great concessions to these banks in the matter of the issuance of their promises to pay. Their Bills and notes go broadcast throughout the country. . . . . How much does the government get from these institutions as compensation for the right and privilege to issue their I.O.U's? After all they are but the I.O.U's of these banks and it is a privilege which a very greatful and kindly disposed people through their Parliament have granted to these institutions.

You will see from that quotation, from one of our great statesmen now passed away that financiers control credit. The aim of banking is to produce money, while the aim of the industries which money stimulates should be to produce goods. As a result of the present credit system the purchasing power in the hands of the people is chronically insufficient to purchase the products of industry. This unfortunate condition has come about because the present methods of financing permit the charging of capital production to the consumer in the form of high prices. In this way the people of the community may, for example, pay for a factory many times over, and yet never own one cent's worth of that factory. Now, the shortage in purchasing power brought about by the credit system leads directly to a struggle for foreign markets, and if that struggle is successful it usually leads to war, while if it is unsuccessful it leads to that kind of poverty and unemployment with which we are so familiar in Canada. The remedy for these conditions is to be found in the increasing of purchasing power; but the mere creation of new money is not itself a sufficient solution. That would lead us to what is commonly called the "vicious spiral", which was in evidence during the

war. Although I will not suggest this to the Minister of Finance (Mr. Fielding), it might be a splendid thing for Canada to revive the inflation that prevailed during the war until we have paid our war debts. If we did that it would very materially reduce our actual war debt; for if I mistake not, we sold our Victory bonds at a time when our dollar was worth something like 33 cents. We had about $100,000,000 in gold reserve, and had in circulation over $300,000,000 in paper money. That meant that the purchasing power of the dollar was reduced one-third at the time the victory bonds were sold. If we re-established the gold standard and then paid the national debt, we would multiply the national debt by three. I say therefore that it would be a good thing if we would bring into force again that inflation that obtained during the war until we shall have paid off our national debt. But money alone will not be a solution. If we merely issue money there must be corresponding regulation of prices; otherwise we shall have a repetition of the vicious spiral, which means high wages after the loan, higher costs, higher prices, then more borrowing, more inflation, higher wages, higher costs, higher prices, infinitely repeated.

I want now to present very briefly a practical outline of the proposed system of Major Douglas so that hon. members may have an opportunity of studying the matter if they so desire. I am going to place on Hansard a few tables, which if hon. gentlemen care to follow them at their leisure, they will discover the steps in a practical way which Major Douglas proposes in putting into effect his credit system. If it is true that the mere issuing of money leads to inflation and to the vicious spiral, we must begin by seeking the establishment of a just price. A just price, according to his proposal, will bear the same relationship to the cost of the goods, as the total national consumption bears to the total national production. Now, there are four factors involved in finding the just price of a commodity. We first have to deal with the cost of production; next, the just price, or selling price to the consumer; next, the total national production; and, fourthly, the total national consumption. The selling price of the goods to be consumed in Canada, must be arrived at by finding the ratio between production and consumption; and this formula will give you the means of ascertaining that just price. If you want to find the cost of a ton of coal, you must multiply the cost price of that ton of coal by the value of the total consumption and divide it by the money value of the total production. The total national consumption will therefore be seen to include capital depreciation and exports, and the total national production will include capital appreciation on imports. My next table deals with credit issue and price regulation. This is issued through the national clearing house, which will function in a similar capacity to that of the clearing house of our banks to-day. The Douglas system does not presuppose the demolition of any institution now in existence. Let me follow the production of boots beginning with the tanners and ending with the consumers, applying the Douglas credit system in each transaction involved.

Credit Issues & Price Regulation

Example: Boots

Tanners' raw hides (Datum value)	$ 500	$3,000 invoice to clearing house.
Semi manufactures (chemicals, powers etc.)	2,500	
Wages and salaries	2,500	$2,750 cost plus profit at factory.
Profit (10% on out of pocket cost)	250	
	$5,750	

Clearing house issues cheque in favour of tanners for $3,000 by means of which tanners deal with their accounts for supplies. Clearing house writes up its capital account by this sum. Tanners owe $3,000 to clearing house.

Boot manufacturers

Leather (from tanners)	$5,750	$8,250 invoice to clearing house.
Supplies (pegs, thread power etc.)	2,500	
Wages and salaries	2,500	$2,750 cost plus profit at factory.
Profit (10% on cost of labour)	250	
	$11,000	

Clearing house issues cheque in favour of boot manufacturers for $8.250. Boot manufacturers pay for supplies, including $5,750 to the tanners, who in turn retain $2,750 and pay back $3,000 to the clearing house. The tanners disposed of, boot manufacturers owe $8,250 to the clearing house.

Retailers

Boots (from manufacturers)	$11,000		
Profits (including expenses, etc.)	1,500		
Cost	$12,500	1,250 prs.	$10

Clearing house issues cheque in favour of retailers for $12,500. Retailers pay $11,000 to manufacturers, who pay off their debt of $8,250 to clearing house, and retain remainder.

Just price to consumer—

Cost	Price	Consumption	Production
$10	$5	$3,000 million	$6,000 million

The retail credit invoice is duplicate of bill paid by purchaser of boots.

The retailers turn in $12,500 on retailers invoices to clearing house, and are credited with 50% of that sum against original cheque sent them. They recover remaining 50% from actual purchasers of boots and re-imburse clearing house. The manufacturers account balanced at clearing house, who write down their own credit by that amount. The credit capital of the community is thus written up 50% of $12,500.

In this connection I would point out to my hon. friends who are so fond of talking about the tariff that if they introduced this credit system the iniquitous tariff would automatically die, because goods produced in Canada would be sold at a price which no outsider could possibly compete with. Goods would be sold in that ratio between our power to produce and our power to consume, and at the present moment it would mean that our goods would be sold at half the present price. Would it not be a happy day for Canada and for this House if the tariff question were buried so deep down, Mr. Speaker, that a thousand excavators would never find a sign of it again?

I repeat that I am not basing my full faith on any details of the Douglas scheme; I am going to hint at other schemes which have been proposed by such prominent men as Mr. Henry Ford and Mr. T. A. Edison. Certain propositions that they are making to-day are worthy of the consideration of thinking people. But apart from their theories certain practical attempts have been made to inaugurate a credit system such as they advocate. These attempts have been made in regard to specific industries and also in regard to cities, and I want to give briefly an account of two of such efforts.

The first instance to which I shall refer occurred in the island of Guernsey in the days of Governor de L'Isle Brock. When I mention that name it will no doubt remind hon. members of the famous general, Sir Isaac Brock, who fell at Queenston Heights fighting for this great dominion. It may be interesting to know that he came from the Channel islands, and I believe he was related to the governor to whom I now refer. There was in the parish of St. Peter's in the island of Guernsey great need for a public market. A number of enterprising citizens organized themselves into a committee and proceeded to raise the necessary money in the usual way, which was to go to the governor and secure his assent to the issue of interest bearing bonds to be sold in Paris or London. When the committee presented their case to the governor he asked them the following pointed questions:

Have we the necessary number of mechanics to build the market house?

Have we the material, the rocks, bricks, lumber, lime and sand, tools and teams as well as the food supply necessary during the operation?

To these very pertinent questions the answer came from the committee that they had. Then the governor spoke to them as follows:

Here you tell me that we have within ourselves everything needed to build a market house, yet you desire me to bond you to the bankers in Paris or London for a material which is of no manner of use in the constructions of the house. Strange anomaly! Is it your intention to build a market house for bankers? If so, then you are correct in your endeavour to get paid by those bankers, but in such case, you should not place yourself under bondage to those bankers besides. If those bankers pay you for the house and hold you in bondage also, demanding an annual tribute, they will soon have both the house and the money they paid you. It will be no relief to say that we make the renters of the market stall pay that tribute to the bankers. The renters will be part of us, and will demand of their customers that tribute in higher prices for goods. So we, jointly, will have to pay tribute in perpetuity for an article which, as I said, is not of any use to us. Allow me, gentlemen, to propose a better plan, for building our market house, than by way of money and bondage. Having, as you avow, men and materials among us, all that is necessary to do in the case is to keep account of each man's contribution in work or materials, that, in the future, we may balance equitably the expenses of the building. This can best be done by means of a money which lays no claims to interest nor discounts. Instead of bonds, I will issue $22,000 market house scrips of different denominations (as money) and with these pay the men and purchase the materials, then make these scripts receivable, at par with the legal tender money of the realm, for the rent of the market house stalls.

The committee took the advice of the governor. The market was built. The rent of the stalls was used to recall the script, and in ten years all had been recalled, and the building stood as a monument to co-operative financing.

A special anniversary was held by the community to celebrate their co-operative success. The governor in a speech to the people, pronounced the following impressive tribute:

Well done, good and faithful servants. While living you have performed your work with equity, and now departing you leave no interest-extorting bonds, nor mortgaged home behind, but instead, you open the portals to a brighter financial era. May the toilers learn wisdom from this example.

Fellow citizens: For the first time in the history of this Island you have learned to make your own money, you have built your own market house without borrowing one cent, without losing one cent in discount, and with-

out paying one cent in interest. Now, when every one who contributed work or materials has been fully paid, as attested by the return of the scripts, the house is yet your property. Henceforth, the rent of the same will be appropriated to the expenses of the government, and hence lessen your taxes.

Turning then to the market house and pointing to the flag floating at its cupola, he exclaimed in loud tones:

Behold a monument to your financial wisdom, and as good as if built with borrowed gold. May future generations profit by your example.

The second example which I wish to mention very briefly is that of the St. Louis municipal currency, which was issued shortly after the civil war and kept in circulation up to 1873, when it was forced into retirement at the command of the American Bankers' Association. The history of this venture is given at some length in a pamphlet on Canadian money problems from the pen of W. J. Paynter. I will briefly give to you the facts. The city authorities, being unable to borrow money for waterworks and other city utilities, issued $2,000,000 worth of new money, which was equal in value within the city itself to the lawful tender. This issue of money on the city's credit worked splendidly. The treasurer of the city of St. Louis at that time, writing on the value of this practical use of credit, said:

"To get anywhere near as much service from borrowed credit would have required continuous borrowing to the total of $200,000,000 or more. This of course would have cost the city more than $400,000,000, burdening the city with a crushing debt, instead of the beneficient operation of the cash, The city currency was the most valuable of assets. Had it not been for the adverse legislation of 1873, that St. Louis currency would have continued its beneficence for an indefinite time."

It is encouraging to note how successful were these efforts to use social credit in a collective way.

There are only two possible destinies in front of us in our present course, whether in Canada or in any other country. If the attempts to return to the gold basis and the usual methods of finance fail, as they likely will, the financial system of the world will collapse, and, having nothing to take its place, there will be unthinkable chaos and untold suffering. If, on the other hand, the international bankers are successful in their efforts to maintain control of credit, civilization will pass into an economic slavery unsurpassed in the history of man. In any event, the outlook is serious enough to warrant any government in taking definite action. I regret that my resolution asking for a parliamentary committee to investigate the banking system did not come to a vote, but I would urge that the Government proceed to appoint that committee as soon as possible, for it is surely essential that we have the very best information upon this question. The Alberta government has already taken steps, in view of the fact that the Banking Act will come up for consideration at the next session, to get all the information possible on the credit systems of the world and on the credit system of Canada in particular. So it would be to the benefit of this House and to Canada if the Government would adopt my humble suggestion that such a committee be appointed to obtain the information that we so much need.

Our present industrial system grows out of the ground of human necessity, like a large tree. The branches of the tree are "Capital, management, transportation, mining, farming," etc. Credit is the sap which rises through the trunk of finance and brings life to every branch.

11 p.m. At the moment the sap is not moving freely on its mission of life, and as a result the leaves are withering and branches are slowly dying. To conclude, then, this point on the financial system, I want to say that if Canada is to attain industrial stability; if her factories are to be kept going if farming is to achieve economic success; if unemployment is to be done away with; if the necessary revenue is to be raised to meet expenditure, and if our national debt is to be paid, we must find out how to use out national credit. "Produce, produce, produce," is the insistent cry of the monopolist and the exploiter; consume, consume, consume, is the only answer to that cry. This is not a time for more self-denial; the more of that we do, the less business there will be and the more stagnant will our industries become. How ridiculous it is for us to go on taxing further the sales made in this country. By increasing the sales tax you decrease the purchasing power of the people so much more; you restrict business; you bring stagnation to industry and general chaos to our industrial life. We are short of money, because the bankers have control of the money. After all, money is but the shadow of the reality, which is the actual wealth of Canada. The bankers control the money, and it is little indeed we have of it at this time.

But we have abundance of wealth, and I urge that we should issue our own money to ourselves as we now authorize the bankers to issue for themselves. If we do this our problem will be very largely solved.

Now, I want to take a few moments more, although the hour is late. I do not suppose that you wish me to move the adjournment of the debate and resume tomorrow afternoon at three o'clock, so I will crave your indulgence, Mr. Speaker, for a few moments more while I deal with the budget itself more specifically.

The taxation principle employed in or anticipated by the budget is, of course, the same old taxation system that we have been trying for so long to get away from. It is a taxing of the consumer, and the consumer, as I have said, is unable to buy sufficient for his life, let alone to pay more in taxation, which this budget demands that he must do. I am not going to spend much time in a discussion of the budget proposals, because everybody knows what they are. The principle embodied in the proposals is virtually the same as that which we had in the last budget—and very few people, I may add, expected anything different. As I pointed out in my speech in the debate on the address, the influence of the financiers of Montreal and of Toronto is back of the budget. Here is one instance where there is no animosity between Toronto and Montreal; on a budget of taxation they can meet on common ground. That is pretty well understood I believe, throughout Canada. I will not enter into a detailed criticism of the budget, because such has been done so often and at length by other hon. members on this side of the House.

I wish to refer briefly to the amendment. I fail to see how the Opposition could do otherwise than they have done. The right hon. leader of the Opposition (Mr. Meighen) stated very clearly in the House the other day, in asking a question, that the policy of the Opposition already is in effect in the budget which has been presented to the House. The Opposition, therefore, are perfectly satisfied with the budget. It is their system of taxation that is being put into effect. They could not be expected, therefore, to oppose the budget itself, but we might expect the Tory party of this country to oppose the broken pledge which undoubtedly is involved in the budget that has been presented. I say we might expect the right hon. leader of the Opposition to do that, because whatever other criticism we might make of the right hon. gentleman, no one will say for a moment but that he stood four-square on a high tariff policy in the last election. Surely all will grant him that credit, and having done that, it is only human that he should chuckle over the present budget. It is only human also that he should set a political trap into which the Progressives have fallen. That is also a very reasonable thing to expect from such an astute politician as the right hon. leader of the Opposition. So I have no criticism to make of the Opposition's attitude. If there be virtue in consistency, that virtue belongs to Toryism, and God bless them with it, but as you know, Mr. Speaker, I do not look upon consistency as being always virtue. Sometimes it might be really super-virtuous to be inconsistent, but if there is virtue in consistency, let the Tory party have it by all means.

Now I come to the consideration of the amendment to the amendment. Before I make any declarations whatsoever upon it, I want first of all to congratulate the hon. leader of the Progressives (Mr. Crerar) in the splendid stand which he has taken with regard to the constitutionality of the amendment to the amendment. I wish to associate myself entirely with the contention in that regard. I think all will see the point that is involved. Every one knows that the present practice of this Parliament is archaic, that it was devised at a time when we had a two-cylinder machine. Now we have a four-cylinder machine, and corresponding changes must be made and the sooner that idea permeates the better. So I am in line with the leader of the Progressive party in his plea that the hon. members representing the Progressive group in this House have the right to present their viewpoint. They do not agree, evidently, with the budget; they do not agree with the amendment which has been moved by the Opposition. Therefore, if no further amendments are permitted, all they could reasonably be expected to do would be to go out when the vote is taken, or else vote against both the amendment and the budget. So it is necessary that the rules be amended in order that these new political alignments shall have an opportunity to give expression to that crystallized political thought which comes from organizations which sent them here. In that I am at one with the Progressives. Though I am going to make some criticism of the amendment to the amendment itself, words fail me in expressing my ad-

miration and appreciation of the sterling character and sincerity of the hon. leader of the Progressives. I would ask hon. gentlemen on this end of this side of the House, who will be more interested in my criticism perhaps than those who sit opposite, to grant my sincerity in this matter. If I criticise the Progressives it is not that I have lost faith in them. I still have the confidence I have had for many years that in the United Farmers movement we have the greatest and the most hopeful influence in the political life of Canada to-day. Their leader, I repeat, is a man of unimpeachable character, so anything I say should not be taken in a personal sense. With this statement, I feel free to say what I have to say on the amendment to the amendment.

While we have had the statement of the Liberals, and the chuckling acquiescence of the Tories in the budget which has been presented, and their little consistent resolution to censure the Government, what have we got from the Progressives? That is a question that I want the hon. members of the Progressive group to consider, as well as all other hon. gentlemen in this House. I want the people of Canada to consider it also, for I do not know of any other group that is more responsive to the people who sent them here than this particular group that I have the pleasure of sitting with. So I want the people of Canada to investigate their proposal, and if it is not a right one, to say so, and then I am sure that the hon. members of the Progressive group will respond the next time. If as I think they have diverged from the path of democracy that they have championed so vociferously, I hope it is only a momentary aberration, and that we shall find them suddenly swinging back to their true path in their right mind.

But what is to become of the fiscal policy of the organized farmers of Canada? I am asking this question because in the first place I have been a member of that organization longer than seventy-five per cent of hon. members here representing that organization. I have done more, I say without hesitation, to organize that movement than perhaps any other hon. gentleman on this side of the House. Moreover, I have given pledges to farmers in my own constituency, and have been sounded out upon this very question of their fiscal policy, and upon that ground I take the right even to criticise this great industrial group, or party, if you choose, and to voice my opinion upon their policy. The farmers' platform was drawn up by the farmers themselves—and that is the point I want to emphasize. It is not like the Liberal platform, drawn up by a few Liberals, by themselves. The farmers' platform was drawn up by hundreds of thousands of organized farmers in Canada, as representing their opinions of how the country should be financed, and how our national business in general should be conducted. Therefore, the Progressives are in a unique position in this regard. The Liberals may violate their platform, because they made it themselves, but the Progressives cannot violate their platform, because they did not make it. It was made by the people they are here to serve, and that is the only thing we have to justify us in being here. If we do not make that distinction now and make it so clearly that there can be no misunderstanding about it, then I say I would just as soon cross the floor providing they would have me, which I doubt. If we cannot succeed in doing that, what is the use of calling ourselves anything different from the other old parties? If the fiscal policy of the organized farmers put out by the Canadian Council of Agriculture, and endorsed by the annual conventions of the organized farmers in every province where there is an organization, was good enough to elect the representatives of the farmers to Parliament, it is good enough to be moved by the hon. leader of that group in this budget debate. And if it has not been moved, I ask again, what has become of it? I am very deeply disappointed.

But before I deal with the speech of the hon. leader of the Progressives and his resolution in detail, I would like to refer to the keynote of his song, if you wish, as appearing in his pastoral letter—I am calling it that—to the people of Canada at the last election. He said "Let us get away from the bogs and mires of intrigue and corruption into the upland where the air is pure and sweet." Now, that is a very pretty thing, and I fancy we all want to join in the chorus of that song. But where are these uplands? I want to get my foot on the uplands. I fail to find these uplands in the amendment which has been proposed by the leader of the Progressives. I want to summarize his proposals, or his speech rather. I think that I am not hypercritical when I say that it was more or less platitudinous in the cry for economy. My reply to him is what I have already given. Look at the facts. Why plead for a greater

economy when we are producing twice as much as we are consuming, and when greater economy initiated by this Parliament and passed down through the various institutions of this country will paralyze the trade in Canada and increase our unemployment? I reply to the leader of the Progressives in the same way that I replied to the budget in that regard.

Then, I think he made an inadequate attack on the sales tax. That is a striking injustice to the consumer. That tax was made on the lowlands, where the air is not pure and sweet, and those who are on the uplands, where the air is pure and sweet, should have something more to say about that tax than the leader of the Progressives has said. Then he made an amazing condemnation of the stamp tax because it would fall very heavily on large corporations. I was surprised, Mr. Speaker, to hear that. As a matter of fact, in my opinion the stamp tax will fall much harder upon the poor man who may have to issue ten cheques to pay $50 out of the bank. In doing so, he spends 20 cents to draw out $50, but a large corporation can save every cent possible by writing large cheques, but, apart from that, I was rather disappointed that the hon. member for Marquette should have gone out of his way to criticise this tax because it struck the big corporations.

Then, of course, he attacked militantly the Conservative party. That party seems to be a sort of red rag to the Progressives. Why should we worry about the Tories—poor Tories? Do not worry about them, do not get afraid of them at all, and do not bother criticising them. I am not sure that they are absolutely worthy of it, in point of politicial strength and influence. Do not trouble about these attacks on the Tories. Let us cut to the line and put out our own positive constructive programme. Never mind the Tories—they are playing their own game. The attack of the leader of the Progressives on the Tories was more or less a Liberal defence. I submit the Liberals can defend themselves, but there was absolutely no constructive proposal put forth by the leader of the Progressives. Why was the Farmers' platform not moved as a constructive proposal. Possibly the reply would be that they could not put the Farmers' platform in the amendment to the amendment, else it would not have been an amendment to the amendment. Well, there may seem to be some reason in that, but the constitutionality of the amendment to the amendment already having been challenged, it might as well have been challenged for putting the principle in it as for putting nothing in it, might it not? By moving the new fiscal policy hon. gentlemen would have had the opportunity of stating clearly to the House and to Canada what were the principles upon which he and his party were elected. I am going to put on Hansard the fiscal policy of the Progressive party. Here it is:

Canadian Council of Agriculture's Tariff Proposals

Our tariff laws should be amended as follows:

(a) By an immediate and substantial all-round reduction of the customs tariff.

(b) By reducing the customs duty on goods imported from Great Britain to one-half the rates charged under the general tariff, and that further gradual, uniform reductions be made in the remaining tariff on British imports that will ensure complete free trade between Great Britain and Canada in five years.

(c) By endeavouring to secure unrestricted reciprocal trade in natural products with the United States along the lines of the reciprocity agreement of 1911.

(d) By placing all foodstuffs on the free list.

(e) That agricultural implements, farm and household machinery, vehicles, fertilizers, coal, lumber, cement, gasoline, illuminating fuel and lubricating oils be placed on the free list, and that all raw materials and machinery used in their manufacture also be placed on the free list.

(f) That all tariff concessions granted to other countries be immediately extended to Great Britain.

(g) That all corporations engaged in the manufacture of products protected by the customs tariff be obliged to publish annually comprehensive and accurate statements of their earnings.

(h) That every claim for tariff protection by any industry should be heard publicly before a special committee of parliament.

Have we heard that discussed in this House? Have those industries which receive protection in the present budget proved to Parliament that they ought to get these benefits? I think not.

Canadian Council of Agriculture's Fiscal Plank

In order to provide the necessary additional revenue for carrying on the government of the country and for the bearing of the cost of the war, direct taxation be imposed in the following manner:

(a) By a direct tax on unimproved land values, including all natural resources.

(b) By a graduated personal income tax.

(c) By a graduated inheritance tax on large estates.

(d) By a graduated income tax on the profits of corporations.

(e) That in levying and collecting the business profits tax, the Dominion government should insist that it be absolutely upon the basis of the actual cash invested in the business, and that no considerations be allowed for what is popularly known as watered stock.

(f) That no more natural resources be alienated from the crown, but brought into use only under short-term leases, in which the interests of the public shall be properly safe-guarded, such leases to be granted only by public auction.

Now, Mr. Speaker, there is the programme of my Progressive associates. Though I am not a Progressive, I have been closely associating with them, being a representative of an economic group, similar in aim and with a corresponding educational programme, I am taking the liberty to make this criticism. Progressives will agree with me that their programme is one that they need not be ashamed of, and it should have been moved, I repeat, by the leader of the Progressive party or by some other member of his party, so that their opinion and the opinion of the farmers who have spent thousands of their own money to build up an organization to send representatives here might be heard.

In conclusion, Mr. Speaker, I simply want to intimate that, in the Farmers' programme, there are two principles that ought to be emphasized more emphatically, one being the tax on unimproved land values; the other an inheritance tax. I am glad the hon. member for Brant (Mr. Good) gave us a most excellent presentation of single tax, and therefore, I merely wish to endorse the argument and the presentation of the philosophy as presented by the hon. member for Brant. I believe we should place a tax upon land, not only because the farmers of Canada have declared for that, but because it would be a tax which would not fall upon labour and would not even fall upon capital, but a tax that would fall upon the land exploiter and would result in forcing land into use. We were hearing something today from the hon. member for North Winnipeg (Mr. McMurray) about the necessity of bringing in more immigrants. Why, he says, that is how to pay our national debt. I submit it is not a very good advertisement for Canada that it should be said upon the floor of this House that our national debt is so great that we cannot pay it, so we shall have to get some people from Europe to come to Canada and help to pay our debts. But that is on the side. If we want to get immigrants into this country, it would be very good for us if we could get more free land; and if under the land tax, as some critics say, we would not get the money, we shall get the land back. We would thus have an opportunity of settling the immigrants whom the Government proposes to bring from other countries. At the estimate of $8,000,000,000 of land values in Canada, I would put a tax of 2 per cent on the land and thus bring in $160,000,000, more than the Minister of Finance (Mr. Fielding) will collect off his candy tax in many years.

The next thing that I want to emphasize,—and then I am through—is the tax upon inherited wealth. Those are two principles in the Farmers' platform that require to be emphasized. We ought to have emphasized others, I admit, such as the more steeply graduated income tax. The privilege of the inheritance of wealth is based upon the same old fallacy upon which rested the divine right of kings. The divine right, if you will, of the inheritance of wealth, is no more necessarily fixed than the divine right of kings, and I believe the best way to abolish the inheritance of wealth is by taxation. I am in favour of an inheritance tax, in the first place, because we need more revenue, and in the second place, because I want to abolish the inheritance itself. The inheritance takes away the right of the producer to have what he produces. Inheritance of wealth means inheritance of poverty, and the divine right of kings and the divine right of inheritance are based, as I say, on the same fallacy. If we could tax the inheritance, it would ultimately pass out of existence, and we would thereby arrest a tendency to the concentration of wealth as well as put a great amount of money into our treasury. Instead of taxing the candies of little children, instead of taxing the food supply that is none too great to the present consumer, because he cannot purchase it, instead of taxing the food of living children, let us put a tax on dead millionaires, and I believe posterity will thank us, and we shall incidentally get some revenue.

Mr. HARRY LEADER (Portage la Prairie): Mr. Speaker, as I am a new member of this House, with very little experience in the art of public speaking, it may be rather an imposition to ask hon. members to stay here and listen to the few remarks that I shall have to offer. It seems, however, incumbent upon a member of Parliament—and the people at home expect it—to take part in the debates in this House and make at least one speech during the session. I hope to convey to the House the sentiments that I hold and to interpret the

viewpont of my constituents who have honoured me with their confidence.

I am sorry that circumstances, over which I had no control, made it impossible for me to be present when the Minister of Finance (Mr. Fielding) delivered his budget speech. The subject matter of that speech is a distinct disappointment to me, and I am sure it is a disappointment to the great majority of my constituents. While it is true that on many articles a reduction in the customs tariff has been effected that would give material benefit to the general public of Canada, it is also true that the increase in the sales tax has taken away the benefits that would accrue by the reduction in the customs duties. The effect will be that the Government have only shifted the load from one shoulder to the other, and the weary taxpayer of this country goes on with his burden. It seems to me that the practice of governments of Canada, both provincial and federal, is to apply their energies not to the reduction of debt mostly contracted during the war, but rather to find new sources of revenue to take care of ever increasing expenditure. If I am not a politician, I am at least a practical business farmer, and I know that inevitable ruin would be the result of my operations if I did not live within my means and curtail my unprofitable expenditures.

I wish to state my approval of the action of the Minister of Finance in approaching the government of the United States with a view to securing better trade relations with this great natural customer of ours. The door is shut for the time being, it is true; but can we not hope that, in the near future, better trade relations will be established between the two countries? Mr. Speaker, I wish to confess to a political sin—and this is another indication that I am not a politician. I think it was the hon. member for Fort William and Rainy River (Mr. Manion) who, upon being asked how he voted on reciprocity, said that he voted for reciprocity, and that he had no apology to make. I want to confess that I voted against reciprocity, and I wish to apologise to the people of Canada for doing so. At the same time, I wish to state emphatically that I thought I was polling an intelligent vote according to the dictates of my conscience. In those days I considered that I was a real politician, and the welfare of the Conservative party and the election of a Conservative member for Portage la Prairie meant more to me then than favourable trade relations. I will confess from my seat in this House that I made a blunder.

The rejection of reciprocity has been little short of a disaster to the country, especially to the agriculturists of Canada and I know this is the viewpoint of the great majority of my constituents. Let me take the livestock industry in which I am interested. The farmers of Canada raise hundreds of thousands of cattle that cannot be taken care of by the home market, excellent as that market is. We are told that the home market is the best market there is, and I believe it is. The stock raisers in the East have a home market which they can take care of. We have practically no home market in the West; 85 per cent of our home market is in the East, but the distance is so great that transportation charges eat up the profits, and we must look for wider outlets. Owing to the embargo maintained in the Old Country against feeder and store cattle, we must look to the United States for an outlet; and notwithstanding the duty of 30 per cent imposed by the Fordney tariff, we are selling thousands of Canadian cattle in the United States market, under this very grievous handicap. If we had reciprocity, that would be a great stimulus to the livestock industry of this country. To-day the hon. member for North Winnipeg (Mr. McMurray) stated that he had raised cattle, driven them eighty miles and sold them for 2½ cents per pound. The hon. gentleman, I notice, is not engaged in that occupation now; he has taken up the occupation of a lawyer. I do not blame him, because we shall all have to do so if present conditions continue.

Some hon. members say that there is very little difference between the two old political parties, and I know that that belief is prevalent throughout the country. The hon. member for South Oxford (Mr. Sutherland) referring to the Progressive party wondered where it got its origin. Well, let me tell him that the Progressive party originated from the conviction that there was no appreciable difference between the two old parties; the embodiment of that conviction is the membership of 65 in the Progressive group in this House. We had no faith in the Liberals, because their attitude in office has always been different from their professons out of office. I may be wrong, but I am informed that a great leader of the Liberal party once made the statement that if the Liberals were given

power they would cut the head off protection and trample on its body. The Liberal platform declared for free trade on agricultural implements and foodstuffs, and for an increase in the British preference. The Prime Minister (Mr. Mackenzie King) is not in his place, but I heard him make an eloquent speech in Winnipeg during the campaign, in which he declared that the Progressive platform was so much like the Liberal platform that there was no need for a third party, and he could not see why we did not join the Liberals. I am not sure of the statement, but I think I am right in saying that during the Laurier regime the average duty on agricultural implements was 17½ per cent. Now, we can have a certain amount of respect for the Conservative party. They are more sincere, in that they have been consistent advocates of protection; and notwithstanding their advocacy of protection they succeeded in reducing the tariff that obtained in the Laurier regime to 14 per cent on agricultural implements.

The amendment proposed by the ex-Minister of Finance (Sir Henry Drayton) censures the Government for a breach of pre-election promises. Well, the Conservative party are in the same category in this respect, for they have broken election promises too. I remember that in Portage la Prairie, when Sir Robert Borden was touring the country previous to the 1911 elections, I had the privilege and the honour of sitting on the same platform with him, because I was a real Conservative in those days. He said that there should be wider markets and an outlet to the ocean, and that the Hudson Bay Railway should be built. We have not got that railway yet, so that that promise has not been fulfilled. Are the Opposition offering anything in alternative now? What have they to offer the people of Canada in the way of decreasing taxation? I recall that while the Estimates were going through and a reduction was moved in the naval and military estimates, the attitude of hon. gentlemen in that group was that no reductions should be made; and we know from experience that if they were in power there would be no economies, in these items at least. I think I may safely say that the Progressive party would follow their lead if they suggested any genuine measure of relief from taxation; but they do nothing of the kind.

It is only within recent years that a new light has arisen in the political firmament. I refer to the right hon. the leader of the Opposition (Mr. Meighen). Now, I desire to state to this House that as a citizen of Portage la Prairie and an elector of that constituency, I used to take great pride in our former member; we in that constituency have great admiration for him. We had the greatest hopes when he came to Ottawa that he would do something; we expected something great from him, and we never got it. I do not know why the change occurred. In 1911, in an eloquent speech he declared that protection fostered became a burden. He declared that Laurier and his followers were bowing the knee to the big interests and were being maintained behind ramparts of gold—slaves to those who placed them in power. He declared for greater reductions in the customs duties on farm implements, and proved by indisputable argument that the manufacturers of farm implements do not need any further protection. These remarks are to be found in Hansard of the session of 1910-11, at page 1912. Had the hon. member adhered to the sentiments he expressed on that occasion, I should not be here in his stead representing Portage la Prairie; I should be at home in a more congenial occupation. I also heard the leader of the Opposition declare in a speech there that it is impossible to carry on the business of the country without a protective tariff. He claims that Sir Wilfrid Laurier, who had been in his time somewhat of a free trader, and the present Minister of Finance (Mr. Fielding) had been a low tariff man, but had both come to the conclusion that the business of the country must be carried on under the national policy. I do not know what it is in Ottawa that drives men to that conclusion; it must be something in the atmosphere which perhaps I have not discovered.

I should like to make a comparison between the governments of this country and of the United States. We speak of retrenchment, and believe that the solution of our difficulties will be found in economy. In consulting the World Almanac and Encyclopedia I find that in the United States the cabinet comprises ten ministers who receive an annual salary of $12,000 each, or a total of $120,000. At the head of our cabinet is the Prime Minister who gets a salary of $15,000, and he has fifteen ministers drawing a salary of $10,000 each. I believe there are two fewer now than in the previous government, and for that we must give them credit. These salaries come to a total of $165,000, and in addition to that

the ministers draw the sessional indemnity of $4,000 each, bringing the total to about $230,000. In other words, it costs the Canadian government, in a country with only one-twelfth of the population of the United States, approximately twice as much as it costs the United States to maintain their cabinet. Some people say that we are governed to death. I notice in this book, too, that our total expenditures for this year will be less than half a billion dollars, whereas the United States will take care of seven times that amount with six cabinet ministers fewer, and only half as much paid them in salaries. I would suggest that we also economize in the matter of salaries to judges. In our estimates approximately $2,000,000 is paid in salaries and travelling expenses to judges. I would suggest that 12½ per cent be deducted, which would save us $250,000.

I would suggest also that a reduction of 12½ per cent should be made in the sessional indemnities paid to members of the Senate. As I wish to be fair and consistent, Mr. Speaker, I would further suggest that a similar reduction be made in the sessional indemnities of members of this House. Thereby we would save the country about a quarter of a million dollars, and the burden of the taxpayer would be lightened to that extent. That places a weapon in our hands for introducing other economies, and more effectively demanding a reduction of wages. I received a circular letter, and I presume a similar letter was addressed to every member, from the Civil Service Association, suggesting that if the Civil Service bonus was to be reduced the extra sessional indemnity voted last session should also be reduced. The hon, member for Sherbrooke (Mr. McCrea) found fault with the civil servants for being so well dressed, and suggested that they wear less expensive clothing. He even went so far as to propose that they could get along with a little less salary. To-day I noticed a letter in the local press pointing out that this criticism came from a member of Parliament who was drawing $4,000 for a four months' session. So you will see what a moral effect it would have on the public generally if we reduced our own sessional indemnities. I would also reduce the salaries of our judges and cabinet ministers. What I am preaching to-night would perhaps come better on the eve of an election, when candidates talk in this strain; but perhaps we are four years from an election, and in any case I advance these suggestions independent of their effect upon the electorate. The legislature of Nova Scotia reduced the sessional indemnity of its members from $1,500 to $1,000; in New South Wales the sessional indemnity was also reduced; and in South Africa General Smuts declared that he was quite ready to have his salary reduced for the benefit of his country. We find that the leader of the Conservative party in Manitoba is telling the people, on the eve of an election, that if his party is returned to power the sessional indemnity will be reduced. I believe the farmers' party in Manitoba have made a similar declaration. I know that a reduction of our sessional indemnities would be a hardship on some members, especially those from the far West and the far East, and by way of compensation to them I would suggest that following the reduction the session should be shortened.

There is no doubt that much time is lost by too long and perhaps unnecessary speeches. I am not criticizing hon. members. I envy the man who can get up here and deliver an excellent speech, but I do believe that much valuable time is lost by needless repetition. I suspect that we would see a distinct condensation on the part of some hon. members if they were compelled to stay in the House and bear the infliction of every speech delivered during the session.

An hon. MEMBER: An awful penalty!

Mr. LEADER: I feel certain that this would have a tendency to appreciably curtail many speeches of those who are fortunate enough to be absent during the greater part of the sittings.

There is a verse which I commend to the attention of hon. members; it runs something like this:

If you would be pungent, be brief.
For it is with words as with sunbeams,
The more they are condensed, the deeper they burn.

Mr. S. W. JACOBS (George Etienne Cartier): Mr. Speaker, my object in rising to-night is not to indulge in any lengthy discussion upon the budget. Practical men, I submit, can say what they have to say upon the budget when the resolutions are before the committee. The budget is an annual talk-fest for doctrinaires who wish to discuss the relative advantages of protection and free trade. The free trader looks upon the protectionist as a thief; the protectionist looks upon the free trader as a visionary.

It is rather late in the evening, Mr. Speaker, for me to express any views upon

these questions—if I had any. My object in rising is to discuss a matter which I wished to bring before the House earlier in the session. I had on the Order Paper a resolution with regard to immigration, but unfortunately private members' day was taken away before this resolution could be debated. I may say that it would have been reached earlier, had I not consented, out of good nature, to give way to oleomargarine, and then I found that after oleomargarine had—I was going to say paved the way—

An hon. MEMBER: Greased the way.

Mr. JACOBS: —my right to speak was lost. So that the only opportunity I have is here during the budget debate now drawing to a close. Therefore I shall express those views now, and I can assure you, Mr. Speaker, that my words will be very brief indeed. First, I want to point out that I propose to criticize my own party in connection with its immigration policy, and I am rather glad that it should be done at the dead of night when as few people as possible are present, and when I hope the members of the press have gone to seek well-merited repose.

During the campaign which ended in our return to power last December, I had occasion to criticize as vigorously as I could the immigration regulations enforced by the government which gave up the reins on December 6th, and I feel that a large part of my success was due to the fact that I was able to show the electorate something of the iniquities of those regulations. I sometimes think that I actually grew eloquent as I depicted the wickedness of the government in keeping out of this country a proper class of immigrants. At any rate when the votes were counted I found that my four opponents had lost their deposits and that the Liberal candidate had been returned at the head of the polls, pledged to do something for intending immigrants.

Well, I waited through December, January, February and March, but nothing was done by the new Government. On March 31st I had my resolution placed upon the Order Paper, but, before it could be reached, the Government changed its immigration policy. But in what way was it changed, Mr. Speaker? The regulations and the orders in council were, I thought, in all conscience restrictive enough, but by the new orders in council I find they are much more restrictive. It was another case of: "Where my father whipped you with whips I will whip you with scorpions." I want to cite to the House some of the regulations which are now in force. I wonder whether the House and the country are aware of the fact that we have a new regulation declaring that immigration into this country on and after the 9th of May is prohibited? I will read this regulation:

> From and after the date hereof and until otherwise ordered, the landing in Canada of any immigrant is hereby prohibited.

Now, the Canadian Pacific Railway Company, other transportation companies, and many public bodies in this country during the last year, particularly during the last six months, and especially since this Government has come into power, have declared that what this country needs is a sane, progressive and vigorous immigration policy. They contend that we have had enough of the system which was in force during the war. Let us, they say, get away from that; let us see that we pump into this country a proper class of immigrants. Let us see that men are brought into this country from Europe who are willing to come here; men who are willing to give up everything that they had in Europe and to start life anew in Canada. Let us see that we have immigrants not only who will go on the land, but who will go to the cities and become part of our artisan classes there. We want people from every walk of life. Well, the answer of the Government to that is: Immigration into Canada from and after the ninth of May is prohibited, with, of course, certain exceptions. Let me give you those exceptions:

> On 1. A bona fide agriculturist entering Canada to farm and has sufficient means to begin farming in Canada.
>
> On 2. A bona fide farm labourer entering Canada to follow that occupation and has reasonable assurance of employment.
>
> On 3. A female domestic servant entering Canada to follow that occupation and has reasonable assurance of employment.

These are the only people who are permitted to come into this country—bona fide agriculturists who have sufficient means to farm in Canada, farm labourers, and female domestic servants. Why, only a few nights ago the hon. member for South-east Grey (Miss Macphail) told us that farming was a luxury in this country. What does the regulation mean when it says that agriculturists shall have sufficient means to begin farming in Canada? What does it mean in the West for an agriculturist to start to carry on agricul-

ture as it should be carried on in that part of the country? Who is to decide what are sufficient means for a farmer coming into Canada? There are further provisions with regard to whom the immigration officer may admit. He may admit:

(a) The wife and family of any person legally admitted to and resident in Canada who is in a position to receive and care for his dependents.

Just think of how kind-hearted the Minister of Immigration and Colonization is. He is going to permit the wife and family of any person who is already legally admitted to come in. I must say that is very kind indeed of him, and we must give him credit for it. The regulation continues.

(b) The national of any country in regard to which there is in operation a special treaty or agreement or convention regulating immigration.

That, I fancy, refers to Japanese.

(c) Any British subject entering Canada directly or indirectly from Great Britain or Ireland, the United States of America, or any self-governing British dominion or Newfoundland, who shall satisfy the immigration officer in charge at the port of entry that he has sufficient means to maintain himself until employment is secured.

Let me say a word or two in regard to that provision. Why should discrimination be made in favour of British subjects from Great Britain and Ireland or any self-governing dominion who can satisfy the authorities that he has sufficient means to maintain himself? Why not extend that provision to any person who wishes to come into this country? What is there in a British subject which makes
12 m. him better in this country than any one else? Any person who comes here and who desires to become a Canadian citizen, even if he has not British blood in his veins is, I submit, a proper person to come into this country. Why should a discrimination be made in that respect? Then we come to paragraph (d):

(d) Any American citizen entering Canada from the United States, provided it is shown to the satisfaction of the Minister of Immigration and Colonization that his labour or service is required in Canada.

What is the effect of this provision, and of the others to which I have referred? They bar out every person who is not an English speaking person. Now, you know and I know and every person knows the class of British citizen which sometimes is permitted to come to this country and which certainly is permitted to emigrate from the Old Land. We know that to-day in England one-twelfth of the population is submerged; that is, they belong to a class that are absolutely worthless to any country, particularly to the country from which they come. I am not now saying anything in disparagement of the British people; I am simply talking about this class. In the past we have made regulations to prevent this submerged class, this worthless class, this class of ne'er-do-wells, from coming into the country, but by these regulations these people are permitted to enter Canada while people coming from other parts of Europe have to come in as farmers, as farm assistants or as domestic servants. I ask you, Mr. Speaker, and I ask hon. members of this House, is that the way in which we are going to build up the country? How are we going to pay our immense national debt with a population of eight and three-quarter millions when we should have fifteen millions? How is that going to be done? Is it going to be done by encouraging the coming to Canada of only the farmer, the farm labourer, and the domestic servant? How are you going to get farmers to come to this country? You are going to get them by pointing out to them the advantages of Canada over other countries. Well, having listened for the last three months to the doleful plaints and wails of my hon. friends from the West I cannot see that any person coming from Europe, unless he engages in farming in a small way—intensive farming, as they call it there—can make a success in this country. The only way in which this class of people can be successful is by their settling near large cities so that they can engage in truck gardening or farming in a small way. But how can you get them to go to the great West, where the climatic conditions are of such a rigorous character and where large sums are required to carry on farming as it should be carried on? A man has to have his section of land, his tractors, his gasoline machines, and things of that kind. It is practically impossible to get these men to go on the farms in the West; as I have said, the only thing to do is to induce them to go into the more settled districts where they can make a living in a small way by market gardening. So I say that this policy of attempting to secure farmers for this country, particularly from Europe, is bound to fail; it cannot be successful. My idea is that we ought to permit people to come to Canada irrespective

of what they are going to do when they arrive; they will find some kind of work to do. If a man is an artisan, let him come here and take his chance; if he finds there is no occupation for him as an artisan, he will very soon find his way into some occupation in which he can be employed. It is all very well to say that we want farmers, but what have we to offer to farmers? If a bona fide farmer comes to this country, goes on a farm and finds that he cannot make a success of agricultural work, he will drift into the city and try to earn a living there.

Do you not think it would be folly on the part of a farmer to remain on a farm and endeavour to make a living when he knows it is much easier to make a living in the city? We must allow these people to work out their own salvation. Do not attempt this paternal system of government and say: You shall go on a farm, and you shall not be allowed in the country if you do not farm. It is a mistake on the part of the Government to do that, and I am surprised that a minister of the astuteness and intelligence of the Minister of Immigration (Mr. Stewart, Argenteuil), should lend himself to any such scheme as that which has been propounded in these orders in council.

I would like to say a word or two with regard to the immigration we have had to this country in the last ten years. From 1911 to 1921 we received in this country 1,800,000 immigrants, a fairly respectable number. How many of these do you think are now in Canada? Only 600,000 of these 1,800,000. What has become of the others? I am quite in accord with what the hon. member for Marquette (Mr. Crerar) said to-day, that we ought to have a commission or devise some sort of a scheme to ascertain what has become of these 1,200,000 people who have left. At present their disappearance is as mysterious as the disappearance of the ten tribes of the race to which I belong. We do not know what has become of them.

Mr. McMASTER: Does the hon. member belong to one of the lost ten tribes?

Mr. JACOBS: I feel sometimes when I am in the company of my good friend from Brome, that I am lost.

Mr. McMASTER: Lost in admiration, he means.

Mr. JACOBS: It may be said, Sir, that during the last decade, from 1911 to 1921, conditions were such that a very large number of people were obliged to leave the country. A good many of them returned to their own land; others, owing to the peculiarity of our rules and regulations during the war, disappeared to other countries, but what I wish to point out is that in the decade prior to that the same condition of affairs obtained. From 1901 to 1911, 800,000 people left Canada, so we have this astounding state of facts, that from 1901 to 1921 Canada lost two millions of people. Now how are we going to make up this loss? Are we going to make it up by merely allowing female domestic servants and farm hands to come in? I say that is absurd. We must pump in people in order to make some kind of an impression upon the numbers in this country. It is very much like the story of Alice in Wonderland. You remember where the little girl was running as fast as she could and was asked by her companion, "Where are you running to?" "I'm running somewhere," she replied. "You will never get there," said the other girl, "at that rate, you must run twice as fast if you want to get somewhere." So it is with us. In order to have six million of immigrants, we must bring in eighteen millions. It is a curious state of affairs, but it is a fact that we have lost two millions of people from this country within the last twenty years, and we do not know what has become of them, and while the land is crying out for people, while the land is without people and people are without land, the Government insists upon putting into force regulations which will effectively bar people from coming into this country.

I am not at this late hour going to discuss the advantage of immigration to a country —how it stimulates trade, builds up the country, how it would help pay a large part of the deficits on our railways, how things generally improve with the advent of a large number of people. It is too late to discuss that to-night, but at some other time I shall do so if opportunity offers. In the United States they have 110,000,000 people. How many immigrants do you think they got from Europe from 1800 to 1870? In that period, thirty millions of people living in the United States came to that land from Europe. At present they have reached the point of saturation. They have a law now which declares that only three per cent of each nationality resident there shall be permitted to come into that country, and we are trying to do the very same thing for Canada. We are taking the same medicine for our ills which the United States is taking for theirs, for-

getful of the fact that they have 110,000,000 people, while in this country, which has a larger area than the United States, we have only eight and three-quarter millions. I am sorry to remark that I feel that the acts and conduct of the American authorities with regard to immigration are being reflected in our own Immigration Department here in Ottawa. I heard it stated by a high official in the Immigration Department that it is only a question of time when they will put into force this American scheme of a certain percentage for a certain nationality, or a certain race.

I do not know if my friend the Minister of Immigration has before him a resolution passed by the Montreal Board of Trade in which it strongly discountenances schemes to keep people out of the country. I know a resolution of that kind was handed to me. I shall not read it because the hour is too advanced, but I will give the minister an opportunity of perusing it at his leisure. Colonel Dennis of the Canadian Pacific Railway, than whom there is no greater authority in Canada on the question of immigration, says that the only solution of our railway difficulties and other national problems is to pump immigration into this country. He says: Last year we had a certain percentage on our ships, and this year we have twenty-five per cent less than we had last year. Their ships are crossing the Atlantic empty because the Canadian Pacific and other companies are not permitted to bring immigrants to this country.

There are certain curious notions with regard to immigration held by certain curious people. I notice that last week the Imperial Order of the Daughters of the Empire—I think that is what they are called—passed some kind of resolution at a meeting in Vancouver declaring that this country must remain British. We must have British blood introduced into this country they said in order that the British race may be preserved, and resolutions were passed, I believe, condemning bringing into this country anything except the simon-pure article. The Bishop of London, Ontario—I have not his words under my hand, but I made a mental note of them at the time—speaking on the question of immigration some time ago declared we ought to bar Americans from this country because they brought in ideas which were sometimes inimical to the British idea, and this country must be kept for the British-born. Le Devoir of Montreal, the well known Nationalist paper, is loudly protesting against bringing in immigrants generally from Europe because it is afraid that ethnically they cannot assimilate with the people of this country. I would like to know what Le Devoir would say if we suggested that the French Canadian race should forthwith assimilate with the British-Canadian race or any other race. I think we would have loud blasts at once protesting against it.

Mr. LAFLAMME: They will, if you give them a chance.

Mr. JACOBS: In what sense?

Mr. LAFLAMME: In the sense you mean.

Mr. JACOBS: I do not think that any French Canadian would want to have his race assimilated with any other race in this country, in order to produce something that was not entirely French Canadian. I do not blame them; I would not have it myself. The question just shows how curious notions will sometimes get together curious people. Can you imagine anything so different as the Imperial Order of the Daughters of the Empire, the Bishop of London, Le Devoir, and a few others of that type.

The hon. member from East York (Mr. Harris) in a burst of youthful enthusiasm, because he has only been here for a short time, undertook to read to this House some statistics which he obtained, I do not know where, in which it was declared that the foreign born were responsible for fifty per cent of the crime in Toronto.

Mr. LAFLAMME: There is no crime in Toronto.

Mr. JACOBS: My hon. friend from Drummond-Arthabaska (Mr. Laflamme) is an expert on crime, and if he says there is no crime in Toronto, it is probably because he does not practice in Toronto.

Mr. McMASTER: They get off in Toronto.

Mr. JACOBS: The hon. member undertook to read to the House a statement to the effect that fifty per cent of the crime in Toronto was due to the foreign born. I doubted the statement at the time, and I took the trouble to obtain from the official statistician some figures with regard to crime in Canada—and I suppose Toronto may be included in Canada—which puts an entirely different phase on the question. I find that, from the year 1914 to 1920 there

were 13,050 convictions for crime in the whole of Canada. Of this number how many offenders do hon. members think were to be found among the foreign born? There were 2,768 divided into:

French	63
German	149
Scandinavian	157
Italian	534
Austro-Hungarian	776
Russian	503
Chinese	181
Other foreigners	405

I fancy that, when it could not be ascertained to what nationality a man belonged, they made him a foreigner, and got 405 in that list. I am sorry the hon. member from East York is not in his seat to-night, so that he could carry away these figures and ponder them over well in his mind, and I trust when the matter is brought before him, he will in future be careful about making rash and reckless statements, without knowing beforehand hat he is able to prove them by figures.

Might I say a word about the hon. member for Southeast Grey (Miss Macphail)? I suppose that, as a member of Parliament, she must expect to be criticised if she has laid herself open to criticism. I am sorry she is not in her seat to-night. I find that this lady seems to be one of the most uncompromising opponents of immigration of what she calls the inferior races from middle Europe. What is it in middle Europe which makes a person belong to an inferior race? The fact that they cannot speak English, surely, ought not to make them an inferior race. I could give you many instances of people who are quite superior who were never able to speak English. Her objection to them seems to be that they wore sheepskin coats. Well probably the lady's esthetic desire to see people arrayed in nice finery may cause her to object to sheepskin coats, but the fact that a person wears a sheepskin coat, in my opinion, is not something which ought to debar him from coming into this country. The hon. member ought to remember the words of the Scottish national poet who says:

> What though on hamely fare we dine,
> Wear hodden grey an' a' that;
> Gie fools their silks, and knaves their wine,
> A Man's a Man for a' that.

I am inclined to think that longer association with public men in this country and an opportunity of studying things at closer range than before will cause her to change her views with regard to the class of immigrants we want in this country.

I say, Mr. Speaker, we must get immigrants from wherever they want to come. We must invite them to come into this country, and when they come here, let them do what they feel they are capable of doing. We have in the city of Montreal to-day sixty or seventy thousand people who came to this country a few years ago, who were practically thrown on their own resources. They did not walk around the streets looking for work. Work was found for them by those of their people who came earlier. They engaged in the textile trade and if to-day the clothing industry is the third largest industry in the country, it is largely due to these foreigners who made that industry what it is, not only in Montreal but in Toronto and the other large cities. In the metal trade they have made a success. They have gone into the tobacco industry and of every line of industry which they have entered they have made a success.

Do you not think people of that kind are an asset to the community? These people could never have gone on farms because they were not accustomed to life on the farm. They made a success in the city because they were accustomed to live in the city. I have no objection to people taking up farming, because I believe it is one of the basic industries of the country, but to tell a person that, unless he is willing to go on a farm, he cannot be permitted to come into this country is a shortsighted policy on the part of the government, and something which I am surprised to learn this Government is endeavouring to put into effect. I hope that these orders in council will be very shortly relegated to the waste paper basket. I wish to say a word with regard to this Order in Council which you, Sir, can see is a most important regulation, affecting as it does our national life. A matter of that kind surely has as much interest to the people of this country as oleomargarine; in fact, I would go so far as to say it has as much interest to the members of this House as the Minister of Agriculture's bills on the grading of onions or on fertilizers, but these matters are brought before the House, while the Order in Council is passed in the Cabinet Council and nothing is heard about it at all except when it is published in the newspapers 10 or 12 days afterwards. It should have been placed on the Table of the House and a day should have been set apart to discuss

this most important question. We criticized the Conservative party that lived by Order in Council, and made our battle cry the question of Orders in Council, and "down with the government that insists upon governing by Order in Council", but when we came into power, we lapsed into the ways of the Philistines.

Mr. CHAPLIN: We have always had Orders in Council.

Mr. JACOBS: We have had Orders in Council, but I venture to say that Orders in Council of that kind and importance should have been tabled and should have been discussed. Had there been a discussion, I would not have been taking up the time of this House to-night in order to bring the matter to the attention of the country. But I can assure you, Mr. Speaker, that this matter is of such vital importance to thousands and tens of thousands of people in this country to-day, that I felt it was absolutely necessary for me to bring it to the attention of the House. I have been flooded with telegrams, letters and petitions from all parts of the country relating to this Order in Council. The minister is a very kind-hearted man; a most kind-hearted man; he cannot bear to think of these people being brought to our shores and then being deported, so he declares that they shall not come here at all. It is like the story of the man to whom a poor devil appealed for alms. He pressed the button for his butler, and said: "Kick this man out; he is breaking my heart."

Now that the matter has been brought to the attention of the minister and that he sees that some of his followers, not only myself, but a number of others, feel so strongly upon this question, I hope he will see his way clear to giving us some relief. We at least should have been consulted on a matter of this kind. When I heard that the question was about to be discussed by a sub-committee of the Cabinet, I made certain representations that I should like to be heard; but no doubt, in the stress of the business of the session, the matter was overlooked, and the first I knew about it was that an Order in Council had been duly passed. But the hand that creates the Order in Council can also destroy it. I believe that after the minister has had before him the necessary delegations protesting most vigorously against this Order in Council, not only delegations from people who are particularly affected inasmuch as their relatives are unable to come into this country, but bodies of such an important character as the principal boards of trade, the principal transportation companies, and others, he will see his way clear to making some provision which will give us relief from this obnoxious Order in Council. Finally, as my last word to him and to the Government, I would say that, when important matters of this kind are to be disposed of and when the House is in session, they ought to see to it that members of the House of Commons who, after all, are the masters, should have an opportunity of discussing such a matter and not having it rushed through as they have done by an Order in Council.

On motion of Mr. Stewart (Leeds) the debate was adjourned.

On motion of Mr. Graham, the House adjourned at 12.25 a.m. Tuesday.

Tuesday, June 6, 1922.

The House met at three o'clock.

IMMIGRATION ACT AMENDMENT

Mr. JOSEPH ARCHAMBAULT (Chambly & Vercheres): Mr. Speaker, with the consent of the House, I beg to move:

That the Special Committee to which were referred for consideration Bill No. 16, to amend the Immigration Act, and Bill No. 17, to amend the Criminal Code, be given leave to make a special report in reference to the first mentioned Bill, No. 16.

Motion agreed to.

THE BUDGET

CONTINUATION OF THE DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Monday, June 5, the debate on the motion of Hon. W. S. Fielding (Minister of Finance) that Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means, and the proposed amendment thereto of Hon. Sir Henry Drayton.

Mr. SPEAKER: Before the right hon. gentleman (Mr. Meighen) addresses the House, he will kindly allow me to give my ruling on the proposed amendment of yesterday.

The Order of the Day being read for the Committee of Ways and Means and Mr. Fielding having moved, seconded by Mr. Mackenzie King, and the question being proposed: "That Mr. Speaker do now leave the Chair." an amendment was moved by

Sir Henry Drayton, seconded by Mr. Meighen:

That all the words after the word "that" be struck out and the following be substituted therefor:

"The Liberal party assembled in convention in August, 1919, adopted a resolution which, after reciting its professed purposes, contained the following specific and unqualified pledges:

" 'That to these ends, wheat, wheat flour and all products of wheat; the principle articles of food; farm implements and machinery; farm tractors; mining, flour and saw mill machinery and repair parts thereof; rough and partly dressed lumber; gasoline, illuminating, lubricating and fuel oils; nets twines, and fishermen's equipments; cements; fertilizers, should be free from custom duties, as well as the raw material entering into same.

" 'That the British proference be increased to 50 per cent of the general tariff.

" 'And the Liberal party hereby pledges itself to implement by legislation the provisions of this resolution when returned to power.'

"That such pledges were restated as the policy of the Liberal party in an official handbook issued just before the general election, namely, in October, 1921, under the authority of its leader, Hon. W. L. Mackenzie King.

"That candidates contesting on behalf of the Liberal party in the said election, used widely the promises therein set out as a means of securing support.

"That the Liberal party having been returned to power the budget proposals of the Finance Minister now brought down, constitute, on the part of the Government, an utter failure to implement such pledges by legislation.

"That the making of such solemn pledges, the utilization of them to secure support, and their flagrant violation after the attainment of office reveal a disregard of political honour and tend to lower the standard of public life."

Mr. Crerar moved, seconded by Mr. Hoey:

That the said proposed amendment be amended by striking out all the words after the word "support" at the end of the third last paragraph and substituting the following therefor:

"That the Liberal party having been returned to power, the budget proposals of the Finance Minister now brought down, based as they are mainly on the principle of protection in respect of the tariff, are wholly inadequate to implement such pledges by legislation.

"That while recognizing that changes in fiscal policy should be made in such a way as to give industries affected a reasonable opportunity of readjustment, this House is of the opinion that the principle of protection as a basis for fiscal policy in Canada is unsound and not in the best interests of the Dominion."

A point of order was raised by Mr. Fielding on the ground that there cannot be two amendments on a motion to go into Committee of Ways and Means.

The hon. member for Marquette (Mr. Crerar) has submitted that we should conform to British practice in this case and he has contended that we could do so under our Rule I., which reads as follows:

In all cases not provided for hereinafter or by Sessional or other Orders, the rules, usages and forms of proceeding of the House of Commons of the United Kingdom of Great Britain and Ireland in force on the first day of July, 1867, shall be followed.

The very first words of this rule: "In all cases not provided for," must be taken into consideration.

The House has provided for the case at issue by adopting precedents against moving more than one amendment on the motion that the Speaker leave the Chair for the House to go into Committee of Supply or Ways and Means.

Mr. Speaker Smith, cited by the hon. gentleman, has given two divergent decisions on this point. On June 22, 1858, he ruled that "An amendment to an amendment to a motion for the House in Committee of Supply is out of order." That was his first ruling.

And on April 27, 1860, he ruled that "But one amendment to a motion for going into Committee of Supply can be made, although the amendment itself may be amended."

This is the only decision allowing a second amendment which has ever been given in the Canadian Parliament, and it is anterior to Confederation and apparently self-contradictory.

On June 14, 1864, Mr. Speaker Wallbridge ruled that "But one amendment can be moved to a motion for the House going in Committee of Supply." (Vide Journal, pp. 388-389).

Since Confederation our practice has been consistently against such an amendment.

On May 1, 1867, Mr. Speaker Cockburn, upon ruling out of order a very complex amendment to a motion for the Committee of Supply, said:

The House could in general, according to precedent, order a complicated motion to be divided. But that could only be done by amending the motion, which cannot be done now, for but one amendment can be moved in going into Committee of Supply. (Vide Journal, pp. 268-270).

On May 2, 1873, whilst the House was debating an amendment to the motion that Mr. Speaker do now leave the Chair, Mr. Tupper (later Sir Charles) moved to leave certain words out of the said amendment and insert certain other words instead thereof.

Mr. Holton (then the recognized authority on such questions in the Canadian Parliament) objected to this proceeding, and Mr. Speaker Cockburn again decided that "No amendment can be made to the amendment to the motion for the House to go into Committee of Supply." (Vide Journal, p. 262).

On February 29, 1876, Mr. Speaker Anglin over-ruled Mr. Workman's motion in favour of Protection, being an amendment of an amendment of Mr. Irving to the motion that Mr. Speaker leave the Chair for the House to go into Committee of Supply. (Vide Journal, p. 89).

Since the last mentioned date, the point has been considered as definitely settled and no second amendment to such a motion has ever been allowed in this House.

On April 9, 1878, Sir John A. Macdonald, then Leader of the Opposition, stated from his seat, that he intended moving an amendment on going into Supply with regard to "the Quebec crisis."

Mr. Mackenzie, then Prime Minister although admitting Sir John A. Macdonald's right to make such an amendment, took the ground that if it were made on the motion to go into Supply it would prevent sub-amendments. He said that Sir John A. Macdonald's amendment should not be confined to an occasion when there can be no sub-amendment because it simply meant asking the House to conform to the mover's own view of a particular transaction or else vote it down.

> "Whilst the House might concur with a certain portion of the motion but not with the rest" said Mr. Mackenzie, "we are obliged, on a motion in amendment on going into Supply, to accept whatever the Hon. Member chooses to offer us, or to reject it."

In Hansard it reads "or to neglect it". The reporter evidently meant the word "reject".

> "The Hon. member will place his motion in such a way that it will be impossible for the House to give any opinion at all on it except to accept it or to vote it down."

Sir John A. Macdonald here interjected "Exactly." Mr. Holton, speaking on the question, then said:

> The Right Hon. Gentleman intended to adopt a form of words or submit it to the House in a connection in which it was not susceptible of amendment and whatever shades of opinion there might be and whatever choice there might be as to the form of expression, the Hon. Gentleman practically said to the House: "take this or nothing."

Mr. Blake also concurred in this opinion.

I think the above precedents are binding on me, especially when supported by the opinions of such experienced parliamentarians as Macdonald, Mackenzie, Blake and Holton.

The honourable member for Marquette has quoted Bourinot to show that these precedents are based on a misunderstanding of a Canadian speaker as to the English practice. Bourinot made that statement in a foot note of his third edition, but he did not include this note in his fourth edition. It is, as a matter of fact, an obiter dictum which has no bearing on the principle accepted by the Canadian House of Commons. Bourinot recognized this fact in his fourth edition in which he lays down the practice unequivocally as follows:

> Only one amendment can be moved to the question that Mr. Speaker do now leave the Chair. If that amendment is negatived . . . . no other motion can be proposed.

And he adds as a note on the same page:

> This limitation is peculiar to the Canadian Commons (p. 420).

The same question arose in 1917, and was decided upon the same principle. In this case an amendment moved by Mr. Turriff on the proposed motion of Sir Thomas White for the Committee of Ways and Means (the budget) was negatived on a division. Thereupon, Mr. Robb (Huntingdon) moved a second amendment, and it being late at night the debate was adjourned.

But next day, 11th May, 1917, the Deputy Speaker stated to the House that the second amendment was irregular and should have been declared to be out of order. He ruled that the main motion was the only question before the House and might be debated, but no further amendments could be moved. (Hansard, 1917, Vol. II, pp. 1317, 1319: Journals, 1917, pp. 188, 193).

In 1917, on a similar occasion, a second amendment was intended to be moved, but on being informed by one of my predecessors, the hon. Mr. Speaker Rhodes, that he would be ruled out of order, Dr. Clark, then member for Red Deer, desisted from his intention, thus accepting our well established practice.

I am not unmindful of the views expressed by the Minister of Finance (Mr. Fielding) and also by my predecessor the hon. member for Bonaventure (Mr. Marcil) whose long experience in this House gives weight to their opinions on questions of Parliamentary procedure.

In Great Britain, more than one amendment may be moved on the motion that the Speaker leave the Chair for the House to go into Committee of Supply or Ways and Means, but it is done on conditions quite different from the practice in this House. In England, whenever an amendment is

moved striking out all the words after "that" from the main motion, the Speaker puts the question "That all the words proposed to be left out stand part of the question". If this is voted in the negative, amendments and sub-amendments are allowed; but if it is voted in the affirmative, they are not.

The practical meaning of this peculiarly British procedure is that the House grants leave to move the amendment. In another sense, it is nothing more nor less than the previous question. I cannot see my way to following the British practice.

As to the suggestion to give the hon. member for Marquette and his supporters the opportunity of expressing their views upon the budget proposals, I must say that the Speaker, in his interpretation of the rules, is not at liberty to recognize the existence of parties or groups in the House. Although he has to observe certain amenities in giving precedence to leaders in debate, he presides over an assembly of the people's representatives where every member has an equal right of using the rules and usages to express his views on public matters.

In England, although the Home Rule party under Mr. Parnell and his successors consisted of a large group, it never was given an official status in parliamentary procedure. Even to-day, there are at Westminster several groups or parties, but they are all subject to the same rules of procedure. All the members are on an equal footing. I think our rules and practice based on precedents, traditions, and usages give every hon. member ample opportunity to put himself on record upon any question. I therefore rule that no amendment can be moved to the amendment proposed to the motion that I do now leave the chair for the House to resolve itself into Committee of Ways and Means. The sub-amendment moved by the hon. member for Marquette accordingly is out of order.

I may add that the same rule applies whether the motion is for the House to go into Committee of Supply or Ways and Means.

Hon. T. A. CRERAR (Marquette): Mr. Speaker, I recognize at once the weight of the authorities which you have quoted in support of your ruling, notwithstanding that our practice has developed from a misunderstanding by Mr. Speaker Smith in 1858, and under ordinary conditions I would be the last member to question your decision. I submit, however, that the conditions which obtain to-day in this House justify a departure from our customary practice. We are the second largest party here, and I think we should have the opportunity of formally expressing our views in the manner I suggested yesterday. Therefore, Mr. Speaker, with the greatest possible respect for your person and for the high office which you so ably fill, I wish to appeal against your ruling to the judgment of the House.

Hon. W. S. FIELDING (Minister of Finance): Mr. Speaker, if I may be permitted to make a comment on what my hon. friend from Marquette (Mr. Crerar) says, I would remind him that, being the second largest group in the House it was his undoubted right to take the place of the official Opposition, if he had so desired. Of his own motion and for good reasons, satisfactory to himself and his friends, he elected not to take that position. There is an advantage under the British practice in occupying the position of the official Opposition. My hon. friend waived his right to that advantage, and I do not think he ought now to complain of the consequences of his action.

Mr. CRERAR: May I say, Mr. Speaker, to my hon. friend the Minister of Finance, for whom also I have a very great respect, that his argument is not sound. The same condition would apply whether or not this group which I represent and speak for to-day were the third instead of the second largest party in the House. I submit that it should have the opportunity of expressing its opinions in this formal way.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Although I think I am out of order, Mr. Speaker, I rise merely to state my position on the point of order. In so far as the sub-amendment is concerned, I need not say that it has no embarrassment for me. At the same time your ruling, Sir, appeals to me as being undoubtedly in conformity with the rules and practice of this House; indeed, so clearly is this the case that there does not appear any room for dispute at all.

The leader of the Progressive party (Mr. Crerar) urges that new conditions have arisen. If so, those new conditions must be met, and the way to meet them is to take the regular course to amend the rules of the House; not to appeal against what is manifestly a sound judgment that you, Mr. Speaker, could not possibly avoid giving. Consequently, if it comes to a vote I shall support the Chair.

Besides, may I point out that in the British House the closure rules are very different and much more drastic than ours, applying to motions in amendment to supply? Therefore they can afford a latitude there that we could not very well allow here, for without the intervention of a closure rule we have unlimited opportunities of moving amendments to supply. Consequently the leader of the Progressive party is not debarred at all by your ruling from moving his amendment to Supply or Ways and Means, and he will have many opportunities to do so.

The House divided on the question: Shall the ruling of Mr. Speaker be sustained?

And the same was sustained on the following division:

YEAS

Messrs.

Archambault, Baldwin, Baxter, Béland, Black (Yukon), Bouchard, Boucher, Bourassa, Bowen, Boys, Cahill, Cannon, Carruthers, Casgrain, Chaplin, Charters, Chew, Chisholm, Church, Clark, Copp, d'Anjou, Delisle, Demers, Denis (Joliette), Desaulniers, Dickie, Drayton (Sir Henry), Duff, Duncan, Euler, Fafard, Fielding, Fortier, Fournier, Garland (Carleton), Gauvreau, Gendron, German, Gervais, Gordon, Gouin (Sir Lomer), Graham, Grimmer, Guthrie, Hanson, Hatfield, Hughes, Hunt, Kennedy (Essex), King (Kootenay), King, Mackenzie (York), Kyte, Ladner, Laflamme, Lanctôt, Lapierre, Lapointe, Lavigueur, Léger, Lovett, Low, MacKelvie, Mackinnon, MacLaren, Maclean (Halifax), McCrea, McIsaac, McKay, McKenzie, McKillop, McMaster, McMurray, McQuarrie, Malcolm, Manion, Marcil (Bonaventure), Marcile (Bagot), Marler, Martell, Maybee, Meighen, Mercier, Mewburn, Michaud, Morin, Morrissy, Motherwell, Murdock, Murphy, Pacaud, Papineau, Pelletier, Prevost, Putnam, Rankin, Raymond, Rinfret, Robb, Robinson, Ross (Kingston), Ryckman, Senn, Sheard, Simpson, Sinclair (Oxford), Sinclair (Queens, P.E.I.), Spence, Stansell, Stevens, Stewart (Argenteuil), Stewart (Lanark), Stewart (Leeds), Stork, Sutherland, Thompson, Tobin, Trahan, Turgeon, Vien, White, Wilson—122.

NAYS

Messrs.

Bancroft, Beaubien, Binette, Bird, Black (Huron), Brethen, Brown, Caldwell, Campbell, Carmichael, Coote, Crerar, Davies, Drummond, Elliott (Dundas), Elliott (Waterloo), Fansher, Findlay, Forke, Gardiner, Garland (Bow River), Good, Gould, Halbert, Hammell, Hodgins, Hoey, Hudson, Humphrey, Irvine, Jelliff, Johnson (Moosejaw), Johnston (Last Mountain), Kellner, Kennedy (Edmonton), Kennedy (Glengarry and Stormont), Kennedy (Port Arthur and Kenora), King (Huron), Knox, Leader, Lewis, Lovie, Lucas, Macphail, McBride, McConica, McDonald (Timiskaming), McTaggart, Millar, Milne, Morrison, Ross (Simcoe), Sales, Sexsmith, Shaw, Speakman, Spencer, Steedsman, Stewart (Humboldt), Thurston, Wallace, Ward, Warner, Woods, Woodsworth—65.

Mr. SPEAKER: The Speaker's decision having been sustained, the debate will now proceed on the main motion and the amendment thereto of the hon. member for West York (Sir Henry Drayton).

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Mr. Speaker, it has become the custom in this debate to make reference to a circumstances rare in our history, that of the same minister presenting to Parliament a sixteenth budget. I have not the least hesitation, indeed I join gladly in the tributes paid to the personal worth of the Finance Minister (Mr. Fielding). His standing as a citizen and as a public man is well recognized throughout our country. He has earned that place by an unusually long public service—by nearly fifty years of unwearied and assiduous toil.

I differ from him in the articles of his financial policy; the differences I have found in the past exist to-day. I cannot

congratulate him on his budget; I do not think that situated as he was he made the best of his circumstances. His budget speech was an eloquent contribution to debate, it was an interesting and mostly appropriate though superficial commentary on our trade and fiscal position; but it will be searched in vain for any full or useful analysis of our finances as a nation, for any examination of value into our trade history and our trade prospects. It is mostly in the nature of a newspaper commentary on the politics of the day.

There are features of our financial position that are not wholly encouraging. In the main, though, having regard to the accomplishments of this country in recent years, there is little of which to complain. It is true, as the Finance Minister stated, we have a debt of about $2,427,000,000. Our debt increased last year by, I think, $86,000,000, and the year before by $92,000,000. But not one other country has been cited that has succeeded after the ordeal of war in really reducing its obligations. If it is true that Great Britain has in a sense reduced, Great Britain's reduction is due merely to another method of

4 p.m. bookkeeping than that adopted here. Great Britain made her investments in war munitions and war materials; all were added to the debt, and what afterwards came to her credit by sale or otherwise appears as a reduction. In Canada, for the most part what would have appeared as a reduction never in the first place was incurred as a debt; consequently what appears there to be a reduction of debt has no such appearance here.

Last year the debt of Canada was increased by $86,000,000, but last year we paid out of our $381,000,000 of revenue all our ordinary expenditure, composed precisely as it has always been, and paid as well all the regular capital expenditure of this country, and paid as well some $9,000,000 under demobilization. We did this, and had a small surplus besides. The $86,000,000 is made up mainly of advances to the railway systems of this country and constitutes an obligation by them to the country—advances that took care of anterior obligations of those systems, mainly the Grand Trunk—and that found their way into capital investment in those systems, bringing them to that standard of efficiency where they are to-day. By virtue of such efficiency they render service to this country comparable with that rendered by any other system in the world. The results of those investments we are reaping in dividends of service every hour, and none are reaping them more rapidly or more clearly than those portions of our country in the far west into which those improvements and extensions have to a great extent gone. Those investments were essential; they comprised some $115,000,000 inclusive of equipment. Even some of those have been taken care of out of the year's expenditure, with the result that only $86,000,000 of an addition to the debt has been entailed. These facts are not wholly discouraging—by no means are they discouraging. We are past the stage where large investment for that purpose is necessary. We shall have some deficits to take care of, but as the years advance and as the abnormal expenditures that attach to the war and its aftermath cease, we shall be able to address ourselves to achieve reductions provided right policies are pursued.

The main feature of the budget presentation was that which had to do with fiscal policy. This debate falls into two divisions. There is, first, the question as to what is the sound fiscal policy for Canada; and, second, the question, in what character does the Government appear in presenting to the House such policy. These are distinct and separate subjects.

As to what is the true taxation and fiscal policy for this country, I do not think I need inform Parliament what my own opinions are. On at least two former occasions in budget debates I took occasion to make them as clear as I could in English words—in the session of 1921 and in the session of 1920. It became my duty as I saw it then to declare fidelity, continued fidelity, to a system of protection in this country, protection applied in moderate degree, within limits clearly defined in those addresses. I do not need on this occasion to go elaborately into that argument. I can rely pretty confidently, I think, throughout this Parliament on my hon. friends opposite me supplying the arguments that it was necessary for me to supply in previous years. I can well recall how cold a reception my words received at their hands in the debate of a year ago and of two years ago, and I can remember how vociferously and how vigorously they applauded the speeches and the theories of the then small party of fourteen that sat in the seats now to my left. I could not help but contrast how feeble was the applause that similar language drew forth this year from hon. gentlemen opposite.

Indeed, I felt rather sorry for some members of the Progressive party and particularly, may I say, for the hon. lady member for Southeast Grey (Miss Macphail), when I recall utterances, similar to those they made this year, sounded in those two previous contests, and thought how if they had only been so fortunate as to have made on those occasions, the speeches that they made in this debate, they would have received as a meed of praise from the Liberal party those thunders of applause with which we were so familiar then.

Yes, I can leave for the present the defence of the cause of protection to hon. gentlemen opposite. Their policy is quite clear. It is embodied in the tariff they have presented to this House. It is the policy described in an election address by the hon. member for St. Antoine (Mr. Mitchell) as the very "same that we have pursued for forty-three years in Canada." It is the policy described by the present Minister of Justice (Sir Lomer Gouin) in many of his speeches as the policy pursued by the Laurier government and by all governments since 1878. That is the policy that they have advanced, and that is the policy for them to defend. There has not, indeed, in my judgment—and I say it with all deference to hon. gentlemen to my left—been any serious attack upon its soundness in this debate. There have been the usual charges advanced, there have been the usual appeals against monopoly, the usual sectional appeals, the usual assumption that this system is designed to oppress the many and to enrich the few; but there has not been much delving to the heart of the question in an endeavour to show that any other policy would give this Dominion a better or any chance in the commercial race of this world.

The hon. member for Brome (Mr. McMaster) endeavoured to argue by comparison. So far as I know, he was the lone sparrow across the floor who dared to say a word for the free trade principles of yore. He endeavoured to argue by comparison, and he described the results of the tariff impositions of certain countries of Europe. I do not think he got to anything larger than the Netherlands. He confined himself to very small countries, countries that by virtue of their geographical position, by virtue of their compactness, by virtue of their comparative absence of basic natural resources, are wholly different from ours. But he did not give the whole facts regarding them. I mention only one, and the corresponding argument would apply to all. He gave us the revenue from customs of the Kingdom of Belgium, and its total importations, and he said: There is virtually a free trade country.

Mr. McMASTER: A very low tariff country.

Mr. MEIGHEN: A very low tariff country;—because its importations are so large and its customs revenue is so small—only one and a fraction per cent of the total importations. Well, a country might have a tariff that only brought in half of one per cent, and still be a protected country, still be a country that followed the principle of protection and abandoned the principles of free trade or revenue tariff. A country, on the other hand, might be one whose proportions of customs revenue to imports would run from twenty to thirty per cent, and still be a country without any protection to home industries at all. It all depends on the nature of the articles upon which the duty is imposed. Belgium, for example, not having natural resources in degree like Canada, resources of the mine, resources of the soil—

Mr. McMASTER: If the right hon. gentleman will permit me, does he suggest that Belgium has not great resources of the mine?

Mr. MEIGHEN: Nothing comparable with Canada. She has not the variety of natural resources that this country has. Therefore, she does not need to apply her tariff to ensure the development of her natural resources. She only needs to apply it to the protection of those industries of her own that compete with other countries. It is obviously to her advantage to admit to her shores free those raw resources she has not at home. She needs to apply only to a few—but she does not neglect those few—the principle of protection. Take, for example, the clothing that she cheaply produces, ladies' clothing, men's clothing, hats and so forth. On these she applies a duty of 20 per cent. On sugar, one of the greatest of her industries, in which for her population she is one of the foremost producers of the world, she imposes a duty of 20 francs per hundred kilo grams, or 220 pounds, which is a duty very close to 2 cents per pound, higher than the duty we have in Canada.

The range of goods upon which it is to the advantage of Belgium to apply protec-

tion is narrow compared with that of this country. The range of goods upon which it is to her advantage to let them in free, because they do not compete seriously with her industries at home, is large, and that accounts for the reduced percentage that the total amount collected bears to the total value of her imports.

In Great Britain, on the other hand—even before the Safeguarding of Industries law—her average of duties to the whole value of importations was about 8 per cent; so at a time when Great Britain undoubtedly was a free trade country, imposing duties only on goods that did not compete with home production, her average would be four or five or six times the average in Belgium. But Belgium was a protected country because Belgium laid her duties on goods that did compete with home production. There comes the difference between the principle of protection and the principle of no protection.

For this Dominion of ours to abandon that system, applied in careful measure as we have it to-day, would be to invite, in competition with other industrial nations, undoubted disaster. Hon. gentlemen say, "Oh, there is this industry, there is that, where we have conditions in Canada enabling them to compete with the conditions of our chief competitors across the line." Well, it is sometimes easier to make such proposition before one gets all the facts than it is afterward; but assuming it to be true where are we then? You find a competitor over there that has a market closed, or partially closed, by a protective tariff; you find him with an advantage of 110 millions of a market. You find the competitor here with what? You find him with eight and a half or nine millions of a market; and you find him building to a scale to meet the restricted market of his country. Assume even that the other country opens its market; no industry in this country could be sure that such market would remain open for longer than four years. Therefore the manufacturer cannot lay down his plant on a scale to meet the large scale production of his competitor. Therein lies the basis of the protective theory. It is bound up in the very system of nations that we have in this world. When the existing system of nations is abolished, and when markets external to our country are under a common control, then there will be some reason in the theory of free traders.

So, I adhere still to the principle of a moderate protective tariff for our country.

[Mr. Meighen.]

Further: I believe generally in a system of reciprocal trade with countries of the world in which we can expect to find a market—a real market—not a mere intermediate market for our surplus. That applies to almost every country in the world. But Canada is peculiarly situated. Canada is in a position as to which no just comparison with any other country in the world appears. We lie on the North American continent, alongside a nation with a population of 110 millions, undoubtedly the most highly developed industrially of any country in the world. We are virtually their only neighbours in an industrial sense. The weight of their commercial influence is almost overwhelming. They are a nation that produces everything that we produce and, except for one or two things, produces a surplus, and a large surplus, of everything that we produce. Consequently though we may find a market—we do now find a market—there for much that we bring to maturity in this country, such market is of this character: It is intermediate, it only adds to the surplus that that country has of the same products for sale to the outside world. Therefore, the United States becomes a mere intermediary between us and the outside world. My hon. friend opposite shakes his head, but such undoubtedly is the fact. Here in our country, if we permit no considerations of nationhood to exist, or to have weight at all we would have certain portions of Canada trading almost exclusively by the geographically natural route through the United States. There is such trading now, I do not dispute it and there will always be, but I do not think it wise, far-sighted policy that the all but universal practice should be for distinct sections of Canada to trade by themselves with those states immediately to the south; such states in turn pressing on their surplus farther towards the seacoast; and those in turn pressing their surplus, so augmented, of the same goods on to the ultimate consumers of Europe and Asia. Would such a condition be for the good of this country? Would it be possible by following that path to build up a nation here? This is the problem that faced the Fathers of Confederation. This is the problem that has faced the statesmen of this country every year since Confederation. This is one of the tendencies that our country must have the virility and the tenacity to overcome if we are to remain a united nation on this North American continent.

Mr. McMASTER: Is it not true that in spite of all tariff barriers our trade with the United States has been growing almost from year to year, without affecting our national spirit?

Mr. MEIGHEN: I do not doubt it, not at all; but at the same time we have set ourselves to maintain our east and west routes of trade. We do not divorce one portion of the country from the other as would result if we were to wholly abandon our task, which is the real task of Confederation and let all trade take its geographically natural route. Oh, these things appear so easy to the minds of those who approach responsibility lightly; but when men get into positions of responsibility they do not appear to be matters of quite such light consideration. Many a political leader in this country, including the leaders of my hon. friend from Brome (Mr. McMaster)—one I know whose memory he much reveres—has come through the process of thought and of experience to exactly the view that I have expressed. Therefore, I feel now, no matter what the political consequences may be, that the right course for this country is not to enter into any extensive reciprocal arrangement with the United States.

Enter into such arrangement, and what results? First of all, the power to terminate though it may nominally be mutual, rests in fact with that country. In proportion to the life of the time such arrangement operates, in proportion as well to its magnitude, the whole commerce of our country adjusts itself to the new conditions. The natural routes are found and as they are found then we become practically at the mercy of legislation of the United States for the continuance of legislation upon which the currents of our commerce must more and more depend. We would have cultivated, and are at the mercy of our neighbour to the south. Our trade follows north and south routes, and as a consequence the mere threat of the abrogation of a treaty puts us in a position, most undesirable to say the least of it, with respect to the United States of America. We do not stand in the same relation with any other country of the world; there is not the same condition of affairs at all. I hope the day will never come when the fact of that relationship, unique as it is, will be lost sight of in the determination of the policy of this country.

It has been the habit of certain people to bewail the rejection by Canada of the Reciprocity Treaty of 1911. Canada rejected that Reciprocity Treaty just because of the truth that I have sought to expound to this House. It is just as much a truth, just as vital a truth, to-day as it ever was, and the spirit of this country is as true and strong to-day as it was in 1911. I venture to say that if such a treaty comes, in the form it did, or in anything like so extensive a form, before the people of this country again, and they have time and opportunity to see to the centre of it, to know its meaning and to know its purpose, the verdict will be just the same as in 1911, and just as firmly pronounced. Hon. gentlemen argue as though, had that treaty been made, it would have been permanent like the laws of the Medes and Persians. I, as a Canadian, loving Canada, loving our association in this Empire; I, as a Canadian and a British subject, would not welcome the treaty in the least even though I believed it was going to be permanent. But I know it never can be permanent; I know the permanency of it rests chiefly with the stronger power, the stronger commercial weight—that is to say with the United States of America. Oh, we have had reciprocity treaties, and this country took years to recover from the effect of their cancellation, and went through a period of suffering that it would never have had to endure if it had not travelled that way at all. As regards the pact of 1911, we would have met to-day, only under more unfortunate circumstances which would have still more emphasized the unfavourable conditions of this hour, had that reciprocity treaty passed. What is the explanation of the Fordney Tariff? What has brought about that feeling in the United States which has driven the government now in office to adopt the measures it has put through, and to propose those now under debate? Is it not chiefly the effect of the importations from this country, the effect there of the large surplus of our agricultural products. Is not the feeling strong, particularly among the farming community, that their farmers have a right to greater advantage in the American market which they themselves have contributed to build? Would that cause have been removed if reciprocity had passed? Would that cause not have been intensified? Would its results not have been accelerated? Are you going to postpone the effect of a cause by emphasizing that cause? They would have had still more of our products if reciprocity had operated at all; we would have seen the adverse feeling grow there just that much sooner.

Have we not had instances enough to awaken this truth in the mind of even the most perverse? We accepted the American offer of free trade in wheat and the products of wheat and potatoes. This was not very extensive: I never had very much hopes from it, I expected just about what resulted. At the time we accepted this offer, there was a stringency of shipping conditions that made the export of our grain by the regular routes very difficult, and there was the main cause of the acceptance of the offer. We were, no doubt, affected as well by a desire to meet what had become, in the minds of people in the West, the outstanding grievance. We sought the more to meet them because at that time we were engaged in a terrible conflict. What resulted? Was there an addition to the prices of those grains? An examination of the figures shows that the very day after the acceptance went into effect, the higher local prices for hard wheats in Minneapolis dropped right to the level at which they had been before in Canada. There was no increase in the Canadian price at all. But what I am seeking to show now is this. The operation of that arrangement, by which for admission here the United States gave us admission there of our wheat and our wheat products, deferred as it was by necessary war restrictions and embargoes due to government control of the crops, was in effect only about six months, and then what was its fate? The United States government, exercising its undoubted right, imposed a duty of 35 cents a bushel against our wheat, cancelled the whole arrangement; put a 25 per cent duty on flour, and virtually barred both commodities.

We are now at the heart of this question. Is there any reason why the same results would not have followed the reciprocity pact of 1911, if it had been accepted? The United States government did precisely the same with our acceptance of their potato offer. There followed this consequence in each case, that the routes of traffic had to be reversed and there were certain markets that had been cultivated of which we lost the advantage by virtue of the turning of our trade in a contrary direction for a very brief period of time. Nothing fatal is to be apprehended from entering into a very restricted form of reciprocity of that kind, but if we enter it on a big scale, on an extensive scale, this country, as years go on, reaches a position of virtual subjection and subserviency to the legislation of the United States.

[Mr. Meighen.]

The Minister of Finance (Mr. Fielding) in his speech used language which I really cannot understand. He said that there was a time when we had reason to complain of the conduct of the United States, when its fiscal legislation was unfriendly to us; but that now we have no reason to complain of unfriendly legislation. I do not know, first of all, why this word "unfriendly" is applied to tariffs. I do not feel in the least unfriendly to the United States, because I believe in a fair protective tariff. The United States, when they put their tariff against us, thirty-five, forty and fifty, yes, one hundred years ago, acted within their rights. What cause had we to complain? Does any one know? I do not know wherein our right of complaint existed. The same right which they exercised then, they exercise now; they make their tariff to suit the changing circumstances of the United States of America; they make their tariffs, as they believe, in the interest of their own people. They have nothing to fear of a national character from any reciprocity with us; its continuance or its cessation means relatively little to them; our trade with them is merely an incident to the United States. We must remember they are eleven to fifteen times commercially the magnitude of us. It is a different thing when the figures are turned the other way. We are small compared with them, and if we follow the path of unrestricted reciprocity, we adopt a course that may, indeed is certain to, result in serious detriment to, if not in the humiliation of this country.

I have stated, without equivocation, as clearly as the very limited time I allot to myself will allow, where I stand on this question, I hope hon. gentlemen will admit that at least I have been true to the principles I followed in Opposition before, and in power when in the reins of power I had some share.

I come now to the amendment that is moved in this debate. The amendment recites, first of all the position occupied by hon. gentlemen opposite when they took office. It specifically recites definite, concrete, unmistakable engagements which hon. gentlemen opposite made with the electorate of this country. With those pledges I do not agree. I believe the fulfilment of those pledges would have been disastrous or, at least serious, to this country. I would not have supported their fulfilment; neither would I have given the pledges. But the fact is the present government needed

them for the purpose of getting votes in Canada, the votes of those who believed that such was the right policy for Canada to pursue. Is there in this House any hon. gentlemen who doubts the truth of the assertion that those pledges were given in the most formal way, in the most solemn way, or, to use the language of the leader of the Government (Mr. Mackenzie King), in the most "democratic" way, in which pledges were ever given to a nation? They were given in the same democratic way that elected him leader of the party and that gave him, in his opinion, a title to leadership far transcending that of other men. Were those pledges ever reversed? Were they ever revoked? Were they ever modified to make clear to the people of this country that they were not still in existence? I know there was hedging; but I know there was a distinct and consistent determination, evident everywhere, never to let anybody be able to say that those pledges were not still in effect. What did hon. gentlemen opposite pledge themselves to do? They did not bind themselves merely to a principle and then abandon the principle under a screen of words—which is usually their course. They adopted a different course in this instance. They stated, as related to seventeen named articles and classes of articles: "If we are returned to power, we will make these free." Can any one comprehend the mental texture of a man who can look upon that distinct pledge to make seventeen classes of articles free as a mere "chart of direction?" Can any one understand the intellectual constitution that pledges seventeen classes of articles to be free and then talks about carrying that pledge out in the spirit as differing from the letter? I fall before the problem; I cannot comprehend cerebral contortions of that kind. Of those seventeen articles, ten were free when they passed the resolution, and all this they knew. I leave it to hon. gentlemen to the left now to divine why the party of the present government inserted such padding in the resolution? Seven were dutiable at that time and ten free, of these specific articles; and now that they are in power and have brought down the budget, seven of them are free and ten are dutiable. By virtue of the American legislation putting our wheat and wheat products on the free list, those articles are now dutiable which at the time they passed the resolution were free. Not one gesture has been made to make good the covenant. There has been no apostacy so brazen in the history of parliamentary government.

The next pledge is to increase the British preference to 50 per cent. Hon. gentlemen will recall the oft-quoted doxology, with which this platform ends: "The Liberal party pledges itself to implement by legislation the provisions of this resolution when returned to power." As regards this promised increase to 50 per cent in the British preference, they have taken off 2½ per cent on certain goods of which we get a portion from Great Britain; but if hon. gentlemen will examine the main articles in this list, they will find we did not have 33⅓ per cent British preference before. Woollens, for example, once had a one-third British preference, but in 1904 the present Minister of Finance (Mr. Fielding) came to the House and stated that with a 35 per cent duty on woollens and a one-third preference it only made a duty of 23½ per cent against British woollens; and, he added, "I find certain industries in this country cannot sustain the competition with such rate of duty". He therefore raised the duty to a minimum of 30 per cent. Now he comes to Parliament and reduces it by 2½ per cent, or not yet by one-third, which is supposed to be the relation between the preferential tariff and the ordinary tariff. Aside from the effect of the sales tax, aside from everything, what is to be thought of the microscopic reductions made here in relation to the pledge of the Liberal party, a pledge endorsed by the present Minister of Finance himself?

Mr. FIELDING: My hon. friend has no authority for that statement; I may tell him, he is mistaken. I have never voted for the tariff items of the Liberal platform and never concealed the fact that I did not approve of the platform in that respect.

Mr. MEIGHEN: I accept the minister's word without the slightest reservation, but I fancy that this is the first time, after hon. gentlemen opposite have been in power for five months, that any one in this country outside the walls of that convention knew that the present Minister of Finance dissented from the tariff plank of the Liberal platform.

Mr. FIELDING: My right hon. friend is the first person to make that statement, and I therefore now correct it.

Mr. MEIGHEN: One would think that the minister would not need to wait until I should make the statement to make his position clear in the matter. The Minister of Finance went to the convention a contestant for the leadership of the party.

Mr. FIELDING: My right hon. friend is hardly correct, but we shall deal with that later.

Mr. MEIGHEN: I was only following the words of the hon. member for Brome (Mr. McMaster) who was there. But if the Minister of Finance differed from the platform of the Liberal party and refused to be bound by it if returned to power, it was his duty distinctly to say so, to state wherein he disagreed with the platform, to make his position perfectly plain so that no one might be deceived. I know that the hon. member owns a journal;—I presume he owns it—and it was stated therein, shortly afterwards, that the convention had gone too far, and that it was the habit of conventions to make platforms to get in on rather than to stand on. But I do say to the Minister of Finance that he should have stated clearly and definitely, not through the medium of a journal, but with his own lips, precisely in what respect he differed from that platform and by what he proposed to be bound. Even though he did not vote for it, is he not, as a member of the party and the convention adopting such platform, bound by the pledges therein set forth until he severs himself from that party and that convention? And what is to be said of other hon. members opposite? How many members of the Government of the day will follow this example and stand up and declare that they were never parties to this tariff resolution at all? We are getting revelations now. Are there any more? Was the Prime Minister a party to that resolution? Did he support it? We will expect him to tell us when he speaks—but he will not. Was the hon. Minister of Marine (Mr. Lapointe) a party to it?

Mr. LAPOINTE: I will tell when I speak.

Mr. MEIGHEN: The hon. member takes care not to tell before. I venture to say that we shall have more dissentients now in this House than confessions from those who agree. I need scarcely ask the Minister of Justice (Sir Lomer Gouin) and the Minister of Agriculture (Mr. Motherwell). I have not the least doubt the latter hon. gentleman was a party to the pledge. Will he tell us why he abandons it now? Those of us who have read some of his speeches of recent months on other matters will understand that his one time allegiance to this pledge may be the chief reason why he now refuses to put it into effect. I believe it was the hon. member for North Bruce (Mr. Malcolm) who, the other day, enunciated some theory in this House and expressed the pious aspiration that some time that theory would find its way into the platform of the Liberal party. Well, I am sure that if he loves his theory he will not wish for it a fate like that. There will indeed be a dark outlook for any policy that ever finds its way into the platform of the Liberal party.

Hon. gentlemen opposite were pledged to an increase in the British preference to 50 per cent if returned to power. At the rate they are going, I have computed that the building of this 50 per cent preference will be something like the building of a temple by the Romans which was completed by the Emperor Hadrian, in the year 135 A.D, seven hundred years after it was begun. Nor is there promise of anything more. The Government has brought down its revision, and the Minister of Finance distinctly intimated that he divides the changes of the tariff into two classes: The first is in the way of general reductions, and the second is in the way of detailed adjustments, some up, some down, to meet changing circumstances. He says, "We are dealing with the first now; the other requires time." So that, so far as the general reductions are concerned, he has led us to believe that he has gone as far as he is going to go in the fulfilment of the Liberal platform.

These resolutions were passed—they were embodied as well in the official literature of the party published two months before the last election, literature given into the hands of speakers throughout the Dominion, who were commissioned to preach this doctrine throughout the length and breadth of Canada. I know that many of their followers who supported them did not want such resolutions enforced at all. I am quite aware of that. But hon. gentlemen knew, when they adopted them, that there was a large section of their followers in this country, and perhaps some outside the ranks of the party, who did subscribe to these tenets and wanted these articles free. They, therefore, adopted this plank to get the

votes of such people. They preached it to obtain their votes, and reaffirmed it in their literature. And they got their votes. Now they take those voters into camp, and every one of them is betrayed. And without those voters hon. gentlemen opposite would not be in the seats of power to-day. Are they there by any just right? Or are they there by false pretences? Are they there by usurpation?

Mr. MACKENZIE KING: No; by the will of the people.

Mr. MEIGHEN: By the will of a deceived people,—and by a minority at that. They adopt these pledges, they covenant with the Canadian people to put them into effect if they are returned to power. Their return to power makes the contract. They break the contract.

I refer now to what the leader of the party opposite said a year ago; I know an attempt will be made, indeed, it has already been made, to show that less concrete, less binding language was used later; I read the language of the Prime Minister in this House only last session. Hon. gentlemen will note as I read how he contrived to vary in part—at the same time to keep the general appearance the same—the language of the resolution adopted at the Liberal convention. I read a quotation from the Toronto Globe which the present Prime Minister himself read and approved at the last session of this House, as the latest revised policy of the Liberal party on the tariff, a policy by which he was prepared to abide and which he declared as the fulfilment of the Liberal platform adopted at the convention. This is the quotation.

> We believe that the time has come, indeed that it is already long past, when a downward revision of the tariff is necessary. In this revision we believe that there should be substantial reductions of the duties on the necessaries of life, in other words, on those articles which go to make up the food, the clothing, the shelter of the Canadian people; that certain specific articles required for the purposes of consumption and other articles essential to production should be placed upon the free list;—

They are not named, but I ask hon. gentlemen to remember those words in the light of another sentence which follows from the Prime Minister's lips.

> —and that in regard to the implements of production in the basic industries of agriculture, mining, lumbering and fishing, there should also be a substantial reduction of duties. It is not a question of free trade or protection.

All this is his own language:

> In revising the tariff to this end care will be taken of the position and needs of all the industries in our country, but such tariff as may be necessary in this connection will be, under Liberal policy, a tariff for consumers and producers, and not a tariff to further the interests of combines, monopolies, or of any special or privileged classes.

Mr. MACKENZIE KING: That is very good.

Mr. MEIGHEN: If that is very good, what becomes of the budget? The tariff he now advances, differing from the last, is one I suppose that does not favour "combines, monopolies or privileged classes." The old one did; this one does not. The old one was for monopolies and trusts; this is for producers and consumers. Such is the ineffable caricature of common sense which the right hon. gentleman asks the House to accept. But will he say this is very good? He proceeded:

> There should be substantial reductions of the duties on the necessaries of life, in other words on those articles which go to make up the food, the clothing, the shelter of the Canadian people.

"The food, the clothing, and the shelter of the Canadian people." Now, I pause to ask—because this is the last revised edition, affirmed by the Prime Minister—what has he done to "substantially reduce" the duties on "food," or to reduce them at all by even a fraction? His convention platform called for the making free of all the principal articles of food—in addition to the seventeen specific articles there mentioned. After the platform was made I asked the right hon. gentleman across the floor to be good enough to tell me some of the principal articles of food so I might know what they were. I asked him if fruit was one; I asked him if sugar was one; I asked him if flour was one; I asked him if bread was one; I asked him if meats were included—all the range of the common articles of consumption of the people of this country, but I could not get a yes or a no; I could not get even a nod as to what were the "principal articles of food." But, as quoted, he came along again last session and stated in the House that there would be a "substantial reduction" in "food" duties. He had by that time apparently abandoned the use of the word "free." Now, what are the principal articles of food the duties on which are reduced by this tariff? Are the duties on meats reduced? Not by a fraction of a fraction; they are not even touched. Is the duty on bread reduced? No. Is the duty on flour reduced? No. Is the duty on fruit reduced? No. The duty on not one article of food is reduced. But I want to be fair. Do hon. gentlemen know what has become of the "principal articles

of food" now that the budget has come? The only articles that they touch are cocoa and liquid medicine. Those are what my right hon. friend apparently had in mind when he promised in his platform that the principal articles of food were going to be made free, and, subsequently, that they were going to be "substantially reduced."

Then we come to clothing; against the chief competitor of this country I do not think there is any reduction in the duty on clothing. As against Great Britain, which is much less a competitor to-day, yes, only a fractional competitor compared with the United States, there is a very small reduction of 2½ per cent, and that under the circumstances I already stated, all is accompanied by a virtually equal addition to the cost of the same goods by the imposition of the sales tax.

Let us come to "shelter." Now, may I ask again what has been done to implement this pledge made only a year ago, committing the then leader of the Opposition, now Prime Minister, and his party, to a substantial reduction of the duties on goods that go to make the "shelter" of the Canadian people? Can he name one article that is touched? I fail to find any. We had a promise of free cement. Where is free cement to-day? Have we had a "fulfilment in the spirit, but not in the letter." Can there be a fulfilment "in the spirit" of a promise of free cement? No reduction whatever! The duty has not been touched. Lumber goes into "shelter"—what has been done to lumber? Dressed lumber has always been protected. Lumber and cement are the chief articles of "shelter," but neither of them is touched at all. Nothing in the world has been attempted to make good the word of the Prime Minister to this House only a year ago.

Then he says:

> That certain specific articles required for the purposes of consumption and other articles essential to production should be placed upon the free list.

Such is the way he stated it to the House a year ago. The free list was definitely named in the platform. The free list here is described as "specific articles necessary for the purposes of consumption and certain other articles essential to production;" those are to be made free. Will any hon. gentleman tell me what has been made free? What were those articles to which the right hon. gentleman referred? The only thing made free that I can find is the "porcelain parts of pumps." These must be what the right hon. the Prime Minister had in mind. I venture to say that he does not know to-day—I do not, I admit—where porcelain comes in in a pump. Such is the performance presented now as the fulfilment of these pledges by the Prime Minister; and as I speak he is reflecting in triumph on how this gigantic hoax worked on the Canadian people, and smiles in self-satisfaction. The present Prime Minister was then asked by a member across the floor if he would adhere to the policy of the Liberal party as outlined in the convention of 1919 favouring a British preference of 50 per cent, whereupon he replied:

> The statement I have just read to the House is intelligible to every hon. member, and I think my hon. friend has quite enough intelligence to see whether there is anything that is inconsistent, in what I have just read, with the platform laid down by the Liberal party at the Liberal convention.

He thus led the House to believe that in the general terms he had chosen he had only repeated in other words the convention platform of 1919.

What is to be done about it? Some hon. members have suggested we on our part had better let the whole performance go. Because, they argue, if we rebuke conduct of this sort it will be equivalent to opposing the protective principle. That was argued by the hon. member for Springfield (Mr. Hoey); it was argued by several hon. members to my right—that is to say, that the practice of entering into covenants with the people to get their votes and callously violating those covenants after getting the votes must go unrebuked except at least at the hands of those who believe in the principles which those covenants embody.

Mr. HOEY: Will the right hon. gentleman allow me to make a correction? In reply to a question put by the right hon. gentleman, I said I certainly did not endorse the breaking of covenants. I made my position on that point perfectly clear, and I reiterate it now.

Mr. MEIGHEN: Certainly the hon. gentleman did; but he said he could not vote to rebuke the practice. That is what I am talking about.

Mr. HOEY: I said that, putting myself in the position of the gentlemen to my right, I could not ask a party that had made a wrong promise to follow it by wrong action, and find any ethical basis for my attitude.

Mr. MEIGHEN: Let us take the hon. gentleman's position; it is exactly as I stated it. He says no one can censure the practice of making promises and breaking them save those who believe in the promises.

5 p.m. He says: We the official opposition who do not believe in the promises must never censure the breaking of them. Is that not what he says? Does he claim logic for such a position?

Mr. HOEY: I see the logic of my own position.

Mr. MEIGHEN: Is this practice I repeat to go unrebuked except at the hands of those who want that policy enforced? Even those who want it enforced apparently will not censure. But the practice is just as distasteful to me as it is to the hon. member.

Mr. HOEY: Hear, hear.

Mr. MEIGHEN: The practice is as distasteful to those who have no part or parcel in the Liberal policy as it is to hon. members to my left. Its viciousness appeals just the same to those of one fiscal view as it does to those of another. The hon. gentleman however does not need to put himself in our position; let him reflect on his own.

Mr. HOEY: I am just as anxious to be clear on this point as my right hon. friend is. If he argues that a wrong promise should be followed by wrong action, he simply argues that two wrongs make a right.

Mr. MEIGHEN: The hon. gentleman does not seem to see that it is the practice of making a promise and violating it that we are striking at, and that is all we are striking at. He has searched the recesses of his mind in vain to get some excuse for refusing to vote a censure on the Government of the day, though that Government, he admits, has followed demoralizing practice—a practice that he says he reprehends.

Now, let me turn for a moment to the position of hon. gentlemen to my left. They are not on very strong ground to chide the Government. Indeed, the leader of the Progressive party (Mr. Crerar) has a large share of the responsibility for the course the Government has pursued in this budget. The leader of the Progressive party early in this session gave the Government notice that if they turned their backs on their fiscal pledges he would refuse to call them to account. He indeed held out an invitation to the Government to abandon the pledges they had solemnly made to the people of this country. The first sign of such conduct on the part of the Government was when they turned away from their pledge to make additional cash grants to returned soldiers —turned from it without a quiver, without a sign of hesitation, and declared they did not intend to fulfil it or any part of it. The leader of the Progressive party then asked all his followers to vote against a censure of the Government for the guilt of such conduct. Well, were they any more bound by the one pledge than by the other? Once you put the seal of your blessing upon that kind of conduct you take the whole consequences and those consequences the leader of the Progressive party and his following are taking now.

"Oh," he said, "I cannot vote for this amendment because it says that the budget proposals constitute an utter failure to implement the pledges of the party by legislation." Such language is too strong, he says.

Mr. CRERAR: I want to correct my right hon. friend. He is indulging in a good many excursions this afternoon, and I want as far as possible to keep him to the line of truth.

Some hon. MEMBERS: Order.

Mr. CRERAR: Well, Mr. Speaker, if I am out of order it certainly was unintentional on my part. I will say, to keep him to the correct line. He can read my remarks of yesterday and he will find nowhere that I made the statement he has just attributed to me.

Mr. MEIGHEN: I have Hansard before me, and I will read exactly what my hon. friend said:

> The terms of the amendment are very simple; they state that the budget proposals brought down constitute on the part of the Government an utter failure to implement its pledges by legislation. Well, while I have been pretty severe in my criticism of the Government, I do not think those words are justified by the actual facts of the case.

Mr. CRERAR: Hear, hear.

Mr. MEIGHEN: That is precisely what I said.

Mr. CRERAR: No, it was not.

Mr. MEIGHEN: Hansard will be my vindication. He could not support the

amendment because it declared that the budget proposals constituted an utter failure to implement those pledges by legislation. Well, do they not constitute an utter failure? The hon. member said he could not go that far, but his own amendment goes that far; it declares that the budget proposals are wholly inadequate to implement the pledges by legislation. The leader of the Progressive party refuses to vote for our amendment because it says that the proposals are an utter failure to redeem pledges, but he is ready to vote for his own, which says they are wholly inadequate to redeem them. I would suggest a study of the two phrases to the linguistic experts who sit around him.

The reasons the hon. member gives for saying that these proposals are not an "utter failure" but in his opinion are "wholly inadequate," are these: The exchange provision, and the marking provision, and the dumping provision, of a year ago, are wiped away, and these changes are a partial fulfilment of the pledge. But the pledge was made over a year before these provisions were ever enacted therefore it could have had no relation to these provisions at all, for they did not exist at the time the pledge was given. May I ask what has led the leader of the Progressive party and the chief whip of the Progressive party and that stalwart Liberal (Mr. Hoey) who sits to his left—what has led them to induce their following not to vote rebuke against the Government for conduct which they themselves condemn? How will they explain that to their constituents?

I often wonder, when the proud day comes that hon. gentlemen to my left return to their homes to lay at the feet of their constituents the legislative trophies they have won, what they will say in respect of this amendment. These hon. members came down to Parliament, with hopes high and language loud and strong. They came for a wheat board—they came to a Liberal Government for a Crowsnest pass agreement—for a reduced cost of living—for their tariff platform. And they will go back and have to say: No wheat board, nothing of that; no Crowsnest pass agreement, nothing of that—if I read the countenances of hon. gentlemen opposite aright. Cost of living? Worse than nothing! there increased and heavily increased, on all the people of this country. The tariff? Nothing there. The Hudson bay railway, did I hear someone say? I do not know that the railway was so prominent, but if so, nothing there. All nothing. What they can say to their constituents is this: We have nothing to bring back for you, but we remembered our old party—the home of 5 out of 6 of us and we kept the Government in power. We refused to censure them for anything. They were guilty of conduct that one and all of us decided was wrong, guilty of dishonouring their plighted word to the people—but we let the performance go—we really could not join in with the Tories to condemn them. We have been the parties, to the extent of our power, to relieve the Government of the obligation of carrying out the programme in which we—ourselves professed to believe. That is the story they must carry back to their constituents.

For my part, were the Government to introduce the legislation to which it pledged itself a year ago I, not believing in that legislation, would vote against it. But, in addition to not believing in those concrete acts of policy, I do not believe in duplicity, I do not believe in betraying the people; I do not believe in deceiving the electors of Canada.

Mr. LAPOINTE: What a change.

Mr. MEIGHEN: It is a change from the hon. member. If we are to follow the practice in this Dominion of making concrete pledges to the country, of going to the people and saying, this is what we will do if returned to power, and then coming into office and callously repudiating those pledges, where is responsible government? Hon. members who vote against this amendment vote to declare that when electors hereafter decide on any proposal of public policy, they are not to know or have any idea at all what is to result from their vote. Such a consequence ends responsible government.

Now I come to the sub-amendment so called.

Mr. CRERAR: Before dealing with that, would my right hon. friend inform the House whether he will vote for the budget?

Mr. MEIGHEN: I shall not vote for the budget, and I shall give my reasons in a very few minutes. The hon. member for Marquette said, though—and this is really illuminating as to his attitude: You have reduced ploughs only 2½ per cent, binders 2½ per cent, but if you had even said that you could not afford to reduce any more because of the needs of revenue, then I would have accepted it.

Mr. CRERAR: I do not think my right hon. friend will find that remark in my statement yesterday. What I did say was that it would then have received consideration from the House.

Mr. MEIGHEN: To save time looking it up, let us assume it was put that way; I do not see much difference; the hon. member expressed an attitude of favour if those words had been spoken. Why, the Minister of Finance might just as well have spoken those words as not. He could have said in perfect truth that the needs of revenue were such that he could easily justify 12½ per cent, and, I venture to say, 20 per cent. The needs of revenue to-day are four times what they were when his Minister of Customs in his own hearing declared that 17½ per cent was not enough on these same goods. There was nothing in the world to hinder the Minister of Finance giving the hon. member for Marquette that assurance, and I do not hesitate to prophesy that the Minister of Finance will give it yet, and I shall find no fault with him if he does. If he had only done so first then the gentle breath of this subamendment might never have disturbed the Government.

Hon. gentlemen point to where we have voted with the Government of the day. Our principles do not vary because the Government of the day comes over and adopts them. If hon. gentlemen can show that we vary from the principles followed when in office well and good—let them try. But hon. gentlemen to my left take good care that on any matter of consequence, on any vital matter before the people of this country, they do not become parties to any resolution that seriously reflects on hon. gentlemen across the floor.

Mr. CRERAR: That was not true on the freight rates resolution.

Mr. MEIGHEN: The hon. gentleman did what he could to acquiesce in the Government's course of putting that question off from day to day, knowing that the putting of it off means additional freight rates daily to the people of this country, freight rates from which they should have been relieved before this.

Mr. CRERAR: Where does my hon. friend find any warrant for that statement?

Mr. MEIGHEN: He refused to support our motion which demanded that the Government announce its policy. Once the Government's policy on the Crowsnest agreement is announced, that is all the Railway Commission needs, and the Railway Commission is delaying now because of the failure to adopt that resolution which demanded an announcement of Government policy.

Now I state that while the budget follows the protective principle, while no one could honestly dispute that it does—follows it as the old budget followed it—it is not in my judgment, without faults, and some serious faults. There are phases of the proposals of the Minister of Finance that I think carry with them menace to our business, our production and our trade. Indeed, I venture to suggest that we will find in committee the Finance Minister coming pretty much to the views that I shall now express and making some very considerable changes in these same decisions that are so loudly approved by hon. gentlemen to my left. I hope so.

I believe the absence of all special restrictions due to the depreciation of German and Austrian exchange is a mistake on the part of the Minister of Finance, and a mistake that he ought to correct. Germany to-day is one of the highest protected countries in the world, as is the United States, and Germany to-day is making marvellous progress. German minds, inventive as ever, have devised a plan by which they are able to maintain the mark value in their own country at a standard several times higher than it reaches for purposes of exchange; that is to say, the working men and the people of Germany are able to get more in goods proportionately for their money than that money is worth in the exchange markets of the world, more by many times over. They do it first of all by multiplying mark production, a tremendous inflation of currency. They do it as well by the stabilization of certain of their essential articles of consumption. By these methods they have contrived to put the working men of Germany in circumstances far more advantageous than those in other countries. That truth is recognized the world over. This condition has to be met; it has to be met by special provisions here. There may be another way of dealing with it better than the method heretofore adopted, but I do suggest to the Minister of Finance that something should be done, because if it is not done, the penalty is going to fall on large masses of the workmen of this country and to the practical advantage of none.

The Government asks as well that instead of the marking provision by which

Parliament set out definite requirements for the marking of imports with the country of origin, it be given power to place such imports as it likes within the category to be marked. I do not think this is a right provision. I am surprised that it comes from hon. members who once worked themselves into fury denouncing Order in Council government. This Government wants the right to exercise a tremendous power by Order in Council unrestrained. Do hon. gentlemen realize the lever thus to be given them? They can say to one industry in this country, "You are not our friends; no marking required of the goods that compete with you." To another industry they can say "You are our friends; we will demand the marking of goods that compete with you": In a word it places it in the power of the Government on tariff matters—where above all others subjects it should not be in the power of the government to impose restrictions at all—it places in its power the distribution of favors among the industries of this country; it places in its hands a power of discrimination that I do not think the Government should ask this House to bestow. I do not say that it is not done in other countries: It may be that some similar power exists in the United States, but their system of government differs from ours. I am free to admit that the regulation on this matter, in the way it passed Parliament last session, was so broad that modification is essential; but it should be possible by this time to make such modification or to restrict the power of the Government within narrower limits than those suggested by the Finance Minister in his budget speech.

As regards various other features of the budget I think there should be important changes. What I mean to say by my vote against the budget is this: That having in mind certain matters particularly the question of exchange and its effect on valuation, the question of marking as well, and also the question of the abolition of last years dumping clause —a proposal that to certain industries of this country is injurious and seriously so, I do not feel free to vote for the budget. There may also be reductions that should not be made. There may be other reductions that could be made, I am ready to wait for the explanation of the Finance Minister in those regards. If he can show that he has made some reduction to the consumer without injury to the people of this country, without injury to the working man—at least with no uncompensated injury to the working man—well and good; I want reduction if it can be made in that way. I am ready to wait for his explanation. I believe he will find that in relation to implements he has done something which very probably will injure the manufacturer and his employees, very probably will turn working men on the streets in various cities of this country; but will not reduce by one cent the cost of the implement to the consumer in Canada. All the saving that is effected on implements of a hundred dollars value is 36 cents; against this also the increase in the sales tax will result in another practice—that implement manufacturers who distribute by means of agencies and heretofore have absorbed the small sales tax themselves will find it impossible to absorb the larger tax, and the full extent of that sales tax will fall upon the consumer. I would not be surprised therefore, if the budget should result in a slight increase in cost—even the article whose duty is lowered. And the sales tax addition is general.

But, what is to be said of the hon. member for Brantford (Mr. Raymond) who contested his seat on the distinct and unique platform of opposition to the reduction of duty on implements? What is to be thought of him if he submits to this budget? Particularly having in mind the Finance Minister's assertion only a few days ago that he was hopeful there would be no reduction of revenue owing to the 2½ per cent reduction of duty? If there is no reduction of revenue it simply means more importations; it means that this reduction is made at the expense of the workmen of Brantford; it means more people on the street and more charity levies in the cities of Brantford, of Hamilton, of Toronto and of sixty other places in this country. If the Finance Minister's logic is right that is how it will result, and all without advantage to the consumer of this country.

I should not sit down without saying something as regards certain other hon. gentlemen who, in the face of the pledges of their party, made wonderful commitments to their constituents. The hon. member for Pictou (Mr. Macdonald) is absent, but I hold in my hands something of the special Pictou platform upon which he appealed for election. He denounced the late government for not taking care of the trade needs, in a fiscal way, of his province, particularly in relation to coal and

in relation to steel. Having paid special attention to me for daring to say that I had been instrumental in reducing the higher duties, by five per cent on farm implements—having done that he makes this statement to the people of his constituency at Stellarton on October 28, last:

> And so, my friends, I am not like Col. Cantley—unwilling to give pledges. I tell you, if I go to Ottawa, I shall urge parliament to put a duty on coal that is a real duty, and not a fake duty.

And speaking of steel he said:

> I pledge myself along the lines and in the way I have indicated, and I am prepared to say to you that when the Liberal party comes into power after December 6th they will find a solution for these difficulties. We will create conditions under which we can once more bring sunshine and happiness and prosperity to the homes where there is nothing but despair.

How was he going to do it? Further he said:

> I am here to pledge that when I go to Ottawa I shall move a resolution in the interests of Nova Scotia that the duties on the steel products produced here would be increased in order to enable them to be effective.

So there will be reason on the part of hon. gentlemen opposite for opposing the Government, if they intend to be faithful to the special platforms that they contrived to manufacture for their own special benefit in their constituencies. Similar comment applies to many hon. gentlemen opposite. I do not think that in the history of Canada a government ever sat in office whose position was more impossible, more indefensible, more unenviable than the position of hon. gentlemen now. Some talk about the difficulties of the Government and sympathize with the Finance Minister. Why, their position is impossible because of their own conduct, because of the situation they have got themselves into by the pledges which they deliberately made and which they cannot fulfil; which they knew, or ought to have known they never could fulfil. The scourge they bear was made by themselves; their difficulties are of their own creation. The fields of revenue had been explored. There is no new field found in this budget—none at all. There is simply the traversing of the old ones. That does not present the difficulty that the Government is in at all. The difficulty the Government is in is this: It is impossible to act in consonance with its own official commitments, wholly impossible, and do justice or save disaster to Canada. It is impossible, as well, to act in consonance with the commitments of one score of its supporters without violating and destroying the commitments of another score sitting somewhere else in the House. That is the reason the Government is in difficulty. The people of Canada, if I read aright the tenor of the debates on this budget, have evidently succeeded in getting rid, and very probably for good, of trade theories that are fallacious, unsuited to our country, and that could carry us only to disaster. Such theories are probably gone —smothered by those who gave them birth. The next duty of the people of Canada, a duty which we on our part proceed to discharge by this amendment, is to visit punishment on those who pledged themselves to policies in which they had no belief and who after deceiving a large electorate by so doing and thus gaining the sweets of power violate those pledges cynically and with indifference.

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, despite all the criticism to which we have been obliged to listen during the last hour and a half, and what has been said against the proposals contained in the budget of the Minister of Finance (Mr. Fielding), if evidence were needed to show that the proposals that have been brought down to the House are, everything considered, the wisest and best, having regard to the conditions of the country at the present time and the circumstances under which this Parliament deals with the budget, that evidence will be found in the conflicting character of the two amendments which have been proposed, the one which has been rejected, the other which remains; and the speeches which have been made in support of those amendments. If we take a broad view of the budget proposals, what do they disclose? They show that the Government has made an effort to relieve the burdens of taxation where they bear upon the great body of the people, and that the Government has recognized the superior obligation of the well-to-do to bear a larger measure of the taxation which is necessary in order to raise the required revenues of the country. It is impossible, in any budget proposals, to attempt to satisfy the different shades of opinion in a country as large as this is. It would be folly to assume that even in the same political party, men, no matter to which degree their views inclined in one direction, would all necessarily see eye to eye as to what is best in the way of tariff revision, coming, as they necessarily

must, from different parts of the country, representing different needs and different requirements. I submit as I have already intimated, that, in the proposals which the Minister of Finance has brought down, he has succeeded in relieving taxation, as it bears upon the great mass of the people, and shifting the burden of taxation to a more considerable extent upon the shoulders of those who are best able to bear it. He has done this in a manner which avoids the raising of any sectional consideration in this country. That, above all others, is the most important objective in dealing with financial, fiscal and, indeed, all other problems in Canada. If, in our budget debate or in any other debate, we are to put forward a distinctly sectional point of view, or any class point of view, in arguing from that point of view, instead of binding the nation together as one in a strong and united way, we will be helping to make separations and divisions, which it should be our supreme aim to avert. That, the Minister of Finance has succeeded in avoiding; he has brought in a budget, which helps to reconcile differences, not to exaggerate them. Indeed, as I have already said, the conflicting character of the two amendments would seem to show that the Minister of Finance has succeeded in avoiding extremes.

If you compare the speech of the leader of the Progressive group (Mr. Crerar) with the speech of the leader of the Opposition (Mr. Meighen), they indicate two extreme points of view. The hon. member for Marquette (Mr. Crerar) places his emphasis in one direction; the leader of the Opposition places his emphasis in another direction. The Minister of Finance seems to have succeeded in discovering the happy mean and in avoiding the extremes which these two hon. gentlemen are advocating at this particular time. It would be unreasonable to expect that the Government, in dealing with a question of this proportion at the first session of this Parliament, would go far in any direction; it is only reasonable to expect that the Government should be guided by caution, taking only those steps which are most in the interest of the country as a whole, and avoiding anything which would tend to have a disturbing influence on the country's affairs during this period of reconstruction.

May I touch first of all upon the amendment of the hon. member for Marquette which was ruled out of order only a few minutes ago by yourself, Mr. Speaker? As I understand the matter, the objection which the hon. member for Marquette has raised to the budget proposals is that they constitute, to use his own words, a protectionist budget. I fail altogether to discover where my hon. friend finds grounds for such a contention. There is not a single protectionist feature in what the Minister of Finance has proposed to this House. The budget proposals, if you divide them, fall into two groups. The first are in the nature of a repeal of certain pieces of legislation that were enacted by the recent administration. The hon. member for Marquette admitted that that legislation was all of the nature of disguised protection, and he himself congratulated the Minister of Finance on wiping out this disguised protection. What is the nature of the rest of the proposed legislation? All the rest of it is in the nature of a reduction of existing duties; there is not an increase anywhere. Under those circumstances, how can it be contended that fault should be found with the Government because its budget is a protectionist budget? Actions speak louder than words. The only way in which it is possible to judge a budget is by the direction taken in the proposals which it contains. Every proposal that has been made by the Minister of Finance is in the direction of freer trade, not at all in the direction of protection, and my hon. friend cannot point to a single instance to the contrary.

Let me pursue this in another way. Assume that the Minister of Finance had adopted an opposite course; that instead of repealing legislation which he said, and rightly said, was in the nature of disguised protection, he had supplemented that legislation by further legislation of the same kind, and that instead of reducing the duties on some fifty different commodities he had increased the duties by the same amount on the same number of articles; would the leader of the Opposition (Mr. Meighen) have been jutified in saying that this was a free-trade budget, because it was heading in the direction of additional protective regulations and increased duties? The logic of the facts is the answer to the amendment which my hon. friend from Marquette has moved. The budget proposals are a sincere effort to carry out the purport, purpose and spirit of the Liberal policy in tariff matters, as it has always been understood and officially stated. The question is not one between protection and free trade; that is not the issue at the present time in dealing with the fiscal proposals that are be-

fore the House. The question is one of revision of the tariff; how the existing tariff can best be revised in the interest of all classes in this country, having regard to the conditions of Canada at the present time, having regard to our relations with our neighbours to the south and to all other countries. In that regard, I think it will be found that the most careful, thoughtful and moderate judgment has been exercised, and exercised in a manner which will be entirely to the good of this country.

May I take up the amendment of the hon. member for West York (Sir Henry Drayton), to which the leader of the Opposition has spoken for the most part? I shall not try to follow my right hon. friend into any theoretical discussion of the merits of protection, or of free trade, nor into any discussion of reciprocal agreements and their advantages or the reverse. That is not the question before the House at the present time. The question is whether the budget proposals, as made, all circumstances being considered, are the wisest and best for this Parliament to adopt in its first session, the session which we are holding at the present time.

Let me point out that both the amendment, and the amendment to the amendment which has been rejected, have this in common—and it is something to be considered owing to the nature of the criticisms that have been made of the budget proposals—that neither of them has anything constructive about it. Neither the hon. member for Marquette nor the leader of the Opposition, in the amendments which they have placed or sought to place before the House, offers a single suggestion in the nature of an amendment affecting the existing proposals. That surely constitutes one of the strongest pieces of evidence that the Minister of Finance has succeeded in bringing down proposals which, on the whole, and considered altogether apart from party politics, are the wisest, the most prudent and the best, all circumstances being considered.

The burden of the amendment moved by the hon. member for West York (Sir Henry Drayton) and supported by the leader of the Opposition is in the nature of a condemnation of the Government on the alleged score of having disregarded political honour. Well, my hon. friends had a try at that a little earlier in the session, and if the House will compare the two amendments, it will see that not only were they drawn by the same hand, but that the one so far as it goes is a copy from the other. The amendment might as well have been moved on going into supply at any time as by way of an amendment to the motion concerning the budget. It offers nothing in particular that bears especially one way or the other on the budget. But let me suggest to the hon. member who has moved the amendment, and to his associates, that people living in glass houses should not throw stones. They will do well to remember the Scriptural injunction: "Judge not that ye be not judged, for with what judgment ye judge ye shall be judged, and with what measure ye mete it shall be meted to you again." My right hon. friend, in seeking for the mote in his brother's eye, has forgotten entirely the beam in his own.

Mr. LAPOINTE: "Beam" is the right word.

Mr. MACKENZIE KING: Some two years ago, on May 18, 1920, in point of exactness, the hon. member for West York, who at that time was Minister of Finance, professed to give to the House what were the tariff proposals of the party to which he belonged. What did those proposals set forth? They will be found in Hansard at page 2491 under the date I have mentioned. He said:

> Our policy calls for a thorough revision of the tariff with a view to the adoption of such reasonable measures as are necessary:—
>
> (a) to assist in providing adequate revenues,
>
> (b) to stabilize legitimate industries and to encourage the establishment of new industries essential to the proper economic development of the nation—to the end that a proper and ever increasing field of useful and remunerative employment be available for the nation's workers,
>
> (c) to develop to the fullest extent our natural resources,
>
> (d) to specially promote and increase trade with the Mother Country, the sister dominions and colonies and Crown dependencies,
>
> (e) to prevent the abuse of the tariff for the exploitation of the consumer.
>
> (f) to safeguard the interests of the Canadian people in the existing world struggle for commercial and industrial supremacy.

That was the statement of the tariff proposals as given to the House by the then Minister of Finance on May 18, 1920. Within a month and a half after these proposals had been set forth in this manner, the hon. gentleman, together with other hon. members opposite held a caucus in which they took into consideration the position of their party and the platform on which they would appeal to the country later on. In that caucus they discussed the

tariff among other matters and drew up a platform which has become more or less notorious in discussion, the platform of the National Liberal Conservative party, so called. What do we find on a perusal of that platform? We discover that it is a copy almost to the letter, of what the then Minister of Finance had stated in his speech to the House as being the tariff proposals of his party. I have said it is an exact copy of the minister's speech, it is that with but one exception, a very important exception, which I shall read. I have in my hand the platform of the party which my right hon. friend (Mr. Meighen) leads, and it fails to include, as a part of the policy of that party, this very significant clause:

> To specially promote and increase trade with the Mother Country, the sister dominions, the colonies, and Crown dependencies.

That was dropped out of the context in the declaration of the platform.

Mr. STEVENS: The right hon. gentleman made exactly the same statement last year and I corrected him on that occasion. I beg to be permitted to do so again.

Mr. MACKENZIE KING: Please do.

Mr. STEVENS: He will find that clause, which he says is omitted from the platform, in a different part of the platform as set out in the pamphlet he holds in his hand.

Mr. MACKENZIE KING: My hon. friend will have some difficulty in discovering the clause in the platform. The policy of the party is set forth in this platform, and the tariff is printed in heavy dark lettering, in sections "A, B, C, D, E, F."

Mr. STEVENS: The right hon. gentleman made the same statement last year, but he is wrong.

Mr. MACKENZIE KING: That part of the platform to which I have referred contains no reference to furthering trade with the Mother Country, and I will leave it to my hon. friend when he speaks to point out where, in any other part of the platform, this policy is referred to.

Mr. STEVENS: If I may be pardoned for interrupting the right hon. gentleman, I merely wish to state that he is inaccurate in saying that there has been dropped out of the platform the clause to which he has made reference.

Mr. MACKENZIE KING: Well, I state again emphatically that my hon. friend will not find anywhere in this tariff platform that clause I have quoted. I challenge him to find in the platform the following words:

> To specially promote and increase trade with the Mother Country, the sister dominions, and the colonies and Crown dependencies.

I say he will not find that statement in the document.

Mr. STEVENS: Will my right hon. friend send the pamphlet across the floor.

Mr. MACKENZIE KING: By all means; but my hon. friend will not find in it that clause for the reason that the caucus to which I have referred, in arranging its programme, decided to omit the clause when appealing to the people. Now, if that is not a case of disregarding political honour I should like to know what is.

Mr. STEVENS: I read in this platform the following words:

> The principle of trade preference between the different members of the Britannic Commonwealth should be maintained and extended from time to time to such a degree as may be found practical and consistent with Canadian interests.

Mr. MACKENZIE KING: That is a very different statement from the one I have read.

Mr. MEIGHEN: Wherein does the difference consist? Explain the difference.

Mr. MACKENZIE KING: If there is no difference between the two statements, then why was the change made?

Mr. STEVENS: There is no difference.

Mr. MACKENZIE KING: And this is the party that professes so much loyalty to the Mother Country, and stands so strictly for consistency!

Mr. STEVENS: You will admit that that plank is contained in the platform.

Mr. DUFF: It is not there.

Some hon. MEMBERS: No.

Mr. MACKENZIE KING: Well, perhaps we might pass from that to something else, if there is any doubt as to whether the party opposite have always kept their pledges. I hold in my hand the Speech from the Throne delivered in this Parliament on February 14, 1921, and I quote the following, the most solemn pledge that could be given to a Parliament. His Excellency, at the opening of Parliament read:

> My advisers are convinced of the necessity for a revision of the customs tariff. In order

to secure the most complete information a committee has conducted an extensive and thorough inquiry, and has secured the views of all parties and interests in every province. The hearings necessary for this purpose have now been completed, and the conclusions founded thereon will be submitted to you in due course.

Mr. MEIGHEN: Hear, hear.

Mr. MACKENZIE KING: My right hon. friend says "Hear, hear". Does he mean that the time has still to come for action in that matter?

Mr. MEIGHEN: The time would have come all right. We made no pledge whatever to submit those conclusions at that session.

Mr. FIELDING: Then why did you make reference to it in your sessional programme?

Mr. MEIGHEN: For reasons which the hon. gentleman knows and which he has confirmed himself.

Mr. MACKENZIE KING: My right hon. friend is very logical in these matters. Will he tell us then, why he takes exception to our not putting our whole programme into effect this session?

Mr. MEIGHEN: Because you pledged yourself to do so when returned to power.

Mr. MACKENZIE KING: Does my right hon. friend think that this Government is in power only for one year? If he does he is mightly mistaken.

Mr. MEIGHEN: Will the Prime Minister say that he intends to put all the platform into effect? Does he intend implementing the convention platform in its entirety?

Mr. MACKENZIE KING: If my right hon. friend lives long enough he will live to see what this Government will do in the matter of this platform; but one thing he will never live to see is this Government putting words into the lips of His Majesty's representative which it does not intend to translate into action.

Mr. MEIGHEN: But the Minister of Finance (Mr. Fielding) says he is against that matter.

Mr. MACKENZIE KING: I notice my right hon. friend still jumps up each time he is hit.

Mr. MEIGHEN: That joke is too old.

Mr. MACKENZIE KING: Now my right hon. friend condemns the Government for not putting its platform into effect at this particular time. Why has he not moved his platform in an amendment to the budget proposals now before the House?

Mr. MEIGHEN: What would be the use of moving a protectionist platform to a protectionist budget?

Mr. FIELDING: My right hon. friend is going to vote against it.

Mr. MACKENZIE KING: Let me pass to the more serious aspect of this question, which relates to whether the Liberal party has or has not carried out its pledges of tariff revision. Take, first of all, the platform of the Liberal party as drafted at the convention in 1919. My right hon. friend is fond of alluding to that particular platform.

Mr. MEIGHEN: Hear, hear.

Mr. MACKENZIE KING: He knows as well as I do that at the time of being selected leader of the Liberal party I spoke before the convention which drafted that platform and expressed my views in regard thereto. Broadly, I stated that I would regard that platform as a chart which indicated the direction that the Liberal representatives assembled expected the party to take if returned to power, but that I would be guided as to how far it was wise to go at any particular time by the collective wisdom and the judgment of the ablest men whom it might be possible to bring together to direct the affairs of this country. I made that statement, not at some remote gathering, but at the very convention which enacted the platform.

Mr. MEIGHEN: Does the right hon. gentleman suggest that he had the right or the power to amend or vary his party's platform?

Mr. MACKENZIE KING: I think that it is most distinctly the duty of the leader of any party, if he wishes to take a particular position, to state that position immediately to those who belong to his party, and if they take exception to his stand, then is the time to discuss further whether or not matters shall be further amended. I contend that every Liberal who was present at that convention heard that statement and accepted it, and there is not a single Liberal throughout the country, so far as I am aware, who has taken exception to that interpretation. That is what I am concerned about—the view the Liberal party takes of its own platform, and of the interpretation put upon it; and when there is no exception taken within the ranks of

the Liberal party itself, it matters very little to me what my political opponents think or have to say.

But I might go a step further. Apart from that interpretation, the Liberal party at the last session of Parliament stated its position on the tariff very emphatically. Let me draw the attention of hon. members to this circumstance, that that was done before the Liberal party made its appeal to the people. Between the time the Liberal Convention was held and the time of the general election, the Liberal party as represented in this House of Commons, were sitting opposite, where my right hon. friend and his supporters are sitting at the present time, and there the Liberal party stated their position on tariff revision as it was to be considered when the time of the elections came. I have in my hand the amendment moved. Here are the essential features of it, and I contend that every one of them has been carried out in the proposals of the Minister of Finance—not in full, perhaps, but that every proposal is in accordance with what is here laid down.

> That while recognizing that existing financial requirements of the Dominion demand the maintenance of a Customs tariff, the House is unable to concur in the declarations by the Government that the tariff should be based on the principle of protection; the tariff is a tax, and the aim of legislation should be to make taxation as light as circumstances will permit;
>
> That the aim of the fiscal policy of Canada should be the encouragement of industries based on the natural resources of the country, the development of which may reasonably be expected to create healthy enterprises giving promise of enduring success.
>
> That such changes should be made in the Customs duties as may be expected to reduce the cost of living, and to reduce also the cost of implements of production required for the efficient development of the natural resources of the Dominion;
>
> That, while keeping this aim clearly in mind, the House recognizes that in any readjustment of the tariff that may take place, regard must be had to existing conditions of trade, and changes made in such a manner as will cause the least possible disturbance of business.

There is the position of the Liberal party as stated in the House of Commons, and that was the position which members of the party took throughout the campaign in setting forth their stand on fiscal reform and tariff revision.

But I might go a step further. Let us come to the campaign itself. There, it seems to me, is where we are to be judged, as to whether or not we appealed to the people on one particular ground or another. It is not honest to say that the platform as laid down at the Liberal Convention was the basis of our appeal; indeed the charge made over and over again by the right hon. the leader of the Opposition throughout the campaign was that the Liberal party had thrown its platform to the four winds of Heaven. That was given as a reason why the party should not be returned to power. The right hon. leader of the Opposition is pretty good at hunting up speeches that have been made in the past, and he has plenty of assistants working for him who are busy gathering and assembling this kind of material. He has not called attention to one single speech or utterance of mine made throughout the last campaign which in the slightest particular conflicts with the budget proposals now before the House. I submit that that is the best evidence as to whether or not there was any deception of the electorate. There was no deception of the electorate, as a matter of fact. I did not hesitate to state where I stood and where the Liberal party stood on the tariff, and throughout the course of the campaign I stated it not in a single province but in every province, with the exception of one, where however I had publicly stated it in the preceding year.

Mr. MEIGHEN: Did it differ from the statement made by the right hon. gentleman in the House last session?

Mr. MACKENZIE KING: It did not differ in any particular in one province or another or in one city or another.

Mr. MEIGHEN: I did not ask that.

Mr. MACKENZIE KING: If it differed in any particular from what my right hon. friend has just read I am sure he would have drawn the attention of the House to it.

Mr. MEIGHEN: Did—

Some hon. MEMBERS: Order.

Mr. MEIGHEN: All right. Did it?

Mr. MACKENZIE KING: I think my right hon. friend is quite able to find that out for himself, and I am prepared to give him that opportunity. He will recall that when the campaign opened last September he led off in a speech which sounded what he believed was to be the dominant note throughout the campaign. He said in so many words: Let us make it a protectionist campaign. True, before the contest had run very far we did not hear very much about the protectionist proposals which he made at the start. But he was very definite in putting the question to me

as to where I stood, and that question I never failed to bring to the attention of every audience I addressed. I propose to read it to the House and ask hon. members, in the light of it, when on this occasion we are talking of a disregard of political honour, of betrayals and deception and the like, how the country will view the amendment moved by the party opposite to the budget proposals now under discussion. An amendment, mark you, Mr. Speaker, which condemns the Government for not putting that platform into effect in its entirety. Speaking in London, Ontario, on the 1st September last my right hon. friend said:

> To-night I put on record the question—Does Mr. Mackenzie King stand pledged to put that platform in effect if returned to power? That question admits of two answers, and two only, one is "yes" and the other is "no". He cannot refuse an answer.
>
> Let the answer come. I state my position now. Put that convention platform in effect and you add enormously to unemployment. As it is we have enough, and far more than enough; but we have the least for our population of any country that went through the war. Put that platform in effect and you cripple the industries and darken the horizon of many a town in this country. Put that platform in effect and by wiping away the small barriers we have to the influx of foodstuffs of the United States you make more hazardous the market and more burdensome the lot of every farmer in this country. If Mr. King answers "Yes", I say he should not have power because his platform is unsound and un-Canadian, false to the interests of our people of every class and occupation. If he answers "No", which I shall not presume until he says so, then I say he is unfit for power because he deliberately contemplates bad faith. If he refuses to answer at all, then he is unfit for high office as lacking in frankness and candour.

Well, that was boxing the compass very successfully on the part of my right hon. friend. But I did not hesitate to answer. I read that statement and I stated very frankly to every audience that I addressed that I did not stand for the Liberal platform literatim et verbatim in the manner in which my hon. friend would like to have the public believe I did.

Mr. BOYS: Was the right hon. gentleman a party to the insertion of the platform of 1919 in the handbook of 1921, which bears his photograph?

Mr. MACKENZIE KING: Let me just deal with that for a moment. The platform of 1919 was certainly inserted in the handbook, and it would have been an extraordinary thing if it had not been. But the platform of 1919 was not put forward throughout this last campaign as a pledge or promise on the part of the Liberal party of its proposals if returned to power.

Mr. BOYS: My question, if the right hon. gentleman will answer me, is this: Was he a party to putting it in that handbook?

Mr. MACKENZIE KING: Just a moment. I think hon. gentlemen opposite have discovered for themselves just how far the Liberal party in the campaign through which we have just passed made the platform of 1919 a pledge and promise to the electorate.

Mr. BOYS: Why not answer the question directly?

Mr. MACKENZIE KING: I have alluded to the fact that earlier in this session an amendment was moved by an hon. gentlemen opposite the member for Parry Sound, on a motion to go into Supply, condemning the Government for not having carried out, as it said, certain resolutions forming part of that platform. The amendment which is now moved is in the same language, almost the same words in every particular, but the amendment which was moved by the hon. member for Parry Sound (Mr. Arthurs) had in it certain words which have been dropped from the present amendment—why? Because hon. gentlemen opposite know they could not sustain them. The resolution of the hon. member for Parry Sound read:

> That the policy embodied in such resolution so adopted was continuously thereafter held before the people of Canada, and in an official hand book issued in October, 1921, by the Liberal party under the authority of its leader, Hon. W. L. Mackenzie King, the said resolution was quoted and reaffirmed.

You will find that phraseology in both these amendments; but here are words which follow in the amendment proposed in regard to the soldier question which are not in the present amendment in regard to the tariff:

> And the promise and pledge embodied therein declared to be the policy of the Liberal party.

These words are not in the amendment respecting the tariff proposals which has been moved, in this debate and which is now before the House and their omission is very significant; it proves of itself that hon. gentlemen opposite know very well that throughout that campaign no effort was made to say that the Liberal platform as drafted in 1919 would constitute a promise and pledge to the electorate if the party were returned to power.

Now, I am sorry to have taken up so much time on this matter, but when charges of duplicity and betrayal and the like are made, it is, I think, only proper

that they should be answered in a sufficient degree at least to enable the electors to decide for themselves whether such charges are true or false.

Let me ask, in conclusion,—because I do not wish to go over a lot of ground that has already been covered in this debate or may be covered before the motions are put—what was the position taken by the Liberal party as respects the tariff in the last election? On what appeal did we get from the electorate the support which we received; and by which we are bound at the present time? We stated first of all —and may I for the moment use language that I used in the different provinces? —that the Liberal party was not a free trade party, as my right hon. friend would have had the electorate believe when he was speaking in some of the urban centres; secondly, that the Liberal party was not a protectionist party, as my right hon. friend tried to urge when he was speaking in the rural centres. I pointed out that the question that was before the people was not a question as between protection and free trade, but was a question of the revision of the tariff; that the Liberal party had stood for tariff revision on the basis of a tariff for revenue; that that had been the historic and traditional policy of the Liberal party; that we believed that a tariff was necessary for the purposes of revenue, and that that was the basis which we would keep in mind in revisions of the tariff.

It was further stated that the revision should be downwards, in the interests of producers and consumers, and that in such downward revision we would seek to lower the duties on the instruments of production in the basic industries and on the necessaries of life, with a view to increased production and the lessening of the cost of living to the masses of the people. Finally it was stated that in the changes to be made there need be no fear of injury to any legitimate industry earning legitimate profits as a consequence of the revisions affected.

I contend, Mr. Speaker, that in the budget proposals as introduced those pledges have been fulfilled, not only in spirit but in the letter, and this, not at the last but at the first session of this new Parliament.

Let me point out further that all this has been done without any flare of trumpets, and what is of even greater importance at this time, without cost to the country of tariff commissions travelling to and fro across the land, conducting make-believe inquiries and compiling voluminous abortive reports.

Finally, may I make mention of one further representation. The country was led to believe that if the Liberal party was returned to power the work of tariff revision would be entrusted to that much revered, and greatly trusted public servant, the Hon. W. S. Fielding. Through the providence of God that all-important hope and pledge of the Liberal party has also been fulfilled. Many hon. gentlemen opposite have joined with others on this side of the House in expressing their pleasure and pride in having been privileged to witness the presentation of his sixteenth budget in Parliament by the present Minister of Finance. May I say that their kindly references in this regard are not less appreciated by the Minister of Finance himself than by those of us who, through longer or more intimate association with him, are even more favourably situated than hon. gentlemen opposite to judge of his great personal worth and inestimable public service. It is not alone the Minister of Finance who is to be congratulated upon the achievement we have witnessed, but the whole of Canada. And in recording their votes upon the resolution and the amendment thereto which is before the House, I would ask hon. members not to be unmindful of that fact. The measure of tariff revision you are asked to support is what, in the light of his mature and wide experience, has seemed wisest and best to the one man upon whose judgment more than that of any other living person the people of Canada are ready and willing and desirous of relying in tariff matters.

It is to the benefit of all classes and parts of our Dominion that, if possible, there should be stability in tariff matters and confidence in the judgment by which that stability is secured. All circumstances considered, stability and confidence alike will, I believe, be secured in greater measure by the adoption of the resolution the hon. the Minister of Finance has moved, than by any amendment that can be offered to it; and on this all-sufficient public ground as well as because of what it may afford of more than merited recognition of the wise and prudent counsel of the veteran statesman of this House of Commons, I hope its hon. members will accord to his motion an overwhelming if not a unanimous support.

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

Mr. NEIL H. McTAGGART (Maple Creek): Mr. Speaker, in rising to say a few words on the question before the House I deem it a privilege to associate myself with other members who have congratulated the Minister of Finance (Mr. Fielding) on the clear and lucid way in which he delivered the budget speech. I am not ashamed to say that my earliest recollection of Canadian politics is closely identified with the name of the Minister of Finance, as well as with the name of his late chieftain, Sir Wilfrid Laurier. I well remember the pilgrimages made from this country by the Minister of Finance in order to try and secure wider markets for Canadian produce, as well as the removal of the restrictions to Canadian trade. Because of those efforts I looked forward to very substantial relief in the directions indicated in the present budget. I am sorry to say that in this anticipation I have been very much disappointed. Let me remark in this connection that I am reminded of a prediction made by the right hon. leader of the Opposition (Mr. Meighen) in the early days of the session, in which he stated that the Progressive party would be sorely disappointed when the budget proposals were brought down. It would seem that the reputation of the leader of the Opposition as a forecaster of coming events has not suffered very much by reason of that prediction.

I understand that it is the custom in this House to make references to the speeches of preceding speakers. As a new member I am sorry that it is possible I cannot pay the due meed of credit to the two splendid orations that were delivered this afternoon. I am not going to attempt to do so, but I have just this to say: I listened with deep interest to those speeches but was disappointed in that I could not discover in either of them any solution to the problem which confronts Canada to-day. If protection is a good thing for this country ought we not to expect that the speeches of the leaders of the two great political parties would contain some substantial proof of the benefits which Canada has derived from a protective policy? I can say in all sincerity, that although I listened with deep interest to both speeches I could not discover that they contained any proof of the benefits derived by Canada in the past or the benefits which she might expect to receive in the future from a protective tariff.

The debate on the budget has had a very wide range and the ground has been, I believe, almost completely covered. I would not attempt to project myself into this debate at all, were it not that I believe I can treat this question from a new angle. I am not going to attempt to repeat the arguments that have been already advanced, and particularly those brought forward by my honoured chief, the leader of the Progressive party. I will, however, say this—that the situation in Canada at the present time is not encouraging. We have a huge national debt, we have a rapidly increasing taxation, we have idle factories and thousands of unemployed, we have depopulated areas and a rapidly increasing number of abandoned farms. When I think of this situation, and I do not wish to indulge in any levity, I am reminded of the ground hog which was travelling rapidly in the direction of the nearest tree. Some one said "What is he running to the tree for? Surely he does not hope to climb it?" The friend of the observer replied, "He will be compelled to climb it, the dogs are after him." Now, Mr. Speaker, so far as Canada is concerned, the time is rapidly approaching when she will be compelled to make readjustments of her economic structure, to put her house in order so to speak, and to make it possible for all classes of her people to establish comfortable homes. Of course, when mention is made of the situation as it now exists in the Dominion, the war is always blamed; and I will admit that the war has imposed upon our people a heavy burden. But the responsibility does not rest so much upon the war as upon ourselves; I maintain that the war is not wholly responsible. It is my conviction that the people who are to-day engaged in the work of developing the natural resources of this country are carrying a heavier burden than they can bear, and that substantial advances in that direction will be impossible in the future until we have a readjustment and a revision downward of the customs tariff. It is also my conviction that on December 6 last, the people of Canada made a definite pronouncement in regard to the customs tariff. It is my opinion that the verdict cast by the people on that date was that the policy of protection as enforced in Canada for over forty years had failed all along the line, and I would say this further—that unless this burden is removed at an early day the future of this country will be seriously jeopardized. As regards the present budget I am in sym-

pathy with the removal of certain restrictions to trade. With these, I am not going to deal; they have been fully dealt with by previous speakers. One objectionable feature, however, is the increase in the sales tax. I believe that this increase will render heavier the burden now resting on those who are engaged in developing our natural resources. I have wondered ever since it was introduced where the idea originated of having this sales tax increased, and I am going to read for the benefit of the House a recommendation made by the representatives of the Canadian Manufacturers' Association to the Government on February 23 last. These recommendations are contained in a little booklet entitled "Statements in regard to matters connected with Trade and Commerce presented to the Government of Canada by a deputation from the Canadian Manufacturers' Association." Now on page 11 of the booklet we find these recommendations:

That duplication of taxation be avoided as much as possible.

That the Income War Tax Act as regards corporations shall be repealed.

That the present Sales Tax shall be adjusted so as to provide additional revenue.

As regards the new budget which has been brought down, I am in sympathy with the statement which has been made that this is a protective budget. I am not surprised that Conservatives, who have been so much interested in "morganatic alliances", refrain from criticising the taxation proposals as outlined in this budget. The minister, in a statement which he made when he brought down his budget, intimated that Canada's expenditure for the current year would be very large, and that the revenue would scarcely meet these burdens. It was also intimated that there was expected to be a reduction in the amount derived from the customs tariff, and this is the particular feature of the budget to which I wish to refer. It seems at least a strange thing that a reduction in revenue should be contemplated from the customs tariff, notwithstanding that the tariff, generally speaking, has not been changed to any appreciable extent. It is my opinion that industrial and commercial institutions in Canada of an international character have found a means to circumvent the tariff. We learned in this debate from the previous speakers that large amounts of American capital are invested in Canadian industries, and the point I wish to make is that this outside capital which is invested in Canadian industries, has been used to exploit the Canadian consumer. I am going to endeavour to give the House a case in point, and I believe that what I am going to describe applies to many other articles of commerce in Canada to-day. I have in my hand a package of cut tobacco, and I believe this article of commerce is sold to-day in almost every community throughout the Dominion of Canada and the United States. I purchased this tobacco in the city of Ottawa a few days ago, and this is the trade mark on it:

The genuine Durham Smoking Tobacco; W. T. Blackwell and Company; Blackwell and Durham Tobacco Company, Successors, Durham, N.C. Manufactured by the Imperial Tobacco Company, Limited, Montreal, Que.

This package contains, according to the stamp on the package, one-fifteenth of a pound, and on the tag which is attached to this package, we read this slogan: "None genuine without the bull on each package." What I have to say about this package of tobacco is this. When I purchased this package of tobacco on Sparks street, I asked the salesman if this package of tobacco was made in Montreal, and he stated that he thought it was. I asked him if he could sell me the same tobacco imported from the United States, the American make, and he said that he could not. I asked him if he could procure the American Bull Durham tobacco, and he said that he did not know; that he thought it possible that he might. I want to give the House some figures in connection with this tobacco from the constituency in which I reside. I paid 20 cents in Ottawa for this package, and it retails in my constituency at 20 cents. What we might call the American Bull Durham tobacco is put up in packages of 1⅛ and 1⅝ ounce sizes. This tobacco contains 1 1/15 of an ounce of tobacco and sells wholesale in Saskatchewan at $2.38 a pound. This same tobacco sells wholesale in the state of Montana at 80 cents a pound. The retail price of this tobacco in Saskatchewan figures out at 18¾ cents an ounce; in Montana, the retail price figures out at 6⅝ cents an ounce.

When my friend in Saskatchewan called my attention to this particular feature of the customs tariff, I asked him: "Why do you not import this tobacco from the United States?" I understand the duty on this tobacco is 95 cents a pound. If he purchased it at 80 cents a pound in Montana and paid the duty of 95 cents, that would make $1.75, and that would still leave 63

cents, which would be more than enough to cover sales tax and other charges. I was, therefore, surprised that my friend did not import this tobacco. I want to give the answer of that friend in Saskatchewan in regard to the matter, and it is that it is impossible to import this tobacco into the Dominion of Canada because the Canadian authorities refuse to put a revenue stamp on the American pack because it does not conform to the particular value of our revenue stamp. There is a difference in the weight of the two packs of 7-120ths of an ounce; but the American tobacco cannot be imported to-day into Canada, for the reason that the size of the American pack does not conform to the particular value of the revenue stamp as it at present exists in Canada. I said to my friend: "Surely there is a way to circumvent even that. Why not write to the American Tobacco Company and have them make a pack conforming to the Canadian revenue stamp?" My friend had forestalled me in this, as he had already written to the company on several occasions. There are two replies, which I am going to read because they are more or less evasive. This is one dated October 18, 1921:

F. O. BARNSTAD,
Shaunavan, Sask.

Dear Sir,—We are just in receipt of a reply from the American Tobacco Company, in regard to putting up the 2 oz. package of Bull Durham which you requested that we try to order for you from them.

They state that they put up a 1⅛th oz. pack only, which is the one that we carry in stock at the present time.

We regret our inability to fill your order on the particular sizes that you request.

Yours very truly,
MINOT GROCERY COMPANY.

This is another letter:

Re your letter September 15. Replying to above letter on Bull Durham tobacco, we carry the 1⅛th ounce bag, put up 24 in a carton, and 12 cartons to the shipping case. This 1⅛th ounce bag costs $.96 per dozen and is retailed at ten cents here.

We do not carry cigarette papers in stock.

This is an argument in favour of the statement I made that American industrial and commercial companies of international character are finding a way to circumvent the tariff, and Canada does not secure the revenue. I hope the House will understand that I am not finding fault with the high price of tobacco in Canada, or in Saskatchewan. I would be perfectly willing to pay those high prices for that tobacco, provided I used it, if I knew that the excess price which I was paying over and above the legitimate price was going into the Canadian treasury. This is another letter, from the same gentleman by the way, dealing with some of the abuses of the customs tariff on goods coming in from the United States. He says:

I enclose herewith facts in regard to a shipment that I just received to show you how charges are piled on to a shipment so that it is almost impossible to import tobacco.

I enclose bill of lading to show that shipment consisted of 54 pounds, cancelled draft shows that I paid for same $47.63 plus $2.42 American exchange or $50.05. This is what I paid the shippers for the 54 pounds prepaid to Shaunavon.

I also enclose my expense bill from the Canadian Pacific Railway who cleared this shipment through the customs at Weyburn. Their bill calls for $64.64, or a total of $1.19 per pound, whereas our tobacco duty is supposed to be 95 cents per pound.

There is another letter which deals with the duty on cigarettes. It is as follows:

SHAUNAVON, SASK., March 21st, 1922.

NEIL MCTAGGART, Esq., M.P.,
Ottawa, Ont.

Dear Sir,—I attach a price list that I just received from the J. R. Reynolds tobacco as I desire to call your attention to the ridiculous rate of duty charged on cigarettes. You will note that I can buy Camel Cigarettes freight paid for $3.65 per thousand list price (They allow 10% discount from this list) but call the cost freight paid $3.65 per M.

Our rate of duty is $4.10 a pound on cigarettes plus 25% of invoice price, also at present there is a surcharge on account of exchange and a 4% sales tax on the duty paid value of a shipment and a charge by custom officers for attaching revenue stamps.

For figuring duty charges the customs department, figure in the weight of the package that the cigarette comes in, this is shown in the list as 3.5 lbs. per M.

If you will figure out the duty you will find that on a thousand cigarettes that cost me freight paid $3.65 I will have to pay over $16.00 duty, etc. I am told that the Canadian manufacturer of cigarettes pays a little less than $7 per M; as to that I cannot vouch but I believe it about correct.

Instead of a per pound charge why would it not be best to have duty figured on the invoice price of cigarettes, I would suggest 100% duty on the invoice price, this certainly should be sufficient protection for any industry and would stimulate the importation of these Camel cigarettes and other lines as well and our government would get 100% duty on each invoice, whereas now the practically prohibitive duty keeps us from importing.

This is a particular phase of the customs tariff, as it exists to-day, which is worthy of attention, and I hope the Minister of Finance will give this question serious thought. I believe there are abuses of the customs tariff, in the direction I have indicated, in many lines of industry. For instance, I should like to know why the Eastman people of Toronto sell cameras

in Ottawa or Quebec at $25 when they can be procured at Niagara Falls, New York, for $14.50.

I want to say a word in regard to what has been stated in the debate touching the alleged danger of reducing the tariff. It has been said in this House on several occasions that Canadian industry cannot compete with industries in the United States. Well, in this connection I am going to quote again from this booklet issued by the Canadian Manufacturers Association. At page 12 there is an article entitled "Preferential Tariff, Australia and Canada," from which I shall read a paragraph, because I believe it proves conclusively that Canadian industries generally can compete with the world:

> The Customs appraisement laws of Australia now stimulate importations from the United States instead of from Canada. The Australian law applies ad valorem duties on values which are based upon the "home" market value of the goods in the country of export. The application of the Australian duty on values based upon the home market price in the country of export results, as a rule, in the Australian duties being greater on goods made in Canada than on the like goods made in the United States. Let us illustrate: Because of revenue duties on materials of a class or kind not obtainable in Canada, which must be imported by the Canadian automobile manufacturer, the "home" price on a Canadian-made car is higher than the United States "home" price on a similar car. But the Canadian manufacturer, under the Customs drawback regulations, can sell his car for export at prices which approximate to the United States price. Thus a United States automobile, on importation into Australia, pays duty on the basis of the "home" selling price in the United States; and the same automobile made in Canada and shipped into Australia (although the export price based on drawback would compare favourably with the United States export price) would be valued for duty in Australia at the higher "home" selling price in Canada,—resulting in the payment of greater sums in duty than would be payable on the like car made in the United States.

I think that this admission on the part of the Canadian Manufacturers Association is an admission that Canadian industry can and does compete in the markets of the world, and does so favourably.

Now, when I began I said I would endeavour to be as brief as possible, and so I shall now conclude. Before doing so, however, I should like to say a word in regard to the speech of the hon. member for St. John (Mr. Baxter). I was very much surprised at the outburst of the hon. gentleman. He seems to think that in heaping ridicule upon the Progressive party he is rendering the public some service. He expresses the view that the Progressive party would not be fair to the Government in supporting the amendment moved by the hon. member for West York (Sir Henry Drayton). Well, let me say that we do not want any morganatic alliance between the Progressive party and hon. members to my right in regard to that amendment.

Hon. W. R. MOTHERWELL (Minister of Agriculture): I am sure it must have been very gratifying to the Minister of Finance (Mr. Fielding) during the past week or ten days, after listening to the battle of words and wits over this budget, to find that no substantial dint has been made in the fiscal armour with which he has surrounded his tariff proposals. While a few pinpricks may have been made in these proposals during the debate, they can easily be ironed out when the resolutions are before the committee. I observe, too, that the criticisms levelled against the Government during the debate have been chiefly of one character, that is, the making of allegations, charging dereliction of duty on the part of the Liberal party and this Government with respect to the non-fulfilment of pre-election promises, and the carrying out of pledges and platforms. We are familiar with these things, Mr. Speaker. Ever since I can recall anything of Canadian politics, particularly since 1896, I know we have always been charged with dereliction of duty in the matter of carrying out pledges, promises and platforms. If there is anything in this surely the people would not have trusted us anew last December. However, I am going to try once more to dispel the idea that there is anything in these allegations with respect to either the tariff platform of 1893 or the platform of 1919. On a hot evening like this, some hon. gentlemen opposite may think that this is a big contract, but I do not at all feel that way; I am perfectly confident that I can undertake and successfully carry out the proposition I have in hand.

I shall hurry along because I want to deal briefly with other matters of an agricultural nature, but there is one point in regard to the question of platforms that I desire to take up now. I have in my hand the platform of the Liberal party of the year 1893. Now, I do not desire to go back into ancient history, but this matter has been dealt with in the debate and I shall refer to two features of the platform which will serve our purpose. I will read the pledge, with regard to the tariff. It is as follows:

That it should be so adjusted as to make free or to bear as lightly as possible upon the necessities of life, and should be so arranged as to permit freer trade with the whole world, more particularly with Great Britain and the United States.

With respect to free trade with Great Britain, Mr. Speaker, surely there is not a single member, no matter how violent an opponent he may be of this Government, but must concede that we have carried out this pledge to the letter and the spirit. A preference of 33⅓ per cent was granted on a large number of commodities from Great Britain. It is quite true that a part of that preference has been absorbed by the higher ocean rates, but that again will be picked up by the increased preference that the Minister of Finance now proposes. I do not think there is a single member but will concede that that pledge of the 1893 platform has been carried out in toto. The preference has not gone to 50 per cent yet. But give us a little while longer. We were in power fifteen years last time, and if you will give us another fifteen years, or a half or even a quarter of that term, see where we will be then.

As to the other plank of the platform, that in regard to reciprocity, I can recall as a boy about six years old when the original reciprocity treaty of 1854 was abrogated. From 1867 to 1911 all parties in this country had both hands up—had both feet up if it was necessary—for reciprocity. Then when it was brought down in 1911 an agitation, started by the Opposition in conjunction with certain manufacturers, the principal ones being in Toronto, was directed against reciprocity and carried to success by means that we are all familiar with. In a word, they defeated the reciprocity pact. Here is the pledge in regard to reciprocity:

That a fair and liberal reciprocity treaty would develop the great natural resources of Canada, would enormously increase trade and commerce between the two countries,—

and so on. That is pledge No. 2 of the 1893 platform. Did the Liberal party carry it out or die in their tracks? Of course, we all know that the party died in their tracks trying to carry reciprocity. Surely further proof is not necessary of their sincerity.

Let us see what the reciprocity pact meant. I have the draft here. You do not find very many people carrying this around nowadays—only the Liberals. On the first page I see a large number of articles, in fact all the natural products of Canada, on the free list, carrying out that pledge of freer trade. I wonder if our farmer friends, when they taunt us with failure to fulfil our pledges, ever think that there are dozens of articles on the free list of the reciprocity pact. Did we try to carry out that arrangement? Why, did we not give up our political life in the attempt? And what more could be expected of any political party? Do you want to hold us responsible for our failure after we were defeated in 1911? I remember being at a political meeting on one occasion where two or three gentlemen actually took that ground. I draw attention to that to show the utter absurdity of the stand they took. What more could we do? What dereliction of duty has the Liberal party been guilty of in regard to that platform since the 1911 defeat? Well, then, if there has been no dereliction of duty, why cannot every one who supported us in respect to reciprocity at that time support us yet? Especially, why did they not support us at the last election? There must have been some reason. Well, if every hon. gentleman is prepared politically to die on behalf of the platform of his party, what greater sacrifice can you wish for in the carrying out of political pledges? No man can do more than that; that is the supreme sacrifice. Then if that be so, why are we charged with failure to fulfil those pledges at the present time? I was sorry to hear the hon. member for Brant (Mr. Good) actually suggest that we were pledged to free trade. That is not so. But even if we had been pledged to free trade there was a very large and substantial measure of free trade embodied in this reciprocity pact. Then we have the hon. gentlemen opposite finding fault. And I must say that in one respect I admire them, for you always know where they stand. I wish I could say as much for all groups in this House, but we cannot have everything always our own way. However, I compliment my hon. friends upon that feature.

I am going to point out how differently the 2½ per cent decrease in the tariff is regarded now compared with the reception which was accorded our proposal originally to make that reduction in connection with the reciprocity arrangement. At that time the Farmers and the Conservatives made a lot of this 2½ to 5 per cent concession. On the first ten pages of the agreement I find fifteen articles on which the duty is reduced by 5 per cent—they are nearly all agricultural implements—and twenty articles on which the duty is reduced 2½ per cent. We went to the country satisfied

that that was a pretty good bargain. It will be remembered that included in the arrangement was free trade in natural products. To-day our Progressive friends make light of that 2½ per cent cut in the tariff, but they thought it was all right in 1911—most of them at any rate, except those who opposed reciprocity and are now shouting because they cannot get it.

How did our Conservative friends take it? They talked as though we were going to the bow-wows—they told us that we would go to bed as Canadians and wake up next morning whistling Yankee Doodle if we entered into this reciprocity agreement. At meetings you would see the American flag on the one side and the Union Jack on the other, with the question: Under which flag are you going to live? I myself was turned topsy-turvy at one time, and have been mad with myself ever since. In 1891, when we proposed unrestricted reciprocity—reciprocity as wide as a barn door, everything free between us and the United States, I wonder how the farmers of Ontario voted when this country was nearly 80 per cent rural and the proposal was defeated. Well, we will forget it.

But I nearly went wrong myself in 1891. I was very much disturbed about what I had heard regarding the evil effects of reciprocity with the United States. I remember I went to a meeting—and if Senator Turriff is anywhere within hearing he will recall the occasion—in a little school house at Kenilworth, which he was conducting. Of course, he was Mr. Turriff in those days. I was reading reasonably good papers, for instance, the Montreal Witness, but I had missed it for two or three weeks, and I very nearly lapsed during that interval. I was told that reciprocity meant annexation, and that was dinned into me so frequently that I was actually beginning to believe there was something in it. Of course, I was young in those days and believed a good many things that our Conservative friends used to tell us as facts. I found at the schoolhouse every blank space plastered with great big posters indicating annexation to the United States. Here you saw doleful scenes depicted, the men were signing mortgages, the hens were flying in the direction of the 49th parallel, and even the cats had their tails in the air. When the meeting was opened I was visibly impressed, and I remember in my innocence when Mr. Turriff finished speaking on behalf of the Liberal cause and Mr. afterwards Senator Perley—an old war horse from the maritime provinces who knew nearly as much regarding politics as my innocent Progressive friends over the way—I asked Mr. Turriff in open meeting—what a foolish thing!—It showed how little I knew of politics in those days; and I am told I know less now—I asked him if there was anything in this allegation that reciprocity meant annexation. I actually embarrassed him with my question. I have not done it since; I try not to commit the same offence twice. But that kind of campaign, Mr. Speaker, has been continued from that day to this; in fact, that is what defeated reciprocity in 1911. It may be said that the people should, in the ordinary course of events, get wise to these things, but you must remember that every ten years we have a new bunch of people ready to be deceived; and that is the hope of the Conservative party—the deceiving of the new elector. If it were not for that, they would not be in power in this country. I do not know when they are going to get in again, because the campaign of education that has been conducted by the Progressives during the last three or four years has educated the people in these matters as nothing else has ever done; and I will give them credit for it. I want to make some candid admissions; I do not find myself very far from their ideals, their hopes and their ambitions with respect to tariff matters, though I do differ with them very seriously on the question how to bring these ideals and reforms into effect by legislation. But that is about the only place where I do differ.

Now, let us see what else was involved in this reciprocity bargain. Why did the manufacturing interests so strongly oppose it? It was not, surely, because 2½ per cent or 5 per cent was taken off agricultural implements. It was not, surely, because the farmers were going to have a better market, were going to realize more on their goods and be able to buy more manufactured articles—and not only to buy them, but to pay for them, which also is an important thing. I have never been able to understand the reason for the opposition of the manufacturers to the proposal; I have not been able to see what species of absolute madness could have tempted them to oppose it—because I want to say that they will never get as good a bargain again, any more than the farmer will. Under this proposal the farmers would have got the benefit of a market consisting then of 100,-

000,000 people—it is more now. Some of my hon. friends say that even if the reciprocity agreement had been adopted, it would in time have been abrogated. But suppose it had been adopted and had remained in force for ten years from 1911 until 1921, surely ten years of a market at our doors of the wealthiest people on earth, wanting our goods and prepared to pay for them, would have been worth while. Ten years is at least one-fifth of a man's active lifetime; fifty years is a long period for any one to engage in active business or farming. Well, we would have had one-fifth of that business or agricultural career under the conditions laid down by reciprocity; would not that have been worth while? Moreover, we would now be in a better position to push on under the conditions of hard sledding which prevail. Why, when reciprocity was formerly in force, we had it for only twelve years, from 1854 to 1866, and we all know how Canada prospered, how the maritime provinces prospered, how we all prospered during those years. Would it not have been worth while to have another ten years like that? Taking it, therefore, at the discount suggested by my hon. friends, it would have been well worth while.

But there is one thing which I myself overlooked when this campaign was on. I have before me a long list of articles included in the reciprocity agreement as arranged for by my hon. friend the Minister of Finance and his colleague the late Mr. Paterson. Under this provision access was to be obtained to the large market of the United States, not only by the farmers, but by the manufacturers of Canada for their manufactured wares. But they did not know enough to take advantage of it. In this list thirteen articles are included, with various reductions, ranging from 25 to 50 per cent, and nearly all on agricultural implements. The farmers were not interested in this; it was an opportunity for the manufacturers to get the very thing they wanted, an opening for their products. The arrangement was, therefore, fair to all concerned. I say it was the most tragic mistake ever committed by any country when Canada turned down that offer. The Finance Minister made the prediction at that time that if the reciprocity agreement were turned down Canada would see the day she regretted it, and we have been regretting it, Mr. Speaker, ever since. As a matter of fact, the cause of reciprocity has gained tens of thousands of friends since that day. I will not deal longer with that phase of the question, Mr. Speaker; I think I have shown with respect to the platform of 1893, or the two outstanding features of it, that we have kept to the one—that is, preferential trade with Great Britain—and we went down with our flag nailed to the masthead in the attempt to carry out the other. If anybody is prepared to do more than that, he should not be in politics; he should be on the other side of Jordan.

So much for that. I want to say a word about protection, and I would like the attention of the leader of the Progressives so that he can see how near I come to him on that subject. The hon. member for Last Mountain (Mr. Johnston) made a statement something like this: that protection could not last indefinitely, especially on the prime necessities of life. With regard to the kind of protection that we have now, I am opposed to it. I do not say that we should not help new industries—I will deal with that in a minute. I do say that we should help new industries in some ways, but there are many ways of doing it besides the protective system under an import tax. The trouble with the customs tariff as a means of assisting infant industries is that these industries insist upon being infants for all time; at any rate, they have done so ever since this policy was inaugurated. They are now forty-four years old—whiskers on them as long as your arm, and still insisting that they are infants.

Now, that is the objection I have to it. If we are to apply the principle of protection, particularly to the implements of production, then it could well be argued that we should pass protection all around, if it is so good. Now, what would that mean? I do not advocate that course, which would involve a second mistake to correct the first; for you cannot correct one wrong by committing another. The way to correct the evils of protection is to remove them; remove the cause of your difficulty; do not substitute a fresh cause as a corrective, or counter-irritant, if you like. But what would it mean if we invoked the remedy that the farmers of the United States are invoking? They have ceased the fight against protection; they are tired of fighting it, and they have said in the agricultural bloc: Pass it all around.

What would that mean in Canada? There is no doubt about it—you can philosophize as much as you like about the percentage

of our farm products that we consume in our own country, but so far as western grain is concerned we have to rely upon a foreign market for 90 per cent of our output. So that protection so far as it affects us in providing a home market is a minus quantity. That being the case, how are you going to protect these articles? How are you going to protect the farmer if we decide, like they did in the United States, to pass it around? Now, I am just giving this as a hypothetical case, but there is no way to protect your grain, which seeks an open market in competition with the world, except by putting a bounty on it of 10 or 15 cents. We have many precedents for that in Canada, in respect to steel and other articles. Imagine what it would be like—taking out of this pocket the protection on the article and putting in the other pocket a bounty on our grain. Yet that is the only way that you could protect the farmer in the growing of grain.

Who would be so mad as to propose such an awful nostrum as that? But I have met people who have actually proposed it. I was in Toronto after the defeat of reciprocity, and they had some slight contrition even there, and they asked me if something could not be done for the farmer along that line. There are other products, like butter. Yes, we could put butter up another six cents, equal to the Fordney bill rate. How would you like that? We could do the same thing with eggs, and all along the line. But would that reduce the cost of living? Is that the solution? Yes, Mr. Speaker, it is the logical solution unless we remove the element of protection, especially from implements of production, just as soon as it is possible to do it. I do not know when that will be, but we have taken a step in that direction, and a substantial one. If I were five steps from the edge of a precipice, and I took one step towards it, I would be substantially nearer the edge of the precipice than before. Some hon. gentlemen over here, the hon. member for Brantford (Mr. Raymond), for instance, think it is a substantial step. He thinks so because he does not like it. It is a substantial step. It is 20 per cent off the protection that was on there.

It is not fair of the hon. member for Marquette (Mr. Crerar) to say that this is a protectionist budget. It has protectionist features, but every change the Minister of Finance has made was a direct and deliberate step away from protection. Is there not hope in that? Rome was not built in a day. We have had the tariff a long while, running away back to 1878, but I see evidences on the horizon to-day that the movement in the right direction is going to be accelerated in the very near future so far as the implements of production are concerned. How can we develop the natural resources of this country without cheaper implements? How are we going to pay the national debt unless we develop our natural resources? Surely that is evident, and requires no demonstration on my part.

Mr. CRERAR: Would the hon. member inform us whether he is arguing for or against the budget?

Mr. MOTHERWELL: I thought I made it plain that I was arguing for it. I even tried to illustrate my position so that he who runs might read. I said that if I were five steps away from the edge of a precipice and took one step towards it, I was substantially nearer the edge. I thought that was plain enough even for my hon. friend.

At the Liberal convention in 1919 we crystallized our thoughts and our views and got as near as we possibly could to a platform, and there it is. Of course, you cannot get a body like that all of one mind. Some have reservations. As a matter of fact, there was another statement made, and I want to say this much: Every member of this House last session spoke another word with respect to his attitude on tariff. Now which holds good? If you or I, Mr. Speaker, or anybody else made a will last year, and we decided to make another one this year, which would hold? Is it not the last one?

Mr. CALDWELL: Is this the Government's last will and testament?

Mr. FIELDING: No, we will have an opportunity of making others.

Mr MOTHERWELL: If you take the opposite view and say that the first expression of opinion, no matter whether it was given forty or fifty years ago, should hold to-day, do you call that progressive? We have a precedent furnished by our Progressive friends themselves. I am speaking entirely from memory, and my hon. friends will correct me if I am wrong, but I understand that a year ago the Canadian Council of Agriculture revised their platform. You will remember it had a plank calling for 50 per cent British pre-

ference, and free trade with Britain in five years, but at a meeting of the Council of Agriculture last July the words "in five years" were eliminated. The platform was modified absolutely, and they had a right to do that. Which is their last will and testament in that respect?

Mr. CRERAR: I want to correct my hon. friend.

Mr. MOTHERWELL: I would be very glad to be corrected, because I remember it quite distinctly.

Mr. CRERAR: I want to keep my hon. friend on the right track if I possibly can. He has wandered far from it. His statement in respect to that change is not correct.

Mr. MOTHERWELL: Then set me right. I do not know whether my hon. friend was present at the meeting or not, but I had a clipping with respect to it, and I have given it as I remember it. Unfortunately, the clipping got lost in the mix-up of the election. Nearly everything but the counting of the votes had disappeared by that time.

I said a few moments ago that there would always be individual opinions. Do you mean to say that they do not exist over there? I will say for the Conservatives that they are absolutely at one in regard to what they think are the 9 p.m. benefits of protection. I do not know whether it is a detriment to a party to have a diversity of views within itself. I hold views with respect to helping young industries. I absolutely oppose the present system, because you cannot get rid of them when they grow up. Do you think that Sir John A. Macdonald, who introduced the system, would declare that what were infant industries in his time were still infants? The thing is ridiculous. It was my privilege to have the opportunity of assisting a young industry, the dairying industry in Saskatchewan. It was not by import duties that we assisted it but in various ways, by loans, by guarantees, and by a certain amount of office staff. At the end of ten years we had a flourishing dairying industry on our noble prairie, and we handed it over to the farmers and said: "We are going to wean it. Take the industry over and run it yourselves." But our friends of the Manufacturers' Association, who have been on the nursing bottle forty-four years, do not want to be weaned, and the longer you leave them there the less they will want to be weaned, but we must do it now if we ever expect to do it, or as soon as possible. I am going to show you how it can be done. In common with the Minister of Finance I may say that there were features about our platform that I did not approve of. Not being here, and not taking any part in the resolution that was adopted last session, I feel I am in honour bound by the convention. There was another expression by the leaders of the Liberal party in this House, which has a right to take precedence. But I am not going to take advantage of that. Here is what I said in my nomination address in Regina City on the last day of September:

> Large amounts of revenue are raised under the excise duty on home manufactures in England, and the adoption of a similar policy in Canada, varied to suit our circumstances, would not only permit of a substantial reduction of customs taxation on articles of common ware, consumption, and for the purpose of more production, but also supplement the much needed revenues of the Crown.

Two or three speakers, including the chief Liberal Whip, the hon. member for Cape Breton South (Mr. Kyte), dwelt on the prevalence of the excise duty in Great Britain. There are hundreds of millions of pounds raised by excise duties. If the import duty was reduced to 12½ per cent or 10 per cent, if you like—some of the duties are down to 10 per cent, binders, harvesters and mowers; no, I do not think mowers are, but some of the implements are down to 10 per cent—but supposing the import duties were reduced that far and an excise duty put on, that would take out the protection. What is the use of my hon. friends in the Progressive party talking about a revenue tariff unless it also implies an excise duty? Take a 10 per cent duty, or a 12½ per cent duty, or a 15 per cent duty—no, I will not say 15 per cent, that is getting on dangerous ground—but say 10 and 12½ per cent—there is incidental protection. There is protection if the duty is only 5 per cent—it is only a matter of degree—unless you invoke the principle of the excise duty. Is that sound doctrine? I say it is.

Well, let us talk right from the shoulder now on this matter. I believe there is a solution to be found but it is not in a list of free implements. Why not? Since 1919 our financial situation has changed immensely; we cannot get revenue by means of a free list. Is that hearsay? Is that going back on our platform? Will the leader of the Progressives not agree with me that a substantial duty on articles not made in Canada, and an excise duty on things that

are made in Canada, are not incompatible with the principle of free trade. I do not think I said that very well, so I repeat the statement: I say that high duties on articles not made in Canada, as well as excise duties on things that are made here, are not incompatible with the principle of free trade—that is better. Is that not right? Well, I thought we had in the present budget a start-off in that direction with motor cars. I am not sure whether that is the case or not, but if it is the case that there is an excise duty on motor cars that would be the principle to which I have reference; and we have the same principle, of an excise duty, in the tariff in a dozen places. It is not new in this country or any other country that I know of—it is simply carrying out the thing to a logical conclusion, and you would have a revenue from the best available resources. So much for the revenue tariff.

My hon. friend (Mr. Crerar) would like to know if I am talking for or against the budget. Not only am I talking for the budget, but if my hon. friend followed up the attitude which he took previous to the election last fall he would be supporting the budget also. I am willing to make all kinds of allowance between the time my hon. friend was looking for votes and the present time. Like many another man, he was seeking to indulge in a little bit of a stunt that would read well. We all have to, I suppose, to use legitimate means to save our faces.

Some hon. MEMBERS: Oh, oh.

Mr. MOTHERWELL: Just think of it, Mr. Speaker, making these admissions. Speaking about a first instalment of tariff reduction, if we do not get any more instalments think of what I shall have to face next year and the year after, as a result of putting on Hansard these statements. However, I am going to take chances. I am now going to quote statements made by my hon. friend from Marquette before the last election. These statements are taken from the Globe, a newspaper that was not unduly favourable to the Liberal party last fall. The first statement from the issue of October 31, is as follows:

> Mr. Crerar gave some applications of his economic views to the local industries of coal mining and steel. He repeated that the Progressives had no intention of sweeping the tariff away over night, but he hoped to see the day when the principles of protection would be abandoned in Canada's fiscal policy.

He hoped! He was not going to sweep it away over night! Has my hon. friend the Finance Minister swept it away over night or even over day? He has complied with the requirement laid down by my hon. friend (Mr. Crerar). What did that statement mean, if it did not mean that the tariff should be reduced gradually? Mr. Speaker, I believe that the people of Canada, outside of the prairie provinces, would support us in not touching the tariff this session at all—I believe that. The tariff was not touched in 1896, the first session of the Laurier government. It was substantially amended in 1897 when the British preference was brought down. Can my hon. friend recall any period, in the history of this or any other country, where the tariff was in issue, when a new government came in and modified the tariff in its first session more than this government has done? I cannot recall such an occasion; I would like to be set right if I am wrong in that statement. Now I want to continue; and I do not want to do so in any spirit of petty criticism. I merely want to show why my hon. friend (Mr. Crerar) should support this budget. I quote again from the Globe:

> Summerside, Prince Edward Island.
> Mr. Crerar agreed that the tariff could not be swept away over night.

My hon. friend is very much like the rest of us; we all make one speech of pretty much the same type all along the line. When we get it off it seems good to us, and we repeat it although not exactly in the same terms. We have repetition here showing that the reporter has reported my hon. friend correctly. Now here we have another extract. This is dated November 11:

> Mr. Crerar said that the tariff reduction on the necessaries would reduce the cost of living. Premier Drury—

I think that is the wrong quotation.

Some Hon. MEMBERS: Oh, oh.

Mr. MOTHERWELL (Reading):

> —spoke briefly at both meetings, urging that the best policy for Canada was the policy of the National Progessive party.

I have no marginal note with respect to this extract—probably it was not of so much importance. Well, they are all very much alike. Mr. Crerar wanted to know where the campaign funds came from. That was another topic of discussion but I will not recall it.

Mr. CRERAR: You had better not touch that.

Mr. MOTHERWELL: However, my hon. friend goes on, right through these ex-

tracts, to speak about moving gradually in the matter of tariff reduction. Well, is not the present budget a case of moving gradually? "Gradually eliminating the protective features"—is not this gradual? My hon. friends on the Progressive side ought to have no difficulty in supporting us on the basis of moving gradually and permitting "the industries to adjust themselves." That is another term of my hon. friend. "Permitting the industries to adjust themselves" —to temper the wind, as it were, to the shorn lamb. Well, the lamb is having lots of time to adjust itself; I am sure that my hon. friend, in view of his repeated pronouncements against our doing this over night should not find any difficulty in supporting us. I repeat that my hon. friend will not be able to put his hand on a single illustration in the history of this country where a new government has taken up the question of tariff reform and dealt with it any more vigourously, or thoroughly or to a greater extent, than we have done in this case. If that be so, where is the justification for heaping ridicule upon us and indulging in all kinds of criticism?

Mr. HOEY: The hon. gentleman speaks of a gradual process. Is it the intention of the Government to announce this gradual reduction?

Mr. MOTHERWELL: Well I have no authority to speak for the Government. The Prime Minister spoke this afternoon and dealt with the unfairness of taking the ground that we should be judged as not having carried out our pledges after having been only five months in office. I repeat that statement. We shall let next year take care of itself. A certain hon. gentleman who at one time was in this Parliament used to say: "Just see us next year." I am not justified in saying that with respect to the matter which is under consideration.

Mr. LEWIS: May I ask my hon. friend a question?

Mr. MOTHERWELL No, I have no authority. Next year will take care of itself. I am going to read another extract, and it must be remembered that I made this statement in the city of Regina before a city audience, one of the best gatherings that I was ever at in my life. I made it where I would be least likely to get support and approbation, and yet they both came. This is what I stated:

> The more general adoption of the excise, a strictly revenue tax, as above suggested, will get at the past beneficiaries of protection, and relieve the poor man correspondingly, and has the further very obvious advantage that if any attempt is made to pass such a tax on to the consumer, the corresponding foreign cheaper article would immediately displace it on the market.

I can recall the time not very long ago in the city of Swift Current, when the leader of the Progressive party (Mr. Crerar) made a speech in which he spoke just as favourably of this way of dealing with protection as I am doing to-night. I have not heard him say anything of it recently; but I want to tell him and to take this ground that I do not believe there is any way of eliminating the protective element from the tariff except by the invocation of the excise tax, although I am willing to be enlightened on that point. We could, of course, abolish the protection altogether; we would have no revenue, and at a time like this, we need revenue. It seems to me, however, that every man should, at every opportunity, consider the matter of dealing with this question of finding a remedy for the evils of protection as soon as the time is opportune. I will go further. There are times when we should not take any drastic attitude, and I have pointed out a number of excuses that I might offer. We might take the ground that inasmuch as the Americans have increased their tariff, we should not do anything. I am not taking that ground; but I would take the ground that this is not a propitious time for making a drastic inroad into our protective system. Is it not right to take that ground? Everybody knows that the businesses of Canada, whether farming or our various industries, are not in a healthy condition at the present time. I might say that they are more or less sick; their morale is low. Is it right to wean an infant or a domestic animal when it is sick? If it is not, then this is not the time to make rapid inroads into the protection that our industries have been enjoying all these years. But what is this tantamount to saying? If I were Minister of Finance, the chances are that I would say this: "You manufacturers of the implements of production can surely get on your feet in a few years; things are going to look brighter in a little while, and you had better get your house in order and be prepared to see whether you cannot stand on your own feet." As for those of us who are family men, what a delight it is to our hearts when our child first walks or even toddles along! After forty-four years of waiting, would it not be a

delight to all our hearts to see this thing toddling along on its own feet?

I am going to give some of the reasons why I think those industries can at least toddle if we give them a chance. When the war came on, the flower of Canada rushed to the colours, a civilian army; they went to the battlefront and measured themselves with the standing armies of Europe. Did they ask for protection in the front line or the rear line? Did they ask to be covered by the British or the French guns? Did they crawl down into the trenches and say: "We want to be protected; we cannot stand up, if necessary, above the parapet and take the chance." No. They stood out there with the standing armies of the world, and they came back home with the laurels of victory on their brows? Is that not the case? Do you mean to say that those men who returned, leaving their comrades on the field of battle, and those who remained at home, cannot compete in peaceful avocations? I think more of Canada than to believe that. Do you mean to tell me that, because there is an invisible line along the 49th parallel, men who have acquitted themselves well in military avocations cannot acquit themselves equally well in peaceful avocations? I should like to see the experiment tried out before I would believe that. It would not, of course, be wise to try it out all along the line; but we might do what we did with cream separators and binder twine. Try it out if you like on Toronto—we cannot lose much there anyhow.

I promised not to speak very long on the tariff. As a new man in this House and one in charge of probably one of the most important departments of government, a department which is connected with an industry on which the country is going to rely possibly more than on any other to help to pay this war debt, I want to say now that there is no royal road to paying this debt. We have to pay it in the same manly way that we contracted it; we must go at the task with our coats off. As the one for the time being in charge of this department, I wish to make a few remarks regarding what I think should be the objective of the Department of Agriculture in the immediate future. How are we going to assist in this great task of getting this country on to its feet? This must be done through the medium of our natural resources, with labour and capital applied to them. How are we going to go about the task? These are some of the things that I would like to see started just as soon as we have the finances to take care of them. I should like to build fairly rapidly upon the foundation so well laid by my predecessors, the hon. member for Victoria city (Mr. Tolmie) and the hon. member for Marquette (Mr. Crerar), with respect to the matter of accredited herds.

For the last year or two we have been spending annually half a million dollars in connection with the extermination of tuberculosis amongst our cattle. We are doing this for two purposes. I think, in the hearts of many of us, it is primarily for taking care of the youth of Canada. It is known that tuberculosis is extending rapidly throughout practically all civilization, and the "White Plague" is to-day one of the great problems with which the nations of the world have to deal. One of the most prolific sources of contagion, especially amongst infants, is from cows' milk. There has been laid down by the government and by the hon. gentlemen to whom I have referred, the accredited herd system, and it is the only way of dealing with this matter. Only about seven years back not much stock was taken in this system; but during the last seven years an accredited herd was started in this quarter, another one in that quarter, and another one elsewhere, and all intervening was more or less tubercular. The result was that if you did not have an active follow-up policy, the infection spread back until it covered the whole territory again. The time has now come when we should have a broad policy as regards the elimination of tuberculosis in Canada. This would mean more money. We have had representations made to us to block out and to clean up certain whole territories, so that the infected area in between the present accredited herds would be removed and would not be a source of contagion to the adjoining accredited herds.

There is a suggestion that if you want to do that safely there is a splendid opportunity of doing it afforded in the two islands that lie at the extreme east and west of Canada. We have Prince Edward Island, with its water boundaries, where we could establish a herd and entirely eliminate the disease, with the minimum possibility of contagion from adjacent territory. Then there is Vancouver island in the West. I was talking recently with Premier Oliver and he informed me that the method they had adopted, of picking out herds, whether adjacent to cities, or from other places, was not showing any progressive results. He said that the work was not meeting with the success they had hoped for, simply be-

cause they lacked the necessary money, equipment and men for carrying out a proper continuous policy. I am convinced that the time has come when we should select blocks of land, establish herds, clean them up entirely, and then pass on as rapidly as possible to other areas. After it had been demonstrated by the Government that this was practical, we might have then some system whereby the municipalities or the provinces in which the territories were located could co-operate with the Federal Government in eliminating tuberculosis from the herds. I think the people are ready for a forward movement in the direction I have indicated.

There is another matter I may refer to, and I am taking no credit to myself in respect thereto, because while I did to a smaller extent assist it along, I was in no way primarily responsible for what was done. I refer to the matter of cold storage. Canada to-day, and especially Eastern Canada,—I trust hon. members will forgive me for saying this—is a long way behind the times in regard to cold storage facilities. I believe that some of the propaganda that was spread broadcast during the war is in a degree responsible for this. I think the Board of Commerce made some report in reference to packers and cold storage plants; and a gentleman whose name I will not mention, but who has been in the limelight, made some remarks about the evils of cold storage. I remember that we were just establishing a chain of cold storage plants in Saskatchewan at that time, and this propaganda nearly knocked the business out, because we could hardly sell the stock. The people were alarmed, and one would have thought that all the evils that were talked of were attributable to the cold storage plants. Now, the fact is that a properly conducted and adequately supervised cold storage plant is one of the greatest of modern institutions, and it is one of the best media by which you can develop the live stock industry, and other industries as well. The late Hon. Sydney Fisher, many years ago inaugurated a system of subsidizing cold storage plants. During the war the regulations were changed so as to apply only to municipalities, and no doubt there were good reasons for the change. Since that time very little has been done under the system. As a matter of fact, I do not believe the system is a proper one, although there is not much money spent under it because there are not many applications for assistance. I think the regulations under that act should be changed as speedily as possible. The assistance given formerly of 30 per cent is, I believe, too much; it is more than is required to encourage the establishment of cold storage plants, because the people know very well the benefits that are to be derived from these institutions. All that is necessary is a reasonable aid to encourage the erection of these plants in the various parts of the country, and at as early a date as possible we ought to reintroduce the system of assisting co-operative institutions to establish cold storage plants. There should be many of these plants in the eastern provinces. I was very much surprised to discover how few facilities there were in that part of Canada in this respect. In my opinion half the subsidy of 30 per cent that was given in the early days would meet the present requirements, and a comparatively small amount of money would go a long way towards promoting the establishment of these greatly needed institutions throughout Canada, not only for the handling of dairy products, but also for the storage of fruit. There is no industry in Canada that requires more legitimate assistance right now than the fruit industry. We are all aware that decomposition sets in very easily with fruit that is not pre-cooled. Apples, for example, are picked at midday and are put away in warm buildings, and before the chill of night gets into the barrel bacterial action sets in and decomposition rapidly ensues, so that before the fruit reaches its destination across the water it is in bad shape. Pre-cooling therefore is absolutely essential, and this can be provided by a system of cold storage warehouses for that purpose alone. I hope to be able to get on the right side of the Minister of Finance (Mr. Fielding) before many years, if not months,—at least, when the financial situation of the country warrants it—in order that I may be able to do for Canada what I was privileged to do for Saskatchewan, where there is a chain of eight cold storage plants, the finest in the Dominion. The sooner we get that done the sooner we shall be able to develop not only the dairy and live stock industry generally, but the fruit industry of the country as well.

Just a word now about the experimental farm system. I see that the hon. member for South Oxford (Mr. Sutherland) is in his seat, and I am sure that he will sympathize with some of the remarks, at all events, that I am going to make in this respect. I have come to the conclusion that the time has arrived when, instead

of establishing very many more experimental farms, we should strive to improve those that we already have. Hon. gentlemen will recall that in the course of the discussion on the estimates I intimated that possibly one or two more farms might be established which my predecessors had had in mind. But we have 22 now, and instead of going on and extending the system further I would strongly advise that we go about putting those 22 into proper shape. There is no question that that is the right policy to adopt in this matter. I am not familiar with all the farms yet, but from what I see of those that I do know I can say that as a result of the conditions brought about by the war, and the necessary tendency towards retrenchment in consequence thereof, a number of these farms have been starved to the point where they are not more than 50 per cent efficient. We are not blaming any one for that condition, but it is the condition that exists nevertheless. It will be necessary to spend more money on these institutions in order to obtain any benefit from the money that has already been invested in them. Hon. members will no doubt have noted by the press that Dr. Charles Saunders, who has figured so conspicuously in research work in the cereal world, has left Canada for a trip, broken in health. Now, the facilities for carrying on the work which he has been doing are of the most primitive kind, and it speaks well for him that he has been able to achieve the results which he has achieved in spite of that handicap. But you cannot always find that class of men who will so devote their energies and their talents to their work notwithstanding the lack of even fair facilities. We had a flax plant at the Experimental Farm, but it was burnt about a year ago; and the botanical building, an important building in which is carried on the experimental and research work in connection with the diseases of plants, is now 30 years old. All the work related to the investigation of plant disease and the hybridization of plants, which has been conducted by Professor Gussow and Dr. Saunders, has to be done in a wee little building in which two or three members of this House, if they tried to turn around, would upset things. That building was erected thirty years ago, and while no doubt it did good work in the pioneer days, it has long since ceased to serve the purpose for which it is now required. The work that is being done in connection with the discovery of plant diseases and their remedies cannot be over-estimated. For instance, we have to discover the remedy for that scourge which is known as rust. Our crops in the West some years are cut in two by the ravages of this plague; and just as we discovered a remedy for smut in grain, and found a new kind of cereal called Marquis wheat that will ripen earlier, being worth millions to the country, so we have possibilities of finding remedies to cure the other diseases that exist in our plant life.

We have the possibility of discovering the best varieties of grasses and grains, for the foundation work is already done, and all we need to do to-day is to continue and extend that work. If we could only develop varieties of grain resistant to rust it would be worth all the money that has been spent during the last thirty years in the maintenance of these experimental farms. But we cannot accomplish this with inefficient equipment and low-salaried men. You cannot get men to work under these conditions, for every man in the research world that is worth his salt does not want to work indefinitely without showing results. I have almost come to the conclusion—this may sound like economic heresy—that there are circumstances under which it is desirable, if we are to pay off our debt, to equip ourselves properly for the task by going into further debt. Take any business that is suddenly confronted with disaster; for instance, supposing a man is burned out, does he sit down helpless and despondent, or does he take off his coat and with courage and vision and determination apply himself to restore his broken fortune? Of course, he goes ahead and gets results. The Chicago fire, the Halifax disaster, the burning of our old Parliament buildings—all these losses were quickly made good by courage, energy and resourcefulness. Well, the world was on fire for four years. We know Canada was solvent when the war broke out, and we know we have $2,000,000,000 of debt now. What are we to do, sink under the burden? Or are we going to vow that we will not increase that debt by another dollar? I think the Minister of Finance and the Government are taking the right course now in making just as few capital outlays as possible. That is right, because we want to do some national stocktaking to see where we stand. But I am of the opinion, with all deference to those who think differently, that once we get established again we must make wise investments that will develop our natural

resources. That is the way to pay our national debt. Wise investment is often true economy, and the refusal to invest will leave this burden of debt on our shoulders indefinitely. I know we are absolutely sound as a nation, and I would be sorry if we spent even modestly before we have completed this national stocktaking. But once that is done we ought to go full steam ahead. My colleague, the Minister of the Interior (Mr. Stewart), will have to help out in this connection by means of a wise immigration policy that will encourage desirable immigrants to come here and help in the upbuilding of this country. I think the Immigration Act needs some amendment to remove certain of its restrictive features; and the regulations will also need further amendment.

If the Department of Agriculture is to function, it must have equipment, it must have men. Look where we are at the very outset when I speak of men. I want a good cerealist, a good entomologist, eleven butter graders and twenty hog graders, but I cannot go to suitable men and say: "Here, I want you to come into the department. I will give you so many dollars." And then if they refuse I cannot add, "I will give you so many dollars more." We have not got that system, unfortunately. It is said that being in public life in the smaller provincial sphere fits you for the larger federal arena. In the matter of equipping my staff, manning my ship with the best men, the freedom I have exercised in the past in the provincial field has spoiled me for the federal under present conditions. If these conditions are to continue with respect to facilities for selecting my staff, then, I believe, Mr. Speaker, that inside of two or three years the efficiency of my department will be diminished 50 per cent. The public practically forced the then government to establish the Civil Service Commission away back in 1908. In 1918, I think it was, the late government in response to a pledge demanded by the people to destroy what was known as patronage, resorted to a rather ingenious way to destroy it. One of the Liberals on the old commission they let out, and appointed two good Conservatives. That is one way to destroy patronage. It simply transferred patronage from the crowd to the few, by whom it is looked after properly. I think that a Civil Service Commission is only possible, unless it is to partially destroy the public service, when that commission is friendly to the government. I am of opinion that the members of the Civil Service Commission should go out of office with the government that appointed them. I believe we should have a civil service commission, but not one that has no interest in my department—not one that is more interested from a political standpoint in something else than trying to man my department with good men. It is not possible for men who have been in politics, as we all have been, to be put on the Civil Service Commission, to be transmogrified overnight, and then to search the earth for the best men in each department. I know what I am talking about. I have been on bended knees before that commission and have stayed bended and got up without getting what I wanted. Are the judgments of these hon. gentlemen with whom I am privileged to be associated to be subordinated to that of an extraneous body responsible to nobody? Is that the way we are to conduct the affairs of this country? I do not care how good the members of the commission are, they are tied up by the Civil Service Act. They are handcuffed; they are hobbled; they have to abide by the terms of the act under which they were appointed. I am not making any particular statements against them; I am simply taking the ground that the system is bad. If in the selection of men I have to subordinate my judgment to theirs, then my staff will be just what they make it, not what I make it. I accept the responsibility, but they have the power to do or not to do. How can we pay a war debt in that way? The people of Canada have asked us to assume the administration of the affairs of Canada, but we are denied the right to man our own ships. I never heard of such a proposition. I had heard of a civil service commission; we had one and it worked all right—there was only one man you had to deal with and he was all right; he did good work. Nobody suggests that we can go back to no civil service commission, but I do take the ground that the key men in the various departments—well, I will speak only for my own, the key men in the Department of Argiculture—should be chosen by the deputy minister and his minister. Let me be fair; in the working out of this thing the head of the department sometimes gets what he wants; in fact, I think in most cases we do get what we want. But that is not the only difficulty; it is the time it takes. Why, I ran across Mr. William Graham, Indian Commissioner, who wanted a farm

foreman to replace a man on one of the Indian reserves who had died or resigned, I forget which; he was not there, anyway. Well, look at the rigmarole he had to go through; it takes nearly four months, with good luck, to run that gauntlet. But he wanted that farm foreman right away. Spring would not wait; the land was ready for seeding, and there was no farm foreman. Well, I did not go down to the Hunter Block this time —I had such poor luck the first time. So one of the staff was good enough to come to my office. I pointed out to him that spring would be gone and the harvest reaped before a farm foreman would be obtained under the present system, and he was good enough to tell me that he would make arrangements for a temporary appointment. Now, how would any farmer like the idea of starting out in the spring, with all the difficulties of seeding in a year like this, and then be told that some other body, especially if that some other body was a rival of his, would select his men for him, taking all summer to do it? Will the spring wait while that kind of humbug and nonsense is going on? That is far worse, Mr. Speaker, than getting the wrong man; it is the interminable time it takes to get any man. I admit that the commission are doing their best now; they are trying to get over the difficulty; in fact, I think they got a little bit wised up lately, and here is what they are doing. Instead of making a selection four or five months after the application for the filling of the position has been made, they are making temporary appointments. Well, just see the difficulty you are up against in that respect. Take the case of a butter grader, who has to be a man of the highest type, of first-class ability and absolutely honourable. A butter grader always has a good job; he is not knocking at your door every day in the week and twice on Sunday looking for employment; you have to offer him better money, and when you tell him that you want his services for only a month, why, he simply will not come. That is why I say that if this thing keeps on for three or four years you are going to degrade the service. I will come nearer home than that: I have been trying to get these butter graders for a number of months—ever since January, in fact; that is six months; and I have not got them yet. It is not all the fault of the commission, but if my deputy and myself had been in a position to go ahead and get the men, they would all have been on the job at the drop of the hat. The hon. member for Glengarry (Mr. Kennedy) had a motion on the Order Paper—it died on the roost—asking for information with regard to these butter graders, and had that resolution come up I was going to make a statement in the matter. But it has come to the point where we have to have temporary appointments; the same applies to the hog graders. Then, in the case of temporary appointments you have to go through the whole rigmarole again to get the men appointed permanently—"It's a long, long way to Tipperary"; it is a long, long way to get anything from the Civil Service Commission, and when you get it, it may not be the right thing. Am I exaggerating this?

Some hon. MEMBERS: No.

Mr. MOTHERWELL: The Lord forgive me if I am, because I have not intended to. The truth is bad enough, Mr. Speaker, without making it worse. I had hoped that the House would wake up and see the folly of perpetuating this system. Of course, every one who knows nothing about it will tell you to-morrow morning that I am asking for a return to the vicious patronage system; that I want to get back to the loaves and fishes; that I am preaching the doctrine that to the victor belongs the spoils. No; I am preaching this: You have given me the responsibility; for pity's sake, give me the power to serve my country. I would be almost afraid to say these things if it were not for the fact that if I have a reputation that is looked upon as commendable at all in any particular line in connection with my public life it is that I have always sacrificed everything to secure the selection of good men. It is more important to have a good staff than it is to have a good minister, you can administer a department better with a good staff and a second-rate minister than you can with a third-rate staff and a first-class minister.

Well, what are we going to do? The Conservatives, of course, will oppose any change. They know they have got us up against it; they know the best way to trim us is to keep us just where we are—with responsibility, but without authority. And I do not blame them; they are up against it themselves. They will never see daylight in the next fifty years, so the best thing they can do is keep us here. The hope, Mr. Speaker, lies in the direction of my hon. friends the Progressives. What are they going to do

about it? Are they going to play the game, the way they were doing on the amendment to the budget? I do not blame them if they play the game, but I will blame them if they pretend not to play it, but play it just the same. The hope of betterment is with the Progressives until we get a majority, and I appeal to the Progressives, are you going to allow agriculture to struggle on under this handicap, handcuffed, shackled, hamstrung, and expect it to be one hundred per cent efficient?

If I were dealing with the matter myself I would call in the recess a conference of business men and the press, because you cannot get anything under way until you convert the press, and I would take counsel with them how best to deal with this question of appointments to the Civil Service. I would show them how the work is now handicapped, and I am satisfied that it would not take long to convince them that the remedy for patronage that has been in vogue now for some time, perhaps with the best of intentions, is a hundred times worse than the disease it was designed to cure, and I say that with a desire for bettering the conditions. This Parliament of Canada, we here in these beautiful buildings, are actually handicapped in our service twenty-five or forty or fifty per cent as a result of this load on our necks that we cannot get rid of until a majority of this House introduces something better. I hope the day is near at hand when we shall buckle on our armour and bring about the proper conditions, so that we can give the very best service at our disposal.

Mr. SAMUEL CHARTERS (Peel): Mr. Speaker, my contribution to the debate will not occupy very much space in Hansard. I shall not attempt to follow the hon. gentleman who has just taken his seat (Mr. Motherwell) as he is altogether too elusive for me. When I learned that his election literature was headed "Vote for Motherwell and the Wheat Board," and saw that when he reached Ottawa he opposed the Wheat Board, I knew that he was somewhat versatile, but I never thought he was equal to the performance he has given in this House to-night.

Two weeks ago we were told by no less an authority than the Minister of Finance (Mr. Fielding) that the Minister of Agriculture (Mr. Motherwell) is a free trader in everything except butter. Tonight he is a protectionist in supporting the budget presented by my hon. friend. He tells this House that no government has done more to implement its pledges than this Government has done in the first session of this new Parliament. My hon. friend and those associated with him knew very well what should be done four years ago, three years ago, two years ago, one year ago. They believed then that implements should be on the free list, that all foodstuffs should be free of duty, that all articles of clothing should carry a greatly reduced duty, yet when they come to Parliament and are asked to put into force the pledges they made they say, "We have not had time to get ready." I would remind the hon. member and the House when he says that no government has done better in implementing pledges, that in 1878 the Conservative party laid before the people their policy, and in the very first session of Parliament, in 1879, they brought that policy down into the House and had it confirmed by Parliament, and that is the policy in force to-day with the variations that have taken place under the different governments that have ruled the country.

The hon. Minister of Agriculture tells us in one breath that the infant industries in this country are forty-four years old, with patriarchal whiskers and all the rest of it, and therefore they should be able to provide for themselves, and in his next breath tells us that they are infants still, and have not yet acquired sufficient strength to justify their being weaned. Could anything be more absurd or ridiculous? I suppose he wants to circulate in one part of the country the idea that he is a free trader denouncing the bloated manufacturers, and in another part that he is not so difficult to deal with after all.

Then he said that if a man made a will last year there would be no trouble about changing it this year. I thought that was a peculiar illustration to give, and there came to my mind the lines:

> A mericiful Providence fashioned us holler.
> In order that we might our principles swaller.

I think if any hon. member has done that, it is the Minister of Agriculture.

I am in favour of the amendment, because I believe the failure of the Government to put into force the policy on which they secured power deserves the condemnation of the House and the country. The budget we are debating, and the record of the administration during the few months it has been in office, furnish sufficient evidence, I believe, for the most interesting breach of promise action in the history of this country. If the thousand-times repeated solemn promises of members of the present

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Government and of their supporters, and of some of their allies in this House, if the solemn pledges of the Prime Minister and the leader of a political party are to be disregarded and the men and women of Canada are to be indifferent to such deception, to such political dishonesty, then I say let us remove from the archway at the entrance to this building the Scripture text and substitute for it the one word "Ichabod", for assuredly the glory will have departed. In saying that I am only saying in other words what has been said by a prominent member of this Administration, one who is in the habit of saying frankly what he believes, and saying it without any danger of being misunderstood. Addressing a meeting of women at Milton on November 25, 1920, the hon. Postmaster General (Mr. Murphy) made use of this language:

> Repeated breaches of public professions not only dishonor those who are guilty of them, but, what is far worse, they destroy those standards of public morality which the people have been accustomed to associate with men in public life. And what are the results? The first result is that when those whose duty it is to set an example in political integrity fail to do so, there is a progressive decline in public morality among the people themselves. The second result is that with the decline of public morality there is a corresponding decline in private morality that operates to the injury of the State no less than it does to the injury of the individual.

That was the statement made by the present Postmaster General. Does the present Government come under the implied condemnation in the statement of the hon. member? Let us look for a minute or two. We were told that the late government should be condemned because it was an autocratic government, governing by order in council, and forestalling action by Parliament. We expected that when the new Government came into power all that would be changed, but what are the facts? They were very well presented last night by the hon. member for George Etienne Cartier (Mr. Jacobs), who said:

> We criticised the Conservative party that lived by order in council, and made our battle cry the question of orders in council, and "down with the government that insists upon governing by order in council," but when we came into power, we lapsed into the ways of the Philistines.

Not only did they lapse into the ways of the Philistines, but they went ninety per cent or, at least, a very great deal further, because we have had the statement made in this House that in the three months of this year there were ninety more Orders in Council passed by this Government than were passed in the corresponding period last year. All of which goes to show that that is just another pledge broken by this Government.

We were condemned last year for abolishing the business tax and the luxury tax. Why are they not restored this year? The Minister of Finance says that we need revenue more and more. Why does he not secure some of it in the way he advocated last year? We were condemned for not recovering some portion of the wealth of what were called the profiteers in food and so on, and we were told by the Prime Minister that:

> Mr. Murdock has exposed the manner in which, as respects the necessaries of life, the food, the clothing, the articles required for the shelter of the people, associated businesses with their trade agreements, combines and monopolies, have been permitted, with the assistance of a protective tariff, and to the detriment of consumers, to reap their excessive profits through unrestrained freedom of action.

What has happened? The hon. gentleman who exposed all this trouble is now the Minister of Labour in this country. What has he done? I am afraid—to use one of the expressions he is familiar with—that he is "loafing on the job"; because so far there is no evidence of any action whatever. Let me give you one item, an item which was brought to the attention of the people last year—that is the quantity of food in cold storage. In 1921 there were three million dozens of eggs in cold storage, and complaint was made that these should be liberated in order that they might be made cheaper to the public. On May 1 of this year, just a year afterwards, there were upwards of four million dozens in cold storage; and my hon. friend is not doing anything to bring that condition before the public at the present time. That is an illustration of what is being done, or rather not being done.

Then too, we were told that taxation was oppressive, that it was too grievous to be borne. The Government has answered that by increasing the taxation, thirty or forty or probably fifty million dollars. Hon. members opposite condemned the action of the government in imposing the sales tax day after day, and they redeemed their pledges by increasing it 50 per cent. The public debt was to be provided for in a way that nobody had been informed of and the action of the late government was condemned. Furthermore we have just had, in the address of the Minister of Agriculture, some reference to patronage. His

reference could only mean one thing, and that was that at the earliest possible moment the Civil Service Commission would be abolished and patronage would be returned to the boys who are supporting the Government. That statement was applauded more vigorously than any other statement the minister made in his speech. But the Government has not simply been confining its attention to the party workers. Let me remind you that no fewer than five defeated candidates have been appointed to judgships in this country, and several good appointments have gone to others who have been defeated and to others who are prominent party workers. In the United States, in order to become a judge a candidate must be elected, but in Canada to become a judge a candidate must have been defeated; that is the difference between our system and theirs.

The Minister of Agriculture talks of the absolute folly of perpetuating "this system"—that is the Civil Service system. Well, all over the Dominion—at least I will say all over the province of Ontario—in the literature of the Liberal party it was announced that the abolition of patronage was part of their platform; and so with my hon. friends of the other section of the Opposition at that time; they had on their cards, on their literature, the same slogan "Abolition of Patronage". Well we know what is the position of the Government—that is if the hon. gentleman does not change his mind over night as he has done so frequently in relation to that question. Now these are a few of the points as to which no man living can say that any action has been taken along the lines suggested. Has anything been done to improve the standard of public morality to which the Postmaster General referred in the speech alluded to? Furthermore, if anybody can say that anything has been done to lessen the burden of the people, to increase the employment of the workmen of the country, or to lessen the cost of living, then all I can say is "I have not seen such great faith, no not in Israel".

It would be very unwise, I think, for me to undertake to discuss anything in relation to the tariff at this time after it had been so exhaustively dealt with this afternoon, but I want to refer to one or two things. At every session of the Parliament that expired last September the question of protection and free trade, or higher protection and lower protection was presented, and in every case the position taken by the present Government and its followers was that we should have as near an approach to free trade as possible. Some of them were in favour of absolute free trade until we met together in the House this time. For instance in 1919 the member for Brome (Mr. McMaster) was the financial critic of the then Liberal opposition. He was a real free trader and he spoke very lengthily and very learnedly in favour of the adoption of that policy. He told us about getting up in the morning to perform his ablutions and commencing to dress, and his difficulty in doing so because of the tax on his boots and the tax on his clothing— the tax on everything that he wore. The member for North Ontario (Mr. Halbert), who is not here to-night, took up the song and made it a little stronger. He said that even the coffin in which he would be buried was taxed. Well, the hon. member for Brome is still wearing the clothes that are taxed and he will wear them a long time because this Government continues to levy a tax on them; and my hon. friend from North Ontario, who is looking for free trade in coffins, will have to wait a long time before he will get it from a government of this kind.

An hon. MEMBER: Not while he is living.

Mr. CHARTERS: Not while he is living, that is true. Then in 1920 the member for Brome came forward again. I will give him credit, he has been the one consistent man who has discussed the question in this House, and I have no doubt he will carry that consistency into his vote when it is recorded on this motion. In 1920 my hon. friend said:

> Protection as a policy for this country is not only dead, but, after the next election, it will, as Disraeli said, be damned.

Well, protection is not dead. I suppose my hon. friend can say of it as Mark Twain once said of his reported death, "That the report was very greatly exaggerated;" and up to this time there has not been sufficient obstruction placed in the way of a protective tariff to constitute even a respectable "tinker's dam".

A statement that has not been put upon the records of this House, and which I think should be placed there, is one made by the Minister of Finance himself who, during the Laurier regime, was the real authority, as he is the real authority to-day. I made this statement several times, as did other candidates, during the election: I said over and over again that I believed that my hon.

friend was absolutely sincere. I also stated my belief that the leader of the Progressive party was absolutely sincere, and that if the opportunity came they would put into effect the declarations they had made before the electorate. Now on May 10 last year the present Minister of Finance in the course of his speech on the budget, said this:

> You may depend upon it that a tariff built up on the protective principle, a tariff designed to protect industries merely because they are industries and without regard to the economic conditions of the country, cannot and should not succeed. If there are people in Canada who are contemplating the establishment of new lines of business in which they feel that tariff protection is necessary I do them a friendly service when I say; "Don't do it," because anybody who counts upon the continuance of a protective policy is bound to find that he is pursuing a delusion. If any outside capitalist purposes coming to Canada to start some industry which he believes can only be kept alive by protection again I advise him not to come.

Further on in the same speech he said:

> They think that Canadian industries need to be protected by glass houses. Protection like conscience makes cowards of us all. We lose faith in our country; let us get away from that.

That was the statement of the Minister of Finance last year. Then we had this statement in the manifesto of the leader of the Progressive party:

> Our goal is the ultimate elimination of protection in our fiscal system.

The budget now before you tells whether or not that policy has been adhered to. I have said that I have stated several times that I believed in the sincerity of these hon. gentlemen. People from the district from which I come believed it also; they believed that the policy they advocated would be put into effect. They did not approve of it, they voted against it; and in the rural municipalities in the country which I represent there was a majority against the policy, a majority against the Progressive candidate, a majority against the Liberal candidate, showing the feeling of the farmers of that district in relation to that policy.

Now the tariff changes are not very many, but whatever their number they are not calculated to benefit the public. As to implements we have the assurance that if there is a great deal of importation it lessens work in the Dominion; and experience of the past shows that such changes have not reduced prices. Then as to the fruit industry, it is one in which my district is very much concerned. My hon. friend from Yale (Mr. MacKelvie) has explained very fully the effect which the changes are likely to produce. According to the belief of the men who have studied the question most closely the changes will operate injuriously to the people of Canada.

I was surprised to find the readiness with which the budget was at first received, not only by my Liberal friends, but by those to my left on this side of the House. There was a little element of dissatisfaction; but the majority of those who took part expressed a good deal of gratitude. The Minister of Finance was congratulated and commended in certain quarters. We were told that the reduction of 2½ per cent was a step in the right direction; that a half loaf was better than no bread, and this 2½ per cent reduction was repeated so often and emphasized so strongly that almost expected that some of our clerical or ex-clerical brethern might be induced to quote the words of the familiar hymn:

> I do not ask to see
> The distant scene; one step enough for me.

But latterly they have changed their attitude, and hon. gentlemen have got away from that somewhat. One hon. gentleman told us in a very dramatic way how he and every member of the party with which he was associated were going to vote. He said that he was going to vote as his conscience dictated. That was all very well a few days ago; but latterly I am convinced, in view of the attempt to introduce a second amendment, that it will be caucus, not conscience, that will dictate the vote of hon. gentlemen in this matter.

As regards fruit in Ontario, there are no less than 280,000 acres in orchards, 13,000 acres in small fruits, 85,000 acres in vineyards, and 65,000 acres in vegetables. The value of the apples produced last year was more than $12,500,000, and of the other fruits almost an equal amount. In spite of the tariff which we have at the present time, we imported upwards of $31,000,000 worth of fruits and vegetables. My contention is that, instead of reducing the tariff in order that greater quantities may enter Canada in competition with the fruit grown on our own farms in our own districts, the Government should increase the duties on fruits and vegetables and products of that nature. If any country imposes a duty upon goods that we are sending to that country, we should meet it in the same way and thus protect our interests and our industries.

Before taking my seat I want to say just a word or two in reference to—I was

going to say the wail; somebody used the expression "wail" this afternoon—that has been going on, not only in this House, but out of it, during this debate and in recent years, about the awful conditions under which we are living. I thought, if this went on much longer, the Hansard of 1922 would resemble the modern edition of the Lamentations of Jeremiah. I think it was the hon. member for Gloucester (Mr. Turgeon) who talked about reciprocity, about which we hear so much and which everybody knows we cannot secure even if we want to secure it. It must not be forgotten that the only time when the question of reciprocity was submitted to the people of Canada, they voted it down, and the majority in favour of the government was secured as much from the rural constituencies as it was from the cities. The hon. member for Gloucester said—and this was after reciprocity was defeated:

> At once we saw the industry and commerce of Canada decline in every direction from its prosperity to a state of dilapidation.

That is a very easy statement to make. It has been made so often that I have no doubt some people believe it. Of course, it is not true. The population of Canada increased more in the last ten years than in any other ten-year period. As regards rural depopulation, there has been a constant repetition of an unfair and untrue statement made by certain journals that were supporting the Opposition during the last few years. What are the facts in Ontario? The rural population in 1919 was greater than that of 1918; in 1920, it was greater than that of 1919, and again in 1921, it was greater than that of 1920. In the latter year the increase in rural population is 31,135, not a very bad increase, while the increase in population in the towns and villages in the same year was only 20,467.

We have heard statements about nobody going to schools, and this is a statement from the Minister of Education of the province of Ontario. The report of the Minister of Education just issued contains the information that the increase in the rural school population of 1921 over 1920 is 5,000. Surely that is sufficient. A gentleman whose name is very well known throughout Canada, Mr. T. Albert Moore, is writing a series of articles to the Globe —and I think they are appearing in other newspapers—on this very question. He has been deputed by his people to investigate the matter. Let me read one or two paragraphs from a letter which appeared under his signature two or three days ago:

> In a school section in Waterloo county, in 1884, there were 160 children in the families represented in the public school, and the average attendance was about 60 scholars. In 1922, with six more farm houses occupied, there were only 29 children with an average attendance of 23 at the school.

Mark that, with six more farm houses occupied than in the former year, there was this great reduction in the number of children. Is the tariff responsible for that? This is another paragraph. Listen to this:

> In 1884 in two homes there were 13 children; in one, 12; in three, 11; in one, 10; in two, 9; in one, 8; in two, 7; and in one, 5. To-day in these same houses, two have four children; one has three; three have one, and the rest are occupied by childless couples or bachelors.

I do not think it is unwise to put that on the records, for the reason, first of all, that the tariff cannot be blamed for that. In the next place I would like to say this—and I hope attention will be given to what I am going to say—that if the present generation in the rural districts and every other district would pay greater heed to the Book that tells them "to increase and multiply and replenish the earth," and less to the doctrine that is being preached by destructionists throughout Canada, there would be greater happiness and no talk about rural depopulation.

I should like to place upon Hansard the following statements in regard to the value of occupied farm lands in Canada in the years 1910 and 1920:

Value of occupied farm lands in Canada per acre	1910	1920
Canada	$33	$48
Ontario	48	70
Quebec	43	70
Manitoba	29	39
Saskatchewan	22	32
Alberta	24	32
British Columbia	74	175
Prince Edward Island	31	49
New Brunswick	19	35
Nova Scotia	25	43

Not a very bad showing for a farming country that has been going to the dogs for the last forty years. The output of wheat in 1910 was 132,000,000 bushels; in 1920, 263,000,000 bushels. The total farm production in 1910 was $663,349,190, and in 1920, $1,946,648,000. This year was very significant, notwithstanding the statements that have been made in this House and elsewhere that nobody could live on the farms any longer and everybody was in a state of despair, if nothing worse. The statement was that the acreage in crop

this year is 25 per cent greater than it was last year. I do not know any explanation other than that the people are trying to do their best honestly and fairly.

Let me give one other illustration. In Canada, there are 415,000 automobiles, and that is quite a few. If you average them at $1,000 apiece, which is not too high, that means an investment of $415,000,000. Somebody says, of course, that they are not luxuries. I am not going to argue what they are. There is the investment, and if a man puts $1,000 into one specimen of equipment, he may not be able to put it in another; but if a man buys an automobile in order to help him do his duty on the farm and elsewhere, and he is unable to buy a binder, he must make the choice; but the country must not be condemned because he makes that choice. The following table will show the number of motor cars registered in each province and the number of persons to every one car in the province.

Provinces	Total Motor Vehicles registered	Persons per vehicle
Alberta	38,462	15
British Columbia	28,850	21
Manitoba	37,571	16
New Brunswick	11,216	34
Nova Scotia	12,635	45.5
Ontario	177,561	16
Prince Edward Island	1,419	62
Quebec	47,159	41
Saskatchewan	60,314	12
Canada	415,187	21

That, I take it, is an evidence not of decay but of growth, when people can invest to that extent in equipment, if you like to regard the motor cars in that light, or in pleasure vehicles, if you prefer so to consider them. Canada is the second largest purchaser of automobiles in the world in proportion to population, as will have been noted in the table I have quoted. We have one to every twenty-one of the population; in the United States there is one to every fourteen, in England one to every 268; in France one to every 402; in Germany one to every 684, and in Italy one to every thousand. Saskatchewan, as I have pointed out, has one to every twelve. I do not think that this is any indication that the country is going to the dogs.

I may quote an extract or two, which I think will be accepted very readily by hon. members to my right. A short time ago the Ontario government issued what is known as the "Handbook of Ontario, Canada," intended primarily for distribution in the United States and England, I presume, although no doubt it was sent to other places, the object of the publication being the encouragement of immigration to the province. The book is issued, with the endorsation and approval of the Hon. Mr. Drury, by the Minister of Agriculture for Ontario, and has been widely circulated. In regard to conditions in Ontario, this handbook quotes certain newspapers. At page 201, the following is taken from the Farmers' Sun:

> Experienced farmers with moderate capital can find here farm homes in which they can enjoy all the comforts of a matured civilisation. Men without capital, but willing to work, can secure employment at wages which give an assurance to the farm labourer of to-day of becoming a farm owner in the not distant future. Inexperienced farm help command $20 to $25 per month with board. Single men with farm experience are paid up to $50 per month with board. Married men are paid as high as $700 a year with free house and other perquisites.

The Farmers' Magazine, another paper circulated in the interests of the Opposition parties, has something to say on the subject too. Listen to this, in regard to a country which it was stated in the election was going to the dogs:

> The province of Ontario stands at the porchway of a glorious future. Ensconced in the strategic centre of our vast Dominion, with the best wealth of soils, the clearest fresh water lakes and streams, and an understratum of minerals, the importance of which is yet little guessed, we have here all the requisites for a population of many millions, a land of real homes under skies that mingle sunshine and shadow in the best of proportions. Agricultural life in the past has been filled with a wealth of association in every township, and while the population in the rural districts has been shifting in recent years, the reasons are by no means as derogatory to agriculture as a first glance would indicate.

It goes on to speak of the value of machinery, the adoption of electrical power and so forth, and then proceeds:

> Such a movement among the maple lanes of our land bespeaks a busy, prosperous countryside in this province, snuggling as it does so contentedly in the arms of the big, fresh water lakes. A land of peaches, and pulpwood, of red apples and cobbler potatoes, of sleek cattle and Wiltshire bacon, Ontario will double her billion annual agricultural production in the very near future.

Take another one:

> To the young man looking out on life, to the parents who would "set up" a boy or boys in farming, to the Old Countryman coming to this new country, we would say, behold what good old Ontario offers:
>
> A home—brick and stone houses with all that makes for a home, ready and sufficient income, pleasant environment, trees, water, varying scenery, neighbours, convenient schools and churches and market centres, travel opportunities, daily mails, culture, accessible entertainment.
>
> Food in abundance, varied to one's taste.

These statements—and they can be multiplied a hundredfold, have been sent out by the Minister of Agriculture of Ontario with the approval of the Premier of that province, who was elected to remedy all the evils that exist in that province. They have been sent across to England and over into the United States, and if they are true then they disprove many of the contentions that have been raised in this debate. On the other hand, if they are untrue, surely the Prime Minister of Ontario and his Minister of Agriculture would not vouch for something that is unworthy of them or of the province. Now, the attractive conditions which are set out in this book are the result of 40 years of a protective policy, which has been approved by the majority of the people every time there was a straight vote upon the question. And that policy would be approved to-day if there were a vote upon the one question of protection. Under the circumstances those who pretend to oppose the Government at the present time, if they live up to their professions, must vote for the want of confidence motion before the House. I have no fear for the future of Canada. This country has prospered and will continue to prosper notwithstanding the mistake it made in December last. And it will prosper all the more rapidly if its affairs are placed again in the hands of those who believe in the protective policy and have the courage and determination to stand up and say so, not only when an election is in progress but when they come to the House to administer the affairs of government.

Mr. ROCH LANCTOT (Laprairie-Napierville) (translation): Mr. Speaker, the budget speech of the hon. Minister of Finance (Mr. Fielding) is always listened to with much interest by this House, and it appeals more particularly to the people of this country, for if there are new taxes levied on the great majority of the people, there is also some disappointment expressed by those who expect reductions on many articles mentioned in the budget. The hon. member (Mr. Charters) who preceded me in this debate will, I trust, pardon me if I but answer a few of his remarks. Amongst other observations, he said that a defeated candidate had been appointed judge or senator. He is not teaching the old politicians of this House anything new, because this has always been the practice of both political parties, and those who are so chosen to sit on the bench or enter the Senate, never complain.

So far as the budget is concerned, I have very little to add. Nevertheless I would have been better pleased had not beer been taxed. Beer drinkers are to be found almost everywhere in the province of Quebec. It is the poor man's beverage at the present time, because spirits are so highly taxed that it is almost out of the reach of a workman or of a humbler farmer like myself to purchase a bottle of scotch, gin, brandy or rye, and as I am in favour of temperance and should like to see it spread more and more amongst our Canadian parishes in the old province of Quebec, I wish to plead its cause and I therefore beg of the hon. Minister of Finance to find some possible way of dispensing with this tax of 15 cents per gallon on beer and soft drinks. Furthermore, Mr. Speaker, I would in no way object to an increase on Scotch and other liquors so as to compensate for the loss sustained by the removal of the tax on beer, and those who come as our guests from Ontario or elsewhere, even from the United States, will pay for the increase, and we shall be able to drink beer at reasonable prices.

As I have previously stated, Mr. Speaker, I find very little fault with the budget delivered by my hon. friend the Minister of Finance. I have, in the past, approved the late minister of finance when he proposed to this Parliament new taxes. I even previously upheld, when we took part in the war, in 1914, that the government of the day should have taxed the people so as to pay at least one-quarter of these war expenditures; but I understand that the far-seeing statesmen of the day did not wish to let the people know how much money was necessary to keep up this conflict; they needed men and money for the war. It would have been far preferable to tax the people at that time, because they had the means to pay such taxes; but to-day times are harder. Nevertheless, we must stand the racket. I am glad to see that the people at least realize what war costs, for I myself, I have heard people tell me in my county, "Why, you are against the war and we are making money while it lasts." They even lent money out at 5½ per cent with tax exemption. This was to their gain; but now the Government is going to tax them, and these same people who are receiving dividends from the Dominion of Canada, will, on the other hand, have to pay back. This, however, a little against their wishes, so as to liquidate this mania for war. If there is a person in

that House, who has a right to find fault with these new taxes, it is certainly your humble servant, because I was opposed from the outset of the second year to this senseless and immoderate policy followed by the two parties in this House.

Everybody must now acknowledge that in entering the war we went into it blindly, without knowing where it would lead us to; we foolishly squandered the people's money without helping very much the cause of the Allies, but rather to enrich the Canadian manufacturers and those engaged in making munitions of war. These same people invested the millions made during the war with the late Minister of Finance and were exempted from the tax on some hundreds of millions of dollars, and we, the poor people, who have a yearly income of three or four thousand dollars, we are forced to pay an income tax, while these gentlemen who have amassed wealth during the war, who have well sheltered their millions under the country's guarantee, who will be reimbursed cent for cent, receive, for two millions lent to the State, about $110,000 of yearly interest, and they are not taxed a cent on the above amount. That is what these people call patriotism.

Mr. ST. PERE (Translation): Commercial patriotism.

Mr. LANCTOT (Translation): As the hon. member for Hochelaga has just called it, commercial patriotism. For my part, Mr. Speaker, I do not relish this kind of patriotism.

In the course of this session, my right hon. friend, the late prime minister, alluded to the policy which I enunciated in my county in reference to the National Railways. As I have not had an opportunity to protest, I take advantage of the means offered to me this evening to reopen the discussion on this question with the leader of the Opposition. Not only have we foolishly participated in the war, but we have also foolishly purchased railways; that is to say, that those at the helm of the government of that day knew no limits; they threw away hundreds of millions, nay billions of dollars. Money was no object, anything went. It was even then admitted that the end was an unknown factor, that any extravagance was permissible, that we would always have money on hand. Well, is it not the contrary which happens? I discussed this railway question in my county and I wish to broach the subject once more this evening. First let us see how the railways started. I may say that it was a ruinous undertaking, and we are now wrestling with the consequences. In 1911, previous to the general election, the Laurier government was then in power; there existed in this country a company under the management of Mackenzie and Mann. They were the cause of many people doubting the honesty of numerous politicians in and out of this House. One of them was supposed to be a Tory, the other a Liberal. I came across them in this House, in the lobbies, in the railway committee room, and here and there. I was then a young man, having been in this House but a few years; my experience was limited and I was not aware of all that was going on. I was undergoing a business training. Nevertheless, I thought it proper to advise one of my leaders that the best thing the Liberal Government could do would be to close their accounts with that firm of Mackenzie and Mann, adding that if I had any say in regard to Canada's policy, it is what I would do without the least hesitation; that I would not give this guarantee of $35,000,000, so as to ensure the construction of the Canadian Northern between Port Arthur and Montreal, but that on the contrary, I would discontinue the building of this railway, expropriate its different western branches and hand over the traffic of such branches to Laurier's National Transcontinental. I was told that it could not be done. I did not then understand the ins and outs of politics; however, later, I became familiar with them. The opposition of that day, led by Mr. Borden, put up a weak protest but I suppose Mr. Borden had to reckon with Mr. Mackenzie, who guaranteed the party funds to beat Laurier; and that is what happened: of the $35,000,000 voted by the Laurier Government, a portion found its way into the Tory candidates' pockets all over the country, so as to defeat Laurier, and we certainly well deserved it. I regret nothing, because we acted wrongly on this occasion.

The leader of the Opposition several times, and all through the country, bitterly reproached the Liberal party for our extravagance in having built so many railways. Should I ever meet him on public hustings I would prove to him without the shadow of a doubt that the Conservatives are more to blame than we are, although I admit that we have to bear our share of this responsibility. If our project of constructing the Canadian Northern

between Port Arthur and Montreal was considered impracticable, why did the Tory party, five weeks later, when they assumed power, put the project to execution? It was their duty to remedy the blunder. Not only were they satisfied to take up our scheme, which was a poor one, but they also came to an agreement with Mr. McBride, then Prime Minister of British Columbia, and if the country had not come to the rescue of British Columbia by purchasing the Canadian Northern, that province would have been bankrupt owing to this senseless policy of building a third line so as to cater to a population of 376,000 people. I see to-day, on the order paper, that an hon. member is asking the Government if they have the intention of paying to Mackenzie and Mann the amount thus guaranteed. We, belonging to the province of Quebec, have been more fortunate than the other provinces of the Dominion.

Mr. ST. PERE (Translation): More business-like.

Mr. LANCTOT (Translation): More business-like. Yes, we were fortunate enough to have as administrators more practical men whose thoughts went to ensuring the welfare of the province they represented, rather than to preparing and winning elections as Bob Rogers used to boast about when he was a member of this House.

Now, I stated in my own county of Laprairie-Napierville, and I fought the election on that point, that if I were returned to Parliament, as far as I was concerned, I would be willing to sell our National railways if I could find a company to purchase them. However, I put down conditions; I would not sell to a "Toronto ring." I would not even consider the offer of a "Montreal ring," but I would sell to a company called the Canadian Pacific Railway, which is a responsible company and well able to pay us. I would sell them the whole system of railways for one dollar. This is cheap; however, if Rockefeller, who is in a position to purchase our railways, and to pay for them cash down—for he is considered worth two billions and a half, and we have property to the extent of 1,652 million dollars, according to the statements made by Sir Joseph Flavelle, who manages part of our railways—if Rockefeller, I say, owned these railways and obtained the results we are at present getting, do you suppose for a moment that he would like to hold them long? He would simply say: let us get rid of them, I shall slightly increase the price of my oil and I shall get out of it. We have built our railways in this country 50 years ahead of time. Notwithstanding the ability of a company to pay for the whole system, it would never make a success of it. I shall prove my contention. We have at present a population of 8,700,000, people spread over an area as large as the whole of the United States of America. Now this latter country has not made a success of its railways, although it has a population of 110,000,000 inhabitants. With practically three transcontinentals which spans from ocean to ocean a territory as vast as ours, what can the solution be to the problem? Should the Government wish to carry on this policy which is not to my liking and which costs us enormous sums each year, there is but one thing to do and that is to discontinue operating one of these lines, that one which extends between Ottawa and Port Arthur. If, there are a number of settlers scattered here and there, for 25 or 30 miles along this railway, we can satisfy them by allowing them the use of a kind of so-called local train. That is due to them because it is the building of this railway that drew them to those parts. Let us come to an agreement with the Canadian Pacific Railway so that they will operate this railway line, and, if necessary, grant them a certain amount of money for a number of years. Let us do more, if we find the same state of affairs exists in other parts, let us repeat this arrangement. I am told that in British Columbia, from the prairies to Vancouver, there are but few houses scattered here and there along the line of the Canadian Northern, and that the upkeep of that line is a clear loss to the country of no less than $8,000,000 per year. Why then not put a stop to such loss? Why do I wish to sell our railways for $1.00 to the Canadian Pacific Railway? Because they have an efficient staff, because they have a board of directors who are past masters in railway affairs.

This company would do away with all duplications which at present exist on the lines, and, within five years it is the people of this country who would benefit the most, because if the Canadian Pacific Railway succeed in making the National Railways pay, when we fail to do so, the country will benefit by it, let it be in five or ten years.

What do we hear every day: With the present freight rates life is unbearable. If we cannot exist with the present rates, we

the farmers, must cut them down. But how can you expect a government to do so when it acknowledges a deficit of $72,000,000 yearly, simply to keep the trains moving, without taking into account what is expended each year for the maintenance of these railways and charged to capital account and therefore bearing no interest. We must not only take into consideration the actual deficit that the Minister of Railways admits each session in his statement, but we must also consider what we spend yearly for maintenance. Our National Railways cost the country last year $165,000,000 which the late Minister of Finance advanced. If we are already losing money with a smaller capitalization, how can we expect profits by doubling this capitalization? We have sunk enough money. Let us put a stop to it.

Mr. Speaker, I contend that should we persist in operating our railways, it will lead this country to positive ruin. I am always astonished to hear partisans of nationalization tell us: "For Heaven's sake keep quiet, let those who are in favour of nationalization have their way, and we shall make a success of it; time means nothing, wait until we have doubled our population." Do you expect to draw many useful immigrants to this country with the policy which has been expounded in this House during the present session by grumbling that one cannot exist in Canada if the tariff is not lowered on all articles?

Have not the Progressives proclaimed high and low in this House that it is impossible, at present, to make a living in the West, and that we must not encourage people to immigrate there.

Mr. McMASTER (Translation): It is worse in other places.

Mr. LANCTOT (Translation): I cannot understand, Mr. Speaker, that intelligent men, such as I know many in this House, try to compare our vast system of railways with an electric tramway located in a small town of Ontario, Quebec, or any other place. I have the honour of sitting, in this House, not very far away from a highly intelligent gentleman, who gave as an illustration which to my mind is not at all comparable to a situation such as that of 22,000 miles of railways in a country like ours having a population of 8,700,000 inhabitants. He said, in this House, that the small town he comes from possesses and operates with profit an electric tramway. It is quite evident that in such a case the municipal council establishes the rates so as to meet the expenditures, not for profits but simply to make both ends meet each year. Well, I put it up to those who, in this House, are in favour of nationalizing our railways, to follow that example, and I, for one, shall put up my share. If you insist on nationalizing our railways and all public utilities, pay for it gracefully and do not bitterly complain and call upon the Government to lower the taxes. For my part, I contend that it is the only policy to follow for a party in power and for the country at large. Many of my hon. friends in this House protest against the taxes; they even contend that banks should not be taxed. These hon. gentlemen are no doubt forgetful of the fact that we have just emerged from a mighty war; they forget that our politicians, such as the hon. leader of the Opposition for instance, were in favour of sending even our last man and spending our last dollar for the war. He succeeded very well, and he was supported by a large majority of members in this House. That is evidenced by the results of the 1917 election when the Progressive party, who are now opposite to us and the Ontario party who sit on both sides of this House, were in favour of ruining the country to win the war. Has human blunder ever been more evident? Do not try to make believe to an intelligent people such as Canadians are, that 300,000 men were of any account in that war when there were 43,000,000 men already engaged in the European conflict. It is impossible for me to believe such a thing. I say that our boys did their duty during the war; but we must not forget that our politicians of the day—who ruined us—kept within our boundaries during that whole time, 172,520 men so as to give chase to our conscripts of Quebec. They held back about 50,000 men in England. They were calling for conscripts when the United States had just made its entry into the war, backed by all the gold and silver in the world. Yet they had not sufficient vessels to transport the American troops. Why did they want conscription in this country? To hammer on the province of Quebec and say that we had not done our duty. When I speak in this House, I assume all the responsibilities of what I say, and do not drag in others. I have already declared in this House, and I shall do so again, that had I been, at the time, twenty-two or twenty-three years old, never would I have gone to fight in France, but on the contrary, I

would have remained in this country to fight for my race, because we do not enjoy our full rights, we have never had them. We were asked to go and battle in France for the freedom of nations, to have Belgium's neutrality respected. We have our own little claims which deserve consideration as much as Belgium's neutrality—such as, for instance, those of our compatriots in Ontario or in Manitoba.

I will make a statement here this evening. I am not of the same opinion as the leader of the Opposition who still wishes to prepare soldiers for future wars of the Empire. Well, as regards the Empire, I agree. However the Empire is still standing and we are crushed, we are completely ruined; the Empire is discharging its obligations since the termination of the war, while we, ever since that date, are increasing them. Let the Empire take care of itself and let Canada look after her own interest, such is my motto. No, we have had too many humbugs in this country. Even now, at this very time, there is a small group, in the corner over there, who expound their senseless policy and which is entirely out of proportion to our means. They make comparisons. They contend that we spend 17 cents per head for a navy in Canada, while England spends $10 per head for its navy; but there is a vast difference between John Bull and the colony of John Bull, which by name is called Canada. We all know that England has still money lent all over the world, some say ten billions, others eighteen or twenty billion of dollars; let us put it at fifteen billions. England is in need of a merchant marine to reach the products of the whole world, to carry back to her islands what is needed to feed her population and to gather the interest due to her. Moreover she needs a fleet to protect her trade throughout the world. There lies the reason why Germany declared war on her so as dispute her supremacy. Engand said: Never! She was the top dog; so much the better. We took part in the war and I extend my congratulations to those who volunteered to take part; let those who wish to fight for the Empire do so. But let it be understood, the Empire must pay, it will look after our soldiers as they did for the African war and I shall not hinder any one from taking part. I do not say that I shall myself shoulder the rifle, I am getting old and I do not intend to join.

Now, I support this Government because I am a Liberal. I am a Liberal of the old school, not one of those who have come in at the last hour, at the last moment, who were simply shoved in, but a descendant of Médéric Lanctôt and others like him. I have always been an anti-militarist and I had cause to be so, because if we have made preparations for the war they were never an asset to us. Is there an hon. member, in this House, who can say that our navy—if we ever had one, and we did, it was made up of the Rainbow and the Niobe, the Conservatives had a good laugh over it, nevertheless there was a time when they seemed very proud of it—I ask, is there a member who can say that our navy was of any use ever since we have been a British colony? Our militia did us a good turn in 1812; but what has it done since? When Uncle Sam wanted a portion of our territory, did he not take it? I am speaking about the state of Maine. In regard to Alaska, did our delegates, who went over to defend our case, return satisfied? They were hoodwinked by John Bull, and Uncle Sam returned satisfied.

An hon. MEMBER (Translation): What about the embargo?

Mr. LANCTOT (Translation): The embargo! I have nothing to say in regard to what England is doing; I would be the last to rise and claim that the embargo should be lifted. If England has not the courage to impose a tax on the importation of cattle from foreign countries, and if she wishes to obtain the same result by using other means, it is her undoubted right. But if, as it is said, England had promised during the war to our statesmen that she would lift this embargo once the war was over, I say that she follows in the footsteps of Germany, and she does not honour her promise. That is all I have to say. I do not know if it is true, but if it is, such is my answer.

We have a debt that is enormous for a small population like ours, and a country so little developed. The hon. Minister of Finance informs us that this debt amounts to two and a half billion dollars, but it is nearer three billions, according to the Official Gazette, and I consider that the gross debt of any country is its real liability. I am satisfied that none of those who owe us will ever pay us; governments are not always paid what is due them, especially the government whose seat is at Ottawa. Moreover, there is the railway indebtedness which is already enormous and which ere long will be as high as that of the country. People lose sight of the fact that this is a real indebtedness. If our rail-

way brought us any revenue, it would be different, we would then have an asset, but there being no revenue, it is a real liability. I would like to know how much the minister pays annually for our guarantee bonds for Mackenzie and Mann, the Grand Trunk and all the companies we recently purchased. We must face all those obligations. According to me, the remedy is simple, I think we should try and sell our railways as soon as possible, either for one dollar, or for more if we can. I am not difficult to please as to the amount, provided we are rid of that white elephant.

I do not know whether the people of the West and of Ontario are actually in favour of public ownership of railways, but their representatives in this House are. I therefore believe that I shall not please these gentlemen in speaking as I do this evening, but I am always ready to express my thoughts openly. During the war, I received letters from a great many people in the province of Ontario, whom I did not know, and who wrote to me saying: Sir, we have not the honour of your acquaintance, but we are happy to congratulate you, because you are not afraid to speak out what others dare only whisper.

I do not wish to detain the House very long, as it is already late, but I have another subject to discuss, it concerns lawyers. Those gentlemen are not always pleased at what I say, but, as my hon. friend from Peel (Mr. Charters) referred a while ago to a lawyer who had either been appointed to the Senate or to the Bench, I also wish to speak of another lawyer. This gentleman was a lawyer formerly, but now he has given up law for something quite different, as I shall tell you, Mr. Speaker. As you know, I am an eonomical man. I preach economy and practice it as well. I proved it at the time when the parliamentary indemnity was increased. And if I opposed it, it was not for the purpose of acquiring political friends in my county, they had all been my supporters before that.

Mr. McMASTER: They are intelligent people.

Mr. LANCTOT: That is it, as my hon. friend from Brome has just stated. There are here, in Ottawa, a parliamentary counsel, two chief-assistants, two special assistants, clerks, stenographers, in fact, quite an organization which costs $24,260. Before 1913, its cost amounted to only $12,000, and now that we are ruined, it costs double. I do not see the reason of it, because I wonder what they can find to do when the session is over. Yet, everybody to-day is employed by the year. Well, I shall show in a moment what my right hon. friend the leader of the Opposition (Mr. Meighen) did when he was Prime Minister, with the aid of my hon. friend, Mr. Charles Doherty, of Montreal. The former Minister of Justice, the hon. Mr. Doherty has made several trips to Europe. At the time of the dissolution of the National-Liberal-Conservative government, in October last, Mr. Doherty had not yet returned from the Geneva conference, and during his absence, the hon. Prime Minister had replaced him by a Mr. Bennett from Calgary. After the arrival of my hon. friend, his Montreal friends informed him that he was no longer Minister of Justice. You will admit with me, Mr. Speaker, that he cannot have slept very soundly after that. A few days later, the then Prime Minister left for the Eastern Townships to deliver speeches in support of protection. He had to pass through Montreal on returning to Ottawa. I am informed that the minister who had been dismissed from office met the Prime Minister and that the latter was compelled to appoint him as a lawyer in a certain case to be settled between Canada and Newfoundland concerning Labrador, at a fee of $10,000.

Mr. RINFRET: Per annum?

Mr. LANCTOT: I am told that it is not per annum, but .for the preliminaries of the case. I do not know much about a lawyer's work. However he must do something since his fees amount to $10,000. But Mr. Doherty accepted on certain conditions. He immediately received $5,000. He came back, they say, broke, from the other side. He had to have money by all means. Therefore $5,000 was given to him. I have had a conversation about this affair with a very good friend with whom I have had excellent relations both in and out of the House. He lives in Toronto, and was once Minister of Justice, I may add that he is both a gentleman and an honest man. I am told that this lawyer of Toronto deals with governments as he does with private clients; when he works, for instance when he prepares a brief for a case, he charges the government exactly what he would ask from a private client. You will admit, Mr. Speaker, that Mr. Doherty is not an ordinary lawyer, and I shall prove it to

you. He has become a white elephant whose upkeep is most expensive. Sometime ago, I had a question inserted on the order paper concerning this gentleman. This question mentioned the date of May 11th, 1855; I could not go back any further than that date, as my friend was born on May 11th, 1855. Here is the answer which I was given. First of all, as judge he received $78,147.50; as a state pensioner, $70,893.33 —this is sometime ago, it is more to-day, he continues to receive $4,666.66 per year— but this is not all. He has travelled as a judge, but it amounts to very little, $282.90. While a member of the House of Commons he received as parliamentary indemnity, the sum of $40,555. Furthermore as Minister of Justice, he was paid $76,636.20. Now, during his term as Minister of the Crown, he received for travelling expenses, the sum of $3,196.25. Lastly, as counsel for the arbitration between Canada and Newfoundland concerning the boundaries of Labrador, he was paid in advance, the sum of $5,000. The department has no further knowledge of his receiving any thing more. He got nine thousand and a few hundred dollars for trips to Europe during the war, one of which was to represent Canada at the Peace Conference, at Versailles. My hon. friend from Wellington South (Mr. Guthrie) also took a few little trips—I hope he had a good time—for the amount is but a bagatelle, $9,000.

I have my doubts, Mr. Speaker, if according to the act amended in 1920, Mr. Doherty, as attorney of the Justice Department was entitled to draw his full salary. The amendment for which I was sponsor and had adopted in 1920, was to the effect that the pension of a retired judge must be deducted from his indemnity, when he becomes either member of this House or of the Senate or a Minister of the Crown. I should like to know from the present Minister of Justice whether the law has the same effect when applied to the Government's attorney. I do not ask for an immediate answer, however, I trust that one will be given me in the course of this session. While I am on the subject, you are aware that we, the farmers, are usually men who practice and preach economy. We should very much like to know if it is not too late to remedy this state of things. What do we see here, at Ottawa, in all the departments. There are it seems, law officers in eleven departments. It is not mentioned whether there are one, two or three in each case, but there are lawyers in eleven departments. In the Department of Justice there are quite a number. In the House of Commons, we find four, I believe. I ask the Minister of Justice, who is a lawyer and a business man of the very highest standing, if it is not possible to improve on this state of affairs and to establish an office of legal experts which would advise all the different departments. We could provide offices for these legal men in some building in Ottawa, and when a department would wish to proceed with a case, they would submit their case to these officers; because, as I understand it, there are lawyers who specialize in procedure, others in the preparation of statements, still others as barristers,—finally others who are very little use. This office should be under the direction of two lawyers who could be got in Montreal or Toronto, men chosen amongst the best legal luminaries of this country, should it be deemed necessary, they would be placed in charge of a certain staff. Instead of paying as it happened about $180,000 to Winnipeg lawyers when certain famous cases took place in that city, I contend that we could have saved by these means for the country an amount which I am not in a position to give, but which must be very considerable. Ever since I have been a member in this House, I have seen a great number of lawyers come from all parts to ask favours and cases and all t' is must have been very expensive to the country. Tomorrow, it will be said that Roch Lanctôt is an enemy of lawyers. No, I am not against the lawyers, but let us act in a business-like manner, because we are called upon to pay; it is the people of this country that have to foot the bill. When you think that we farmers have not had a crop for two years and had to buy the feed for our cattle, that we are called upon to pay larger taxes every year, when we realize that if we desire to-morrow to draw $500 from the bank, we shall have to put on our cheque ten two cent stamps—and I assure you that you cannot get much from a lawyer for that amount; they require much more than that—I say: For mercy's sake, let us adopt now a policy of economy.

Note the point which I am trying to make. It those who hold the higher posts would show the way to the people, what would it mean? You would not see such things as are happening now at the offices of the ministers and hon. members from the city of Ottawa. Every day hon. gentlemen are visited by people who are asking for an

increase of salary. They are only following the example set by men of higher rank who are drawing pensions which they never earned. Do you consider, for instance, that Mr. Doherty has earned the pension which he is getting? No. If this policy is to be continued in the future, it must be subject to certain conditions. Do you know, for instance, who was responsible for the Bolsheviki régime in Russia? It was the Czar himself. I say that we must abandon such a policy, which, in my opinion, is a policy of extravagance and one which is detrimental to certain classes of the community. Instead of that, let us adopt a policy for the people as a whole.

Now, take our railways. Why shall they never be a success? Is there a government in the world that can do what a private company can accomplish? Right here, you can not do it with the civil servants. You must give them a bonus, against your will. Can you reduce the wages of the railway employees?

Let us see what took place during the last election. They say that patronage has been abolished and that the Government do not interfere with the management of our roads. Well, it as been shown very clearly that the Minister of Railways and the Minister of Labour intervened to procure work for the unemployed in some constituencies. But there were unemployed men everywhere and the same thing should have been done in every constituency. A government cannot act as firmly and as wisely as a private concern, and that is why I say: Pray, let us rid the people now from all these burdens and that everything be set up again as it was before the war, if possible. Thus you will see that a government such as the one we have now, composed as it is of honest ministers who have already administered the public affairs, will be able to pull the country out of the mire it is in now.

Mr. THOMAS SALES (Saltcoats): Mr. Speaker, I am a little differently situated to most of my friends; I have a personal matter with the hon. Minister of Finance (Mr. Fielding). He has enlarged a tax which seems to be rather unpopular, and unfortunately I am the only man in the House who bears the same name as that tax. I find that even hon. members are coupling that tax with my name. So what is going to happen to me from the less intelligent of the community outside I do not know. Probably if I cannot persuade the minister to change the name of this tax, I shall have to seriously consider entering an action against the Government for defamation of character.

But to deal with the matter seriously, if I cannot persuade him to change the name of the tax, I certainly would like to appeal to him to change it so that it will bear more lightly upon the working man. We are rapidly getting the reputation of being the dearest country of the civilized world in which to live. My hon. friend from Maple Creek (Mr. McTaggart) was talking about tobacco this evening, and it brought to my mind a little trip I had to Niagara Falls on the 25th May. While there I found I could buy a package of Tarryton's English tobacco twice as big as the package I can buy on Sparks street at the same price, and I bought a box of matches for six cents very nearly as big as the box that I have to pay fifteen cents for here.

In appealing to the Minister of Finance to reduce the sales tax on the necessaries of life I want to relate a little incident that I witnessed last winter. A poor man was in a store and was trying to buy for his family felt boots, stockings, mitts, caps and other articles that they absolutely must have for the winter. He had with him only $50, and when he had expended this sum he had but half the number of purchases that he needed. The big, strong fellow cried because he could not clothe his children to withstand our very severe climate. I am sure that if the Prime Minister and the Minister of Finance could only understand how this sales tax bears on the poor man they would certainly remove it, say from boots costing $5 a pair or less, and on mitts and other articles of clothing which are absolutely necessary for winter wear.

With regard to the rest of the sales tax, I have no objection. I fully agree with my hon. friends who say that the man who can afford to pay $5,000 for a motor car can afford to contribute $1,000 to help run this country. I fully agree with them that the luxury tax was the best tax we ever had. Certainly the man or woman who can afford to pay $300 for a fur coat can afford to help towards the expenses of governing the country.

I am sorry that the hon. member for St. John (Mr. Baxter) is not in his seat. He will ever live in my mind because of two favourite phrases of his. He speaks very glibly of thirty cents, and I wonder whether he knows what thirty cents feels like when he has not got it. I do not believe that this House has had enough mem-

bers in it who know what thirty cents feels like when they have not got it. His other favourite phrase that I shall never forget is a " morganatic alliance." He appears to know more about morganatic alliances than any other member. I do not know exactly what he means by the term. For my part, I have been satisfied with one wife, regularly married at church. But I think we saw this afternoon a " morganatic alliance " of a slightly different kind, and I suspect that we shall see a few more of them before this session closes.

I noticed that my hon. friend from Swift Current (Mr. Lewis) referred to his domestic affairs. The last time I ventured to refer to mine the House laughed uproariously for some reason or other, which makes me somewhat afraid to return to the subject. But as my hon. friend has spoken of his family, and as I do not intend my French-speaking brothers to have all the honours on this occasion, I may say that I have the hon. member for Swift Current beaten by two. So that when it comes to thirty cents on a pair of shoes, which the hon. member for St. John so glibly speaks of, and I multiply it by eleven, it is not thirty cents any more, it is $3.30.

I should like to remind the hon. member for St. John that while he speaks of the traditional thirty cents, we have it on record by a greater authority than he that the difference between happiness and misery is only twelve cents. Charles Dickens in the person of Micawber says: Income, one pound, expenditure, one pound and six pence—misery; income one pound, expenditure, nineteen shillings and six pence—happiness. So you see it is only a matter of twelve cents difference between happiness and misery. But the hon. member for St. John says, "It sounds like thirty cents." I shall reserve anything further I have to say on the sales tax until we get into Committee of the Whole.

I have been a little amused at the difference of opinion among our friends on the other side of the House. The hon. member for Brantford (Mr. Raymond) is not quite as lonely over there as I thought probably he would be. And even our good friend the Minister of Agriculture (Mr. Motherwell) this evening found something in common with him; they both used the same happy phrase of a tariff for revenue, providing incidental protection.

The fear has many times been expressed that if we do not pursue this policy of protection our industries will go to the wall. I had intended to deal at some length with matters affecting the twine business, but I shall not do so tonight. The association with which I am connected out in the West has bought a large quantity of twine from the Brantford factories, and I know they say they do not need protection; they stand on their own feet. It is a strange thing that the large number of persons mentioned by the hon. member for Brantford (Mr. Raymond) are unemployed in that city because of the closing of their factories, while factories which are working under free trade are operating full time and over time. I am really afraid that the protectionist doctrine leads to this—and I am going to quote only one thing which a manufacturer of binder twine says:

> The success of the Brantford company is found to depend on quality of production and hard work, on good management, courage and efficiency. The company commenced business with the single idea of making the best binder twine on the market. It carried out that idea, and at a cost as low as its competitors, because the company's management was willing to work 24 hours a day if necessary. Flung on its own resources, with no tariff protection to shelter behind, the company substituted for that protection a constant striving for efficiency in buying, in manufacturing, in selling.

A manufacturer said to me in this House this very week that if the protection were taken away from our manufacturing plants they would have to stand on their own feet, and that it would be the best thing that ever happened to them; as long as they have protection they are going to lean on it. We have proved that our manufacturers can stand on their own feet. In fact, the manufacturers of farm implements are invading the very field which they say they are afraid of. I find that since 1914 a considerable number of agricultural implements manufactured in Canada have been sold in the United States. In 1919, $3,131,584 worth of agricultural implements and parts were sold in the United States, and in 1920 that trade was increased to $5,123,889. On looking up the figures I find a number of interesting things. For instance, in 1920, 12,094 ploughs and cultivators, amounting to $1,666,461, were sold in the United States, and 1,026 threshing machines at about $800 each, amounting to $850,375, were sold in that market. I cannot help wondering whether our agricultural machinery made in Canada and exported to the United States is sold cheaper in that country than it is within our own borders, because I

do not know of any kind of threshing machine that I can buy for anything like that amount. All this talk of protecting these forty-four year old bewhiskered infant industries of ours is rubbish. The Minister of Agriculture is becoming quite an authority on infant industries. As those gentlemen who were with us when we took that very pleasant trip to Quebec will remember, the Minister of Agriculture stated there that there was only one way to make farming pay, and that was to have a large family so that it would not be necessary to pay wages and so that you would be able to keep all your money at home. I said to him on the train on the way back: "Mr. Motherwell, you have started a new infant industry". The hon. member for Peel (Mr. Charters) read such glowing reports to-night from that Ontario book that I wondered that there was a man left in the towns and cities; judging from the character of those reports, they should all be attracted to the farms. The hon. member for North Winnipeg (Mr. McMurray)—and I have heard doctors, lawyers and merchants, everybody except the farmer, say the same thing—spoke of the glories of farm life. All those who speak from this point of view agree on two things: first, that what this country needs is more people on the land; and, second, that it is the other fellow who should go. I sometimes think that I should be better off if I gave up living on the land; if I left the farm and lived off the farmer and joined in the universal chorus of "Back to the land" as the finest, freest, and most independent life there is.

There is just one other point I want to deal with—and I shall not detain the House very long—because I think this question is one of the most important we have before us, and it is one which has not been referred to very often during the course of the debate. I refer to the question of the distribution and marketing of our products, which was alluded to briefly by the hon. member for Brandon (Mr. Forke). I want to say, Mr. Speaker, that it is not altogether the price we get for our product that counts; we may get 80 cents a bushel for our wheat, but it is what we can get for that 80 cents or for that bushel of wheat that is important. I am going to give you a few illustrations to indicate why the western farmer, at any rate, is finding it very difficult to make ends meet. I marketed my wheat in October, the price then was 80 cents a bushel. My good wife asked me to bring home some apples, and I went to the store to get a box of apples. Now, I got 80 cents for 60 pounds of wheat, and to my surprise I was asked $4 for 40 pounds of apples. When the storekeeper said: "How many do you want?" I said: "I do not want any at that price." "But", he said, "These are MacIntosh Reds." I said: "I don't give a darn if they are Cochin-China Yellows; I don't want any. I will not give 300 pounds of food in the shape of wheat to buy 40 pounds of food in the shape of apples; neither would any other man in his senses." Under our wheat board we had the control of flour—I have stated this in the Committee on Agriculture—and for the price of 3 bushels of wheat I could get a 98 pound sack of flour, but the moment the control was taken off and the millers were left free it cost me the price of 5 bushels of wheat to buy that same 98 pounds of flour.

I was dealing with some of these matters during the recent campaign, and in that connection I had another strange experience. Take soda biscuits, for instance. I do not know what else is in them beyond flour, which is made from the wheat I grow, water, and perhaps a little shortening, yet it costs me sixty pounds of wheat to buy two small packages of soda biscuits, containing a little over two pounds—sixty pounds of wheat to buy two pounds of soda biscuits. To buy twenty pounds of rolled oats, it costs me over one hundred and forty pounds of oats. I could not carry enough hides on my back to buy a pair of boots. We have heard of the man who took his sheep to market, and when he had paid freight and marketing charges got only thirty cents apiece for them, then he went into the hotel to get a mutton chop for his dinner, and that cost him the price of three sheep. I have friends in Regina and Winnipeg who tell me they cannot afford to buy my beef. They told me that last fall. I could not give it away, and I was afraid to ship it to Winnipeg for fear it would not pay the freight.

What is wrong with this country when such conditions prevail? If there is one thing to which this House should devote its attention, it is to finding out what it is that stands between the man who grows the stuff and the man who wants to eat it. Whether it is combines, watered stock, the paying of millions of interest on watered stock, or whether it is that big business is strangling this country, I do not know, but that is the situation, and I believe that this House should take early steps to ascer-

tain and make the public aware who is the guilty party. We cannot keep men in this country, and we cannot expect wages to come down unless we can find a remedy for the present situation. I do not know exactly what the remedy should be. Everybody seems to be able to prove an alibi pretty well. It makes me think sometimes of a patient who is being sucked to death by leeches. I remember as a boy going into a horse pond in the Old Country and having the leeches get on my leg, each one drawing out a little blood. I think the consumer to-day is in pretty much the same position as a patient who is being sucked by leeches. He pushes off one little leech, and it says, "I am only getting a little bit, only thirty cents, perhaps. I have to get my living." He pushes off another, which also says, "I am only getting my little bit," but all these little bits, a little bit by the tariff, a little bit through watered stock, a little bit by this, that, and the other, soon bleed the victim white, and a remedy must be found.

I apologize for detaining the House so long, but if my words have any effect in bringing about appropriate action, I shall be very pleased.

Mr. JULES EDOUARD PREVOST (Terrebonne) (Translation): Mr. Speaker, the speech on the budget as given by the Minister of Finance has many remarkable aspects. Looking at it from all possible angles would be a great task beyond my sphere and which, moreover, would tax too highly your patience, however boundless it may be. But allow me to dally, for a few moments, over certain phases of this important speech.

First, have we not all been filled with admiration at the intellectual powers, the profound knowledge of his subject, the clear and lucid mind, the sound and unimpaired judgment of the Minister of Finance, the cleverest Canada has ever produced? His return to the post he occupied during fifteen years, from 1896 to 1911, recalls the unparalleled prosperity which so well marked the administration of Laurier's government. The member for Queens and Shelburne, after a lapse of eleven years, is again chosen to watch over our finances. May it please the Almighty that with his advent the order and prosperity of days gone by may return.

The Minister of Finance has a most important part to fill and, I might say, decisive part to play in times of crisis such as we are passing through. Ever since the end of the war, it is on this department that the heaviest burdens and the most serious tasks have fallen. Although the Railway Department has a difficult problem to solve, the complexity of which is undeniable, yet the Finance Department is the organism of the Government where is met all that pertains to the economic life of this country. If, according to a celebrated saying, good politics bring financial success, it is no less true that, at present, the financial factor predominates in many ways the political factor, or, at least the latter must give way to the former. Therefore, the Minister of Finance must have the power to impart a character of unity to the financial policy followed.

It is indispensable that he should have a free hand in the preparation and the making up of the budget, that he should display the aggressiveness of the watchdog, a quality which should ever be present in a minister of Finance. Ever on the alert, he makes it a point not to give in when favours usually granted as a matter of course are being sought on every side. His supervision must extend over the receipts, watch that they be not neglected, as it happened under the late government. His labours do not end here. There remain many other jobs to successfully carry out. We must prepare to reimburse little by little the debt incurred by our country.

Then, in the midst of all this, appears the great needs, both foreseen and unforeseen, of the treasury, put to a specially hard test by the commitments and expenditures inherent to the nationalization of railways and the merchant marine that make up the major part of our budget. To meet these difficulties the Minister of Finance must have a definite policy, resting on a comprehensive and clear view of things. Through the critical times we are experiencing we must in the administration of our finances adhere to a consistent policy, raise revenues by the means of taxes justly assessed, practise economy in our budget expenditures, and forward the expansion of our foreign trade.

The present Minister of Finance gives ample proof of his consistency and of the loyalty of the Liberals to their programme, through the changes he brings about in our tariff.

By lowering, as much as circumstances will permit, the duty on numerous articles, the minister returns to the Liberal policy of 1897, when the customs duties were cut

down on 147 articles. The present policy conforms to the one which was followed up by the Laurier government in the changes which it made to the tariff not only in 1897, but also in 1904, 1907 and in 1910; it is likewise in harmony with the changes which were proposed in the House of Commons by the Liberals ever since 1911, namely, on January 28 and February 10, 1914; March 16, 1915; February 23, 1916; May 23, 1917, and at the national convention in 1919. It is true, events took place which have changed the financial state of our country, and as the tariff must not be the outcome of an unrelenting doctrine, but, on the contrary, must adapt itself to circumstances, and safeguard above all the general welfare of the country, the present Liberal Government is not adhering strictly to all the reforms asked by the Liberals within the last years. Nevertheless the spirit is unchanged; the tendency remains the same; the Liberal party is still led by the cardinal principle which has been the mainstay of its policy in the past.

Confronted with our public debt seven times larger than it was previous to the war, in the face of the interest which we have to meet yearly, with railway deficits staring us in the face, and called upon to meet the demands of the country's administration, the first duty which devolved upon the Minister of Finance was to meet our current expenditures, our maturing debts, and provide for the pressing needs of Canada. It was impossible for him to discharge such large obligations without levying taxes. This is what he cautiously did, although, I admit, a closer scrutiny might wisely modify a few of these taxes.

All the theories in regard to taxes are embodied in general rules, indicating the aims sought: that is, to raise the most funds in the easiest possible way, from the ratepayers, at the same time interfering the least with the productive power of the country. It would not be a matter of surprise for any one if the Government found themselves under the necessity of imposing new taxes.

The Conservative and Unionists governments, which followed one another within the last ten years, bequeathed to the present Government as a legacy the heaviest task which has ever burdened a parliament. Our predecessors squandered money and, whatever may say their panegyrists, this unconstraint, this squandering have enormously inflated the already large amounts which the war demanded so that accounts for our public debt reaching, not millions, but billions of dollars. Who will figure what, first the Borden, then the Meighen governments have cost the country? And then these governments after recklessly squandering and deepening the chasm of our deficits, have left to their successors the heavy task of paying the formidable bill of their extravagant expenditures.

The new Government is fully aware of its immense task. Those who are responsible for such a state will not miss the chance to make the best of it. They will denounce before a roused public these new taxes which the Government will have to impose so as to restore order in the finances left by them in a state of confusion.

Mr. Speaker, the people responsible for the taxes are not so much those who establish them, but those who made them necessary. The country was made aware of the administrative squanderings, pillaging of public funds, frauds, enormous benefits of the profiteers, the scandals of war contracts, for which the late government is responsible, and that is why they were judged and condemned.

On the other hand, while imposing new taxes the Minister of Finance, so as to relieve the high cost of living and relieve as much as possible the ratepayer, lowered the customs duties which, after all, are paid by the consumer. Taking an interest in the welfare of the masses as well as that of our national industries, the King government seeks to lower the high cost of living, by cutting down the duties on a great number of articles of daily use and on the necessary implements for the development of our national resources. Let us not lose sight of the fact that the tariff is the greatest source of our revenue. However, the tax and tariff should not and must not overstep a certain limit otherwise they become detrimental to the people who bear them; we must watch so as not to destroy the source of our economic life and paralyze our commercial and industrial development. Therefore, another duty imposes itself on the country, on the Government, and the Minister of Finance reminds us of it. It is not enough to have removed from power those who by their poor administration have so seriously imperilled the finances and credit of Canada. The people demand that those in whom they placed their trust not only redeem the extravagances of the past, but also show an honest desire to maintain the financial equilibriun.

by putting into practice a rigid policy of economy.

In fact, the increase in the yield through taxation cannot suffice. The budget cannot find its bearings; the treasury is empty, the deficit enormous.

Our national debt which amounted to $300,000,000 in 1914, to-day amounts to more than two billion dollars; the interest alone figures up to $140,000,000 per year, compared with $14,000,000 in 1914; we pay out in pensions and assistance to disabled soldiers more than $60,000,000 yearly; our railways leave us with an annual deficit of $70,000,000. Even now, I have not enumerated the whole of our heavy obligations. So as to follow a firm policy of adjustment of our finances, the strictest economy is necessary: it constitutes a whole political program and becomes absolutely indispensable to the proper balancing of our finances and to the economical uplift of our country.

The Government is therefore right in restricting as much as possible our expenditure. Would it not have seemed more than strange, for instance, that three years and a half after the war, when disarmament is preached everywhere and to attain that end conferences are held in all parts of the world, would it not, I say, have seemed more than strange to behold Canada voting large sums of money for its military budget, out of proportion to its needs, to its population and especially to its revenues? I might say that the same argument applies to the naval service or war navy expenditures. Would it not be a disgrace if the public service remained encumbered with this large and unnecessary staff which was brought in under the late administration? The Government must not hesitate in applying the hot iron on all the abuses. It is with that understanding that the Canadian people will accept and joyfully put up with the new burdens.

I mentioned, at the outset of my remarks, that Canada must expand its external trade.

To insure our economic revival and the restoring of our financial state, no way appears more effective than to increase our exportations. On the increase of our external trade depends indeed the wealth of Canada, the disappearance of the crisis which forces the heads of certain factories to close their doors or to lower their production which brings on a sad unemployment for the workmen.

Outside trade which, at all times, played an outstanding part in our country's affairs, is at present becoming of primary importance. On examining the latest statistics relative to our commerce, we become aware that our exportations have considerably decreased. In 1914, our exports amounted to $455,437,224. In 1918, they reached the fanciful figure of $1,586,-169,792.

This rapid increase is without doubt due to the war which gave Canada an opportunity to sell to the allied nations of Europe products of all kinds of which they were in need. There is to be found the main reason of the prosperity which favoured the country during the four years that lasted this war so disastrous for many other countries.

However, the conditions have changed. Canada's whole export in 1921, amounted to $1,210,428,119, which means about $400,-000,000 less than in 1918; and in the course of the fiscal year ending March 31st 1922, our exports amounted only to $753,-927,009.

It is in Canada's interest to find means of preventing this continuous decrease of its exports. With that end in view, it must adopt a firm policy and right methods so as to secure new markets and a steady external trade.

The Minister of Trade and Commerce said, in a speech which he delivered some time ago, at Montreal: We must direct all our efforts to bring back the prevailing conditions to their normal state". That is one of the essential conditions for the future and prosperity of our country. Canada will only develop providing we further extend our export trade. All must cooperate with that end in view, because a country cannot attain a genuine prosperity unless all put their shoulder to the wheel." That is a fact. It is apparent that the rapid increase in our trade during the war was abnormal; the cause was transient and ephemeral. It was a momentary gain but this magnified prosperity caused by extraordinary circumstances which changed almost suddenly, was rather detrimental to our industrial development. How many of our industries dazzled by the sudden foreward leap of our commerce, took too much for granted, plunged too soon and too far into extravagant expenditures and thereby over produced, and, now they see their

success imperiled by the sudden ups and downs of our commerce. Canada which is and should remain an essentially farming country or, at least, should restrict its efforts to the development of its natural resources, evolves rapidily, too rapidly indeed towards industry. This course will only lead it to true prosperity if its evolution towards industrialism proceeds rationally and by degree.

It was truly remarked lately: First, the industrial evolution of Canada must be the result of the normal expansion of our markets and not promoted by a purely momentary and casual demand or protected by tariff measures or others, of too artificial a character.

An undeniable truth, is that the Canadian market is insufficient for the consumption of our farm products, the absorption of our mining products and a great part of our manufactured goods. Experience teaches us that an industry which limits its scope of action to its home market leaves itself open to dangerous crises and, to escape the too sudden fluctuations of the home market, it must throw outside strong feelers.

Our duty is therefore to open up new markets. Such was the aim of the Laurier government during the fifteen years it presided over the destinies of Canada. The increase of our sales went hand in hand with the development of our output, under the Liberal rule. In 1896, Canadian exports amounted to $110,000,000; in 1911, they reached the figure of $274,316,000. Our manufactured goods exported, which by themselves amounted, in 1896, to $7,000,000, reached the figure of $35,000,000, in 1911; our agricultural exports which, in 1896, amounted to $40,000,000, climbed to $82,601,000 in 1911.

Modeling our policy on that of the Laurier government to insure the progress of Canada towards prosperity, we must seek new openings for our export articles. In an essentially producing country like ours, we must have for our products numerous markets, easy of access.

The countries to which we sell the most are Great Britain and the United States, since 82 per cent of our external trade is carried on with item.

It is of the utmost importance for our commerce to find new openings and to expand our foreign markets. The total exports of Canada to the United States in the month of March last reached the amount of $1,283,942, against $9,488,589 for the same corresponding month of last year. The total exports for the period of ten months ending on March 31st, 1921 and 1922, respectively reached the amount of $157,141,786 for 1920-21 and of $35,954,735 for 1921-22.

This large increase is due to the effects of the American tariff (Fordney bill) adopted and put into force in May, 1921.

Under such circumstances, it is evident that Canada must seek in other countries markets which the Americans refuse us.

In fact, it is dangerous for Canada to export most of its products to one or two countries. It is impossible to speak on imports without touching the question of our transport system, that is to say, the merchant marine and the railways.

I have not the intention to even touch upon these different subjects, it might lead too far. Let it suffice for me to say that I am convinced that the King government cannot escape—neither does it seek to evade its responsibilities in the administration of the affairs of the country. So far as it concerns the means of transportation: merchant marine and railways, its heritage is of a complex nature, an unhappy situation which is not of its making.

He will do the best he can. However, by all means, he must secure for the producers of this country the necessary means of transport so as to insure the development of our natural resources, to help the expansion of our commerce both internal and external. If Canada wishes to grow, to extend its horizon, to spread its name and its products over the world, it needs a vast interior system of communication by water and by rail, also a merchant fleet; however, this great undertaking can and must be realized without the state spending hundreds of millions each year. Individual and private initiative, guided by its own interest and responsibility, plays a part here which the state must not encroach upon. Whenever it has attempted to do so, in whatever country it may have been, the experiment was disastrous.

Our waterways linked to our great lakes, our railways converging towards our maritime ports, our merchant marine, the whole of our transport system, which improves from day to day, is well adapted to the necessities of exportation. But this is not sufficient and if we do not organize in a scientific way the foreign sale of our products, it would be useless to urge upon the Canadian merchants the duty of economic expansion.

I mentioned just now that we should open up new markets, I may add that we should also establish, with the country re-

ceiving our goods, direct business intercourse, and with that aim in view make a serious study of the conditions prevailing in those countries where we wish our commerce to penetrate, establish a perfect system of informations for our merchants and manufacturers.

To export is a science. It is not as easy as the man on the street is apt to think to find a market abroad for the surplus of a country's output. There exists differences in languages, currency, custom, taste, transactions, etc., which one must be acquainted with. Moreover let us not forget that competition is very close. We have, it is true, at our disposal a whole commercial organization which is expected to render great services. But it is not yet working perfectly and the Minister of Trade and Commerce whose mind is wide open to progressive ideas and business enterprise, should without any delay work at completing the organization of our commerce abroad. Everywhere, in all the countries of the world, large and small, they are preparing for commercial sway. All have consular agencies entirely composed of men well prepared for the services they are called upon to render, numerous and competent commercial attachés. Almost all possess commercial museums, information bureaux organized by the state. In the United States, England, France, Italy, Germany, Belgium, Switzerland, Holland, Denmark and Japan, the governments are represented by consuls and trade agents spread over the world, having information bureaux, publishing booklets which give out data for the guidance of exporters, and to expand more and more the commerce abroad of these various countries. In the world-wide competition where Canada wishes and must battle, it must arm itself with the same weapons and use the same tactics to which have recourse the other countries desirous of succeeding and which do succeed in extending their commerce.

Where is, in Canada, our commercial museum, our official information bureau that place at the disposal of our merchants and manufacturers, samples of raw materials and of industries of all the countries in the world, collections showing the modifications which take place in goods in the manufacturing process; maps and photographs showing the localities of production, the transportation methods, packing and other useful details; notices explaining the chances of doing business in foreign countries, the customs, the means of transportation, the different weights and measures systems, currency, customs duties, banking systems and numerous other precise information, practical advice, well timed warnings, used as a guidance for private initiative and landmarks to the Government in its negotiations with foreign countries? I only know, in this country, the Ecole des Hautes études commerciales of Montreal which possesses a commercial museum now in course of organization. I may remark, by the way, that this institution, the foundation of which is due to the far-seeing mind of the Minister of Justice, when he was Prime Minister of Quebec, is becoming one of the best schools of its kind in America.

In this country, as in all others, the Minister of Trade and Commerce should possess a commercial museum and a bureau containing very complete commercial information gathered from the best official sources such as in the year books, reviews, statistical and geographical publications, and others. What valuable services such an organization could render to our traders?

These institutions which exist in almost all other countries are not to be found in Canada.

In the same way, our service of commercial agents is very limited. We possess about twenty trade commissioners recruited in a very wretched way. In reference to this, I notice that in the list of our commercial agents, there is but one French-Canadian, Lt.-Col. Hercule Barré, at Paris. If it was part of the late government's policy to eliminate the French-Canadians, in the choice of our commercial attaches, I know that such a practice will disappear. Now, I would like to know what valuable services can our trade commissioner, in Belgium, possibly, render us if he is not conversant with the French language? Do all our commercial agents, a list of whom is in front of me and who represent Canada in twenty different countries, fulfil their duties efficiently, do they correspond with our business firms, our producers, our traders; do they truly keep the Minister of Trade and Commerce well posted on the possibility of doing business in the parts where they have been sent? We have cause to doubt of the efficiency of the services of these trade agents when we know how they have been recruited in Canada. On the admission of Mr. William Foran, secretary of the Civil Service Commission, we are content with requiring from candidates a common school education instead of a diploma from a tech-

nical institution of a high order, as the thing is done in other countries. By so doing not only would we secure for the State competent commercial representatives in all parts of the world, but we would also be opening up a new and fine career to the young Canadians who graduate in commercial schools.

Mr. J. A. Cooper, who was trade commissioner, at New York, during the war, lately said before the members of the Export Club, at Montreal, that at present it is difficult to gather details regarding the import and export trades. This is due to the shortage of commercial representatives. Great Britain has 115 commercial agents in the United States, Argentina 25, Belgium 60, and the other countries are better represented than Canada. I heartily approve the hopes expressed by Mr. Henry Laureys, director of the Ecole des Hautes études commerciales, at Montreal, during a lecture given on Canada's external trade, and I trust that the Government will bring on the necessary changes in the mode of recruiting these important officials who are our trade agents, so as to endow the external trade service of Canada, with an efficient staff who will in no way be handicapped as compared with that of other countries.

Fairs and exhibitions are also a powerful weapon to advertise the products that we wish to sell in foreign lands. In this connection, I must congratulate the Minister of Trade and Commerce for having asked a credit of $50,000 to give effect to the project put forth by Senator Beaubien in order to have circulated in France, and I also hope in Belgium, an exhibition train showing the raw material and the manufactured articles that we have for sale.

Mr. Speaker, we are passing through a critical political period, we have to face serious problems. We are confronted with the question whether in such a juncture the government in charge of the country's affairs, is in a position to make a success of it: this is what the House must decide; that is what the people expects from the government. We certainly have no reason to lose hope and distrust the future. Let us recall the example of the United States. In 1860, our neighbour's debt amounted to $64,000,000. After the war of Secession, in 1866, their debt increased to $2,733,000,000. In twenty years the United States wiped out half of their debt. In 1866, the United States only exported $300,000,000 worth of goods while Canada, in 1922, exported more than $700,000,000.

What the United States were able to accomplish, Canada is able and must accomplish; and it will do so.

Never, in any case, was it more necessary for a Parliament to avoid these foregone conclusions, these inconsiderate voters, these obstinate attitudes from which the prestige of the House would suffer and the Government would find itself weakened.

All ministers, for a long time to come, will have to take serious precautions, decisions which will not always be popular or may astonish an unprepared public. These necessities are the results of the intimate nature of things and events. It is in such cases that a government needs the support of Parliament. It is equally in such cases that the House must decide and choose, refuse or give its confidence and by all means support the government which it has resolved to sustain.

Now comes into play the making of alliances to which in the past we have not been used. New ideas, extraordinary circumstances demand that three parties should have numerous followers in this House. We are witnessing what has never been seen: The House divided into three important groups. The Government must necessarily count upon the support of all those who have confidence in it. Those who wish to contribute to the moral uplift and to the restoration of our finances must perforce become its allies. Such an alliance the Government far from rejecting, loyally welcomes it, as long as it does not obstruct its liberal policy nor its aim which is the country's salvation. In the critical period we are passing through, the question is no more one of conflict between political parties, it is a struggle between the Canadian nation and the Tories. I know that the Government is not ready to sacrifice the general welfare of Canada, the broad views of the national policy, in a word the national strength, to alliances, and it must not do it otherwise it would be a deceitful game.

If it is true that an alliance gives strength to the Government we must also admit that it is the confidence in its programme, as also the ability of its statesmen which draws to it allies.

We must return to our Canadian traditions, to the respect of the constitution, to the pride of our autonomy, and invigorating thought of responsible government, we must forever create, maintain and

develop a Canadian national spirit which will be our safeguard against the allurements and snares of imperialism; we must strive to restore our shattered finances and this through economy and the expansion of our commerce; we must rebuild a healthy, laborious, robust, peaceful Canada and deferential to all the races and creeds, united and trusting in the future. If the Government remains faithful to this great programme and accomplishes this noble task, it will prove itself worthy of the alliance which, more than any other, will strengthen and make it invincible: the alliance with the whole Canadian nation for which it will have realized her most cherished hopes.

On motion of Mr. Lapointe the debate was adjourned.

On motion of Mr. Graham, the House adjourned at 12.20 a.m., Wednesday.

Wednesday, June 7, 1922

The House met at three o'clock.

THE LEAGUE OF NATIONS

PROTOCOLS OF AMENDMENT TO THE COVENANT

Right Hon. W. L. MACKENZIE KING (Prime Minister): I beg to lay on the Table a document entitled:

Protocols embodying proposed amendments to Articles 4, 6, 12, 13, 15, 16, and 26 of the Covenant of the League of Nations, as adopted by the Second Assembly of the League at Geneva on the 3rd, 4th and 5th October, 1921; together with letter, dated the 24th November, 1921, from the Secretary General of the League to the Prime Minister of Canada, transmitting certified copies of the Protocols.

I move that the said document be printed as a sessional paper and that 1,000 copies in the combined French and English texts be printed forthwith, and that Rule 74 be suspended in relation thereto.

Motion agreed to.

ST. LAWRENCE RIVER WATERWAY

Right Hon. W. L. MACKENZIE KING (Prime Minister): I move, seconded by Hon. Mr. Murphy:

That 500 copies in English and 500 copies in French of the correspondence between the Government of Canada and the United States government concerning the St. Lawrence River Improvement Scheme, laid on the Table of this House on May 30, 1922, be printed forthwith, and that rule 74 be suspended in relation thereto.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

HOUSE OF COMMONS AND SENATE

Mr. BLACK (Yukon):

1. Is the total amount of expenditure in connection with the House of Commons as shown on page sixteen of the main estimates, without taking into account any amounts that may be supplementary estimates, $1,703,390, and the expenditure for the Senate as shown on the same page the sum of $561,205?
2. Why is the chief accountant of the Senate, as shown on page seventeen of the main estimates, paid $4,020 and the Chief Accountant of the House of Commons paid only $3.450 as shown on page nineteen of the estimates?
3. How are these officers classified to make this difference in salary?
4. Does the Chief Accountant of the Senate have to furnish bonds in connection with his office?
5. Does the Chief Accountant of the House of Commons have to furnish bonds in connection with his office?

Right Hon. Mr. MACKENZIE KING: With reference to this question, I understand that the Senate takes exception to this House inquiring into matters affecting its accounts and declines to give the answer to that part of the question. As respects the rest of the question the answer will be laid on the Table to-morrow.

BOARD OF COMMERCE

Mr. COOTE:

1. What was the cost of the Board of Commerce instituted in the year 1919?
2. Did the Board make a report to the Government?
3. If so, has this report been pubished? If not, why?
4. Is it the intention of the Government to have this report published?

Hon. Mr. ROBB:

1. $146,345.53.
2. Yes.
3. Yes. A first annual report covering the period from July, 1919, to March 31, 1920, has been published.
4. Answered by No. 3.

LEVIS LIGHTKEEPERS

Mr. BOURASSA:

1. What are the names of the lightkeepers of the County of Levis, Quebec, who were dismissed since September 21st, 1911, to date?
2. Who recommended the said dismissals?
3. What are the names and addresses of the persons who replaced the above mentioned lightkeepers?
4. Who recommended their appointment?

Hon. Mr. LAPOINTE:

1. There were no dismissals of lightkeepers in the County of Levis, since the date mentioned.

2. 3. and 4. Answered by No. 1.

SUPERINTENDENT OF LIGHTHOUSES

Mr. CASGRAIN:

1. Who is the Superintendent of Lighthouses at Quebec?
2. How long has he been in the present position?
3. What is his salary?
4. What was the amount of his salary on appointment?
5. Was his salary increased? If so, why?

Hon. Mr. LAPOINTE:

1. Bernard Joshua Kaine.
2. Since 26th June, 1909.
3. $2,760 per annum.
4. $1,500 per annum.
5. Yes. As a result of general reclassification of salaries of Superintendents of Lights in 1911 and 1919.

MILITARY CAMPS

Hon. Mr. STEVENS:

1. Having reference to the recent reductions, made in Committee of the Whole, of the estimate for military camps during this Session, in what manner will the remaining portion of the estimate be distributed?
2. How much will be allocated to each military district?
3. What is the present actual number enrolled in the Militia in each Military District?

Hon. Mr. GRAHAM:

1. From 30 per cent to 40 per cent of the establishment of each Military District will receive a limited training either in camp, or at local headquarters.

For the cavalry and infantry the period of training will be 9 days. For the artillery 6 days at local headquarters and for gun detachments only 6 additional days in camp.

For departmental units little beyond the minimum requirements of the small camps authorized can be undertaken this year.

Units of the permanent force will have about 1 month's camp training.

2. Approximately as follows:

Military District No. 1	$ 89,000
Military Distrcit No. 2	190,000
Military District No. 3	100,000
Military District No. 4	112.000
Military District No. 5	48,000
Military District No. 6	74,000
Military District No. 7	34,000
Military District No. 10	75,000
Military District No. 11	66,000
Military District No. 12	69,000
Military District No. 13	58,000
Permanent Force	60,000
Miscellaneous	25,000
Total	$1,000,000

3.

Military District No.	Numbers enrolled (all ranks) Non-Permanent Militia, as 31st March, 1922
1	4,479
2	10,243
3	7,378
4	4,905
5	2,910
6	4,730
7	2,937
10	3,684
11	2,857
12	3,236
13	4,217
Total	51,576

CANADIAN NATIONAL RAILWAYS AND TORONTO MEETING

Mr. SHAW:

1. Were the Canadian National Railways represented by an official, Mr. Wood, at a meeting held in Toronto, on or about Thursday, May 4th, at which E. Matthews, of the Matthews Steamship Company, of Toronto, representatives of the Tomlinson Company, Winnipeg, the Canada Steamship Company, Montreal, and Mr. Todd, of the Canadian Pacific Railway Company, were present?
2. If so, for what purpose was the meeting convened, what matters were discussed and what conclusions were arrived at?

Hon. Mr. KENNEDY:

1. Neither D. O. Wood, General Foreign Freight Agent of the Grand Trunk-Canadian National lines, nor F. G. Wood, General Agent, Canadian Government Merchant Marine, attended any such meeting.
2. Answered by No. 1.

UNOPPOSED MOTION FOR PAPERS

Hon. Mr. BAXTER:

For a copy of all letters, telegrams, reports, correspondence and other documents embodying the representations made to the Minister of Public Works with reference to the dismissal of Charles Dauphinee as janitor of public building at Lunenburg, Nova Scotia, and which representations were referred to the Honourable Minister as considered by him as being satisfactory to warrant the dismissal of Dauphinee without investigation.

MOUNTED POLICE AT MACLEOD

On the Orders of the Day:

Mr. G. G. COOTE (Macleod): A report is current that the Government contemplate removing the detachment of mounted police that is at present stationed at Macleod, and I have been asked by the citizens of that town to point out to the Government that at Macleod is located the oldest established mounted police station in Alberta. The town of Macleod and the mounted police are so closely associated that the citi-

zens feel that if a detachment of the Royal Mounted Police is to be maintained anywhere in southern Alberta it should be at Macleod. I would ask permission to read one or two sentences from a letter I have received upon the subject:

If the police are to be maintained anywhere in the south then Macleod should have first claim as the town owes the fact of its existence to the police post here and nowhere I believe outside of Regina have they a more complete equipment in the way of buildings, grounds, horse pasture, etc. The history of Macleod and the police is so interwoven that it is hard to disassociate one from the other, and it would be with keen regret the citizens would see this association broken.

I do not wish to make the question lengthy, but I would ask the Government to consider carefully before removing the detachment from Macleod, and if possible to give some assurance to the citizens of that town that the matter will receive every consideration.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I shall be pleased to call the attention of the Minister of Justice (Sir Lomer Gouin) to the representations of my hon. friend. But the Government would like to be clear on this point: Do I understand that the hon. member, on behalf of the citizens of Macleod, asks that the mounted police be retained in Macleod irrespective of whether or not they are to be retained in other parts of the province of Alberta?

Mr. COOTE: The citizens of Macleod, in telegrams they have sent to me, ask that the detachment be retained. I have also a letter pointing out that if a detachment of the mounted police is to be removed from any part of the province, Macleod is the last station that should be abandoned, because it is the oldest established mounted police station in southern Alberta and the one best situated from a strategic point of view. I should be glad if the Government would state as early as possible whether it is intended to remove the detachment from Macleod.

CANADIAN NATIONAL RAILWAYS—AMALGAMATION

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Mr. Speaker, I wish to ask the Government what is the cause of the delay in the amalgamation of the national railway system; and if the Government is aware of the immense loss to the country day by day through the delay?

Right Hon. W. L. MACKENZIE KING (Prime Minister): I think my right hon. friend appreciates that while Parliament has been in session the Government has been very busily engaged. Great care should be given to the carrying out of this amalgamation, and such delay as has taken place will, I think, in the long run prove to the advantage of the country.

Mr. MEIGHEN: Then perhaps the greater the delay the greater the advantage?

Mr. MACKENZIE KING: Possibly, yes.

THE BUDGET

CONTINUATION OF THE DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Tuesday, June 6, the debate on the motion of Hon. W. S. Fielding (Minister of Finance) that Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means, and the proposed amendment thereto of Hon. Sir Henry Drayton.

Hon. ERNEST LAPOINTE (Minister of Marine and Fisheries): Mr. Speaker, in view of some statements which have been made during the course of this debate, I feel it incumbent upon me to revise my decision not to speak, and to make plain my position to the House and to the country. The House will understand me when I say that I prefer to express my own opinion rather than to have it interpreted by the right hon. leader of the Opposition (Mr. Meighen).

I am glad that it affords me also the opportunity of offering to my hon. friend, the Minister of Finance (Mr. Fielding) my sincere congratulations and of expressing my admiration for his unequalled record. My hon. friend, at an advanced age, is giving his services to the country at a time when those services are most needed, when strong and trustworthy men are required, and no man possesses in a higher degree the confidence of his fellow-citizens than does my hon. friend. He is a living example of the truth of the saying: "Honesty is the best policy." I am sure that the people will trust him more than the disappointing and disappointed criticism of my right hon. friend the leader of the Opposition (Mr. Meighen).

It was said of the great warriors of olden times that some of them shone more brilliantly in defeat than in victory. Whatever compliments may be offered my right

hon. friend—and he deserves many—it cannot be said of him that he is a very good general of a beaten army. His effort yesterday, if he will pardon me for saying so, was a new exhibition of political rancour. At a time when the complexity of problems, both domestic and international, is growing hourly, at a time when all the energies of the nation should be grouped and directed towards a common goal, he, the leader of a once great party, is offering Parliament and the country an empty amendment. When co-operation and constructive help is required, he is camouflaging the issue by the immoderate use of epithets and insinuations. At a time when new and vigourous statesmanship is needed, he is serving us a feast of cold roast partisan nonsense.

What is the purport of the amendment which is supported by my right hon. friend, and which bears all the earmarks of his authorship? It proposes to reject the budget, not because of any inherent inefficiency or ineffectiveness or viciousness of policy, not because it contains something which my right hon. friend does not like, but because there is not in it something which he does not like. Of all the absurd proposals which during a parliamentary career of eighteen years I have heard made in this House—and heaven knows I have heard many—this one easily earns the palm. It is overwhelmingly entitled to the blue ribbon of that inglorious race.

Hon. gentlemen opposite, since the opening of this debate have painted in dark colours indeed the ruin and desolation which would follow throughout the country a larger reduction in the tariff. My hon. friend from Centre Toronto (Mr. Bristol) said a few days ago that such reduction would put everyone out of business and be the ruin of our industries and the bankruptcy of Canada. Yet this same gentleman and his colleagues propose to censure us because we have not brought about that ruin and that bankruptcy. My right hon. friend (Mr. Meighen) may contend that this is not the meaning of his amendment. Well, he may convince himself by his own sophistry; he will convince no one else. The main question before the House is whether the budget shall be accepted or shall be rejected. The amendment proposes to reject the budget because the Liberal policy in its entirety is not incorporated therein. And yet my hon. friends opposite are opposed to that policy.

[Mr. Lapointe.]

Now, Mr. Speaker, I do not admit that any pledges have been violated by those who are responsible for the framing of this budget. On the contrary, I claim that this is a Liberal budget, inclined towards the right direction, and framed to meet the world conditions which we are facing to-day. But before arguing that point, Sir, may I refer to the apparent and amusing unconsciousness of my right hon. friend of his entire disqualification to discuss violated pledges and political honour? My hon. friend from Springfield (Mr. Hoey) in the course of this debate, and my hon. friend from Brantford (Mr. Raymond) in the debate on the address, quoted instances of the respect for pledges shown by my hon. friends opposite. I shall not repeat those instances. But what do you think, Mr. Speaker, of the respect for pledges and political honour of gentlemen who, after having obtained a prolongation of Parliament and of their term of office under the explicit condition that no controversial matters would be brought forward during that extended period, used the occasion to tamper with and manipulate the electoral law of the country and to enact under closure a measure for the purpose of disfranchising British citizens and selecting their own electors for the ensuing election? What do you think—

Mr. MEIGHEN: Before the hon. gentleman proceeds further, will he please read that explicit condition and state where and when it was given?

Mr. LAPOINTE: My right hon. friend knows that I have not here the explicit promise, but he knew that it was made at that time, and that the prolongation of Parliament would not have been granted but for it.

Mr. MEIGHEN: It was never made, and the hon. gentleman knows it was never made, and cannot produce it.

Mr. LAPOINTE: The right hon. gentleman knows it was made.

An hon. MEMBER: Produce it.

Mr. LAPOINTE: My right hon. friend has the habit of making assertions very often instead of arguments. This is an assertion, and I can contradict with my own assertion. I know such a promise was explicitly made at the time. What do you think, Mr. Speaker, of the political honour—perhaps my right hon. friend will deny this too—of gentlemen who, having obtained a mandate on the pledge made on

all platforms of the country that that mandate should be for a special purpose and would expire when the purpose was achieved, clung to power for three years after that special purpose had been achieved? What do you think of the political honour of gentlemen, who for the purpose of deceiving the people changed their name—or, if you like, the name of their party—as often as Henry VIII changed his wife and even borrowed or appropriated the name of their opponents—and that without applying to the newly-manufactured article the dispositions of their own Marking Act? Sir, I do not like the tu quoque argument; it is always weak and sometimes despicable.

Sir HENRY DRAYTON: Hear, hear.

Mr. LAPOINTE: My hon. friend says "hear, hear"; perhaps one of the reasons why I do not like it is because it was overused by my right hon. friend during his term of office. Two wrongs do not make a right But I simply desire to express the opinion that my hon. friends should use some discretion when it comes to discussing pledges and political honour, and that on such a topic my right hon. friend is not entitled to the floor.

I submit, Mr Speaker, anybody to the contrary notwithstanding, that this budget is a Liberal budget. It is based on the traditional policy of the party as it is, not as it has been represented to be, or misrepresented, by many gentlemen in the past. Nobody in this country—no party, rather—is in favour of absolute free trade. The right hon. leader of the Opposition, who seems to have lived for the last two years in a world of bogeys and nightmares, erected a bogeyman during the recent campaign whom he called free trade; this unwelcome figure he paraded throughout the land, but nobody took him seriously. In my opinion, the question of adopting absolute free trade in Canada is rather an academic one; it is a condition which cannot be realized during our lifetime—at least as long as the country will need import duties for revenue. Those duties, if raised in an intelligent and businesslike way, will properly safeguard our industrial activities. On the other hand, to proclaim protection as a basis of economic policy is a mistake, an economic heresy; because protection, if it means anything, means prohibition of imports, and you cannot get revenue without imports. In either case the strict application of the system would kill the goose that lays the golden eggs. It would be impossible to frame a tariff which would please everybody; nobody knows that better than the Minister of Finance. The interests of society organized as a state frequently clash with the interests of the individual. Economic questions have to be judged by different standards accordingly as you view them from the point of view of the interests of the individual citizen or from the point of view of the social interest of the community. But the private interest is almost universally subordinate to the general interest, and in the end it is the general interest which must be taken into consideration. The task of finding out what that general interest is is an arduous one—more arduous than that of the individual in ascertaining what is his own personal interest. The duty of public men is to abstain strictly from centering their vision on local or personal interests, and to keep always before their eyes the national interest of the society; it is for them to endeavour always to solve vital and fundamental questions with the view of building the nation as a whole. I do not believe that any fiscal system is the absolutely correct one, the one that will always succeed if applied in its entirety, at all times and in all countries. I do not believe that any fiscal system is as good or as bad as its friends or its enemies represent it to be. Political and fiscal questions are not governed by inflexible and rigid rules, as are the principles of geology, for instance, and of astronomy. Geography, and the needs of a certain section ot a certain territory, must also be considered. General Hancock forty years ago was ridiculed for stating during the presidential elections in the United States that the tariff was a local question. One hon. member of this House—I think it was the hon. member for Comox-Alberni (Mr. Neill)—said something to the same effect the other day. Yet there seems to be some truth in that statement, if we may judge from the various speeches that we hear in this House and elsewhere. Indeed, geography and the particular interests of certain territories seem to have a great influence on the principles of individuals. It seems to me impossible that all the men living in one section of the country or belonging to one class of the community should be of the same opinion and that all the men living in another section of the country or belonging to another class of the community should be of another opinion, if genuine, strict principles only were applied.

Mr. CRERAR: Hear, hear.

Mr. LAPOINTE: My hon. friend from Marquette says, "hear, hear." The other day he told the House that the West would never be protectionist. Why did he speak only of the West? Why did he not mention the East as well? My hon. friend said, in emphasizing his argument, that the most hide-bound Tories, even those coming from Ontario, abandoned their protectionist principles when they settled in the West and became, or at least, their children were, far from being Tories. I am glad of that, but surely it is not due to climatic conditions.

Mr. McMASTER: They see clearer out there.

Mr. LAPOINTE: At the National Agricultural Conference held at Washington on January 27th last, the representatives of the United States farmers adopted a resolution approving the principle of protection and declaring in favour of a tariff adjustment board, and for the enforcement of an elastic tariff against foreign countries. At that same conference a resolution was adopted opposing all fixation of prices. Yet in our own country the farmers, especially in western Canada, are unalterably opposed to protection, yet seem to believe, to a degree, at least, in the fixation of the price of wheat through a wheat board.

Mr. CRERAR: I am sure that my hon. friend does not in any way wish to misrepresent the western farmer in that respect. The proposal in respect to the Wheat Board does not mean the fixation of prices in any sense or degree whatever. The farmers are not asking for that, and have at no time asked for it.

Mr. LAPOINTE: I am glad I am mistaken in my impression, but my hon. friend from Brome (Mr. McMaster) who is generally right on these matters, seemed to indicate, so far as I could gather from the newspapers, that such was the case.

Mr. McMASTER: The old Wheat Board proposed to fix the price of flour. That was one of the objections.

Mr. LAPOINTE: I am not mentioning that by way of criticism, but simply for the purpose of showing that circumstances and conditions, geographical and otherwise, have a large influence on the fiscal views of peoples and of individuals. If that is so, is it not the duty of public men to try to find out the causes of these divergent interests, either as between countries or as between sections or classes or occupations within a country? Is it not our duty to try to establish the causes of these divergencies, to scrutinize and weigh them, and to subordinate the merely accessory to those things that are absolutely essential? Is it not our duty to try to discover the concessions which it is possible for either side to make, or which it is desirable to obtain? I think that is the question which must be solved.

When citizens are animated by a sincere desire to serve the general interests above their own, or, at least, equally with their own, there is a minimum of progress that can be made. That is a step forward towards the goal of success, and should be accepted by all. What I have just indicated is true at all times, but especially is it true under the present conditions when it would be altogether unwise to try to apply old fiscal theories to a world which is wholly new. The war is over, but the war debt still rages, and the necessity of opening all sources of revenue is greater than ever. Furthermore, the consequences of the war, included among which is the demoralization of the gold basis as a medium of exchange, have turned upside down pretty nearly every economic theory upon which tariffs were formerly framed. Since the war sixteen countries have increased import tariffs for the purpose of revenue. Even export taxes have been imposed. Sixty-four per cent of the taxes in Mexico to-day are export taxes on oil. Roumania has put an embargo on the exporting of wheat until her food conditions become normal. England to-day is collecting over $700,000,000 from import duties.

My hon. friend from Brome the other day in the course of an eloquent speech, with most of the points of which I am in hearty agreement, pointed to the little countries of Switzerland, Belgium and Holland as having grown, and developed prosperous industries, under what is practically a free trade system. To that I readily assent.. But these countries at the present time, however devoted they may be to the principle of free trade, find it necessary to adopt measures quite at variance with their normal and traditional policies, in order to meet the abnormal conditions prevailing in Europe at the present time. I have here the Journal des Economistes, of November, 1921, and I find that on September 30, 1921, the Federal Council of Switzerland prohibited entirely the importation of 167 articles, and partially the importation of 23 others.

Mr. McMASTER: They would not raise much revenue on those they kept out.

Mr. LAPOINTE: If my hon. friend will allow me to proceed,—they have imposed duties on many articles, especially on farm products. Here is what the president of the Confederation of Switzerland, Mr. Schulthess, said to justify those duties—I translate from the French:

All the other States increased their rates of customs duties, and therefore Switzerland has had to follow suit. Why? By not imitating them she would decrease, with regard to them all, her costs of production, including those of food, and therefore she would open her gates.

In the same issue—

Mr. STEVENS: Does not that constitute protection for Switzerland's industries?

Mr. LAPOINTE: I do not say it does not. It is a temporary condition though, as I shall try to show to my hon. friend. In the same issue I read an excerpt from a speech by a prominent Belgian statesman. At a banquet of the French Chamber of Commerce in Brussels Monsieur Janson spoke as follows:

We fear to see the era when France still more wrongly inspired, accentuating her policy of protectionism, shall condemn us truly, because, in my opinion, it would be a condemnation, to resort, three years after peace, to a policy of retaliation. If we mean to maintain and increase the sympathy which we have for France, if we mean to keep as much as circumstances permit this military accord created between us, we must develop this sympathy, this agreement, in realizing between us this economic "entente" to which Mr. Houtard alluded. We must say to the Frenchman, because it is the undeniable that every time that between you and us the barrier of protective duties will be raised the necessary wall of defence which we have built on the eastern frontier shall be torn down. On the political ground, as well as the economic ground, it is necessary that France and Belgium should go together.

I have also the issue of May 12, 1922, of The Economic Review, in which it is stated that Holland, Belgium and Sweden were awaiting the results of the Genoa Conference before deciding to protect themselves more substantially against the goods of the other country. Here is what I read there:

The decision of the Government to postpone until after the Genoa Conference consideration of the policy to be pursued in the face of the unfair competition to which the country is exposed as a result of the fall of various exchanges is fully justified, in the opinion of the Rotterdammer, by the attitude adopted by other neutral countries, and it quotes with approval the complaint made by M. Branting that the governments of these countries, notwithstanding a close community of interests, have no concerted policy with regard to the stabilisation of the rates of exchange and the abolition of Customs barriers. In the event of the Genoa Conference proving abortive, Sweden and Belgium, according to the Socialist statesman, will be driven to building up Customs tariffs for their protection against the competition of countries with a depreciated currency, and the Rotterdammer fails to see how Holland will be able to abstain from measures to regulate imports.

Spain has created four different tariffs. Two are applied to the various countries and two other tariffs, with 60 per cent more, are applied to the countries which have depreciated currency. Of course, this will not be permanent; I hope it will not be, for I agree with my hon. friend from Brome (Mr. McMaster) that economic and tariff wars always lead to real wars. But, Sir, every fair-minded Canadian will admit that under such circumstances, where free trade countries have to modify their tariff policy, it was our duty to act cautiously and not to enter too deeply on the path which other countries feel compelled to recede from temporarily. I resent, therefore, the taunt that we have been untrue to the principles of the Liberal party. All the changes that have been made are in a downward direction, while other countries are moving the other way. Any more radical changes at this time would have been unwise, and perhaps dangerous; and we would have been unworthy of the trust conferred upon us had we taken our decision on preconceived notions and ignored the evidence and the facts existing at the time of making the decision. Is that a deviation from the principles enunciated in our programme? I submit that it is not. The various resolutions which have been read during this debate are declaratory of a principle, and by that principle I am willing to stand. The measure of the reform to be accomplished, the extent to which it is possible to accomplish it to-day, the time when it can be accomplished—all these depend on the exigencies of the hour, and no fair-minded man can seriously blame us for taking this view and acting in the way we did. Liberalism means evolution along reasonable and progressive lines. It holds the middle course between changes that would endanger our institutions and obstinate resistance to the spirit of the times. Sir, even the Manitoba Free Press, which is most friendly to my hon. friends of the Progressive party, said in an editorial, I think the day following the budget speech of the Minister of Finance, that nobody

expected that the Government would make so many changes at this session. I believe that this will be the general opinion of the country, and that the budget will be universally accepted as the best that could be devised under the circumstances. As far as I am concerned I have no doubt that the country would vote for the adoption of the budget if it were submitted to it to-day.

The other day the hon. member for Brant (Mr. Good) referred to the supposed failure of the Liberal party to enforce the platform of 1893, and said that it had been called "the great apostasy." Well, my hon. friend was hardly fair. I believe that if there has been a breach of faith it has not been on the side of the Liberal party. The duties were reduced at various times; and when in 1911 the Minister of Finance brought forth his great measure of reform to establish reciprocity of trade in natural products between this country and the United States, who broke faith? My hon. friend (Mr. Fielding) went down to defeat with his party at that time as did also that great veteran of Brant county, the late Hon. William Paterson. I was glad to hear my hon. friend say that he voted for Mr. Paterson on that occasion, but, surely, all those who elected him to this House failed to vote for Mr. Paterson.

Mr. GOOD: Did the Liberal government, between 1896 and 1908, materially move in the direction of free trade?

Mr. LAPOINTE: Well, perhaps, if it had done it in 1908 many of the friends of my hon. friend would have defeated the party instead of defeating it in 1911. My hon. friend from Dufferin (Mr. Woods), who spoke in this debate, knows that almost all the farmers of his country voted against reciprocity in 1911. The same thing happened in most of the rural constituencies of Ontario and in many of the western constituencies. I heard my hon. friend from Portage la Prairie (Mr. Leader) make an open confession that he voted against reciprocity. Well, he will be forgiven much for having so confessed. On the other hand, he is taking away some of the merit which he would have by saying immediately afterwards that the Liberals had been unfaithful to their pledges. Who was unfaithful on that occasion? Do we deserve to be told that we have not kept our pledges? When we tried to enforce them, we were defeated through not receiving the support of many of the hon. members who are now criticizing us for not having done so. The policy of the Liberal party is not one of free trade, but of freer trade by way of a revenue tariff. That was the policy of the great leader under whom I am proud of having received my political education. By that policy I have always stood and by that policy I stand to-day. The right hon. leader of the Opposition (Mr. Meighen) has stated in some of his speeches that there are only two systems, protection and free trade, and that a tariff revenue meant protection.

Mr. MEIGHEN: I said two principles.

Mr. LAPOINTE: Two principles. Well I join issue with him in that statement. The very nature and essence of the protective duty is that it must prevent the exchange as between the foreign product and the domestic product. The very nature and essence of a revenue duty is that it exists only when an exchange takes place. The less the foreign product enters the country, the more the protective duty achieves its end; the more the foreign product enters a country the more the revenue duty achieves its end. When a duty has for its purpose the blocking of the entrance of other countries' goods at the expense of the national revenue, so that only the national goods can be bought and their price artificially made higher, it becomes a purely protective duty. There is the difference between the two programmes, and my hon. friend is mistaken when he says there is no difference between him and ourselves. In the language of a great French orator—

Nous ne méritons pas cet excès d'honneur ni cette indignité.

We do not deserve this excess of honour nor this indignity. I do not wish to speak at any greater length, except, perhaps, to express my regret that certain exaggerated statements have been made during the course of debate. Conditions are, indeed, serious in Canada, as they are in every other part of the world, although they are better here, perhaps, than in any other country. Our agriculture in common with all other industries, has felt the effect of this world-wide crisis, but I do not think it makes for public good or for the improvement of conditions to say that agriculture is dying in Canada. I cannot let such a statement go unchallenged. In the part of the country with which I am best acquainted agriculture is not dying. The farmers have had better days at times in the past, they may have better days in

the future; but at no time has their courage, their energy, and their spirit of hope been higher. Nor is it an evidence of the soundness of that argument to say that there is scarcity of pupils in certain schools. Mr. Speaker, when there are few children in the homes there cannot be many in the schools, and whatever may be said against protection this objectional fiscal system is not responsible for that condition of things. There was another statement which was made with which I am not in sympathy. I will not name the hon. member who made the statement, because she is the one in the House with whom I would least like to quarrel. She said, speaking of the condition in the country:

> Everyone has tried to acquire capital by doing his fellowman, and if he could not do him well enough without legislation, he cleverly sought legislation to help him do the other fellow more successfully.

Well, this is an unfortunate statement. A great Canada cannot be built nationally or economically by the sowing of germs of suspicion, hatred, discord, and class war. It can only be done by the union and co-operation of all citizens and classes, and by the creation of a spirit of solidarity. I sincerely believe that such notes of despondency and discouragement must be avoided, if we wish our country to pass through the crisis which prevails at the present time. For Canadian manhood, and for Canadian womanhood, as well as for Christianity, hope is a cardinal principle. Canada must smile once more. If there is one thing I would, with their permission, urge upon my hon. friends in this House, it is, "keep smiling." I will be more emphatic, and I will ask my right hon. friend the leader of the Opposition to start smiling. The electoral battle has been waged. The political atmosphere has been purified. Should we not all co-operate for the progress and prosperity of Canada? Let my right hon. friend forget his disappointment. Let him forget that his fellow citizens, the electors of Canada, have shown what he seems to consider a lack of appreciation about himself. After all the country is still alive. Moses passes, Aaron passes, but the Ark remains. My right hon. friend is no longer Prime Minister of Canada, but the country still exists, and it needs co-operation. The country requires of the right hon. gentleman that he do nothing which might hamper the efforts of those whose duty it is to lead her towards progress. I believe the Government has done a day's work. Of course, it is not exempt from human weaknesses; it is not blessed with all of the human virtues.

Sir HENRY DRAYTON: Hear, hear.

Mr. LAPOINTE: My hon. friend the ex-Minister of Finance says "hear, hear." Let me tell him, however, that the present administration shines in comparison with other governments in that respect. He will admit with me, I think, that the Government is entitled to fair play on the part of all, and especially on the part of those whose mistakes it is its unfortunate duty to repair. These are my last words, Mr. Speaker.

Hon. S. F. TOLMIE (Victoria City): I have listened with a great deal of interest to the hon. gentleman (Mr. Lapointe) who has just taken his seat. I have heard all of the criticisms which he has directed towards the right hon. member who leads the Opposition (Mr. Meighen), but I do not purpose replying to those criticisms because I believe, and I think the House will agree with me, that the leader of the official Opposition is quite capable of taking care of himself. I was rather surprised to hear the statement that the election of 1917 was simply to return a Parliament for the duration of the war. I do not know what had occurred previous to that time, because that was my first election experience. I do not know, however, that so far as my constituency was concerned—and I think I am safe in speaking for the whole of British Columbia—we did not believe that the Parliament that was being elected at that time was to function only during the war. We understood that it would run the usual course, and I think that was the general understanding throughout the whole country.

Before taking up a few matters in relation to the budget I desire to join with other hon. members who have preceded me in congratulating the Minister of Finance (Mr. Fielding) on his achievement and on the years of excellent service which he has rendered this country. He has served in both provincial and federal governments and has a long record that is absolutely free from any besmirchment of any kind. At this late day it must therefore be a matter of deep gratification to him to feel that no one can point an accusing finger at him for anything that has not been proper during the whole of his public career. After all, that is the greatest possible reward a man could hope for after as many years

in the public service as my hon. friend has put in. I wish to extend to him my best wishes for many years of good health and of usefulness in the future. I quite realize the difficulties with which he is faced in the present situation. His position is similar to that which has been experienced by ministers of finance from the commencement of the war up to the present time, a position fraught with difficulties that were never contemplated in the past history of Canada and that require the greatest degree of ability and intelligence if they are to be solved.

Now, among the items dealt with in the budget I notice my old friend the tariff on agricultural implements appearing again. The farmers have had conceded to them on this occasion a reduction of 2½ per cent in that tariff, aggregating, I understand, something less than $250,000 a year; while, on the other hand, the sales tax represents a total increase of some $30,000,000. I have been looking with some interest to the farmers in some sections of the country where they had been demanding the entire removal of the tariff on agricultural implements, and I have been wondering how they will receive this concession of 2½ per cent. It must, I am sure, be a great disappointment to those people who expected,when the results of the election were made known on December 6th last, that the present Government would usher in the new era. Some of these enthusiasts, no doubt, anticipated a wonderful change throughout the country; they believed that the tariff would be absolutely wiped out and that with the exit of that much abused government that had carried on the affairs of the country during the war and for the period immediately ensuing, all the ills of the country would be cured—they would have no more tariffs to bother with; would not be troubled with rust or hail; and that even the grasshopper in the western plains would lose his hop. Expecting all these things, they must have experienced a considerable jar when they were given this reduction of 2½ per cent in the tariff. I wonder whether, after a careful survey of the situation, they will decide to laugh or to get angry. In my opinion the benefit of the tariff on agricultural implements, as it has been discussed in relation to the success of farming in this country, has been exaggerated to a very great extent. It has been used by politicians and stressed by them until it has almost developed into a humbug. There are many other matters of greater importance relating to agriculture that would have brought much better results, such as better cultivation, the improvement of our live stock, the improvement of crops by the use of good seed, and so forth. The actual experiments on the government farms have shown an increase of from ten to 100 per cent in production by the use of first class seed, and I am sure that if half the energy and time that have been devoted to a fruitless discussion of the tariff on implements had been directed towards the improvement of farming in Canada, we should have had results amounting to millions as compared with a few hundred thousand dollars which the farmers will gain by the tariff concessions. However, we must not be too hard on this tariff on agricultural implements, because, in addition to having been an excellent instrument in the hands of opponents of the late government, it has no doubt helped to while away many a dreary winter's evening in the country districts.

With regard to the various budget proposals, I find that it is suggested that we shall have better trade relations with Australia. I would call the attention of the Minister of Finance to the fact that when this question is being discussed there are some items that should not be lost sight of. Among hese I might mention beef, mutton and lamb, which can be produced in Australia and New Zealand, by reason of the peculiar climatic conditions and the cheapness of land there, at a lower cost than in Canada. Besides that, there is a most excellent refrigerator service from those countries to Pacific coast points, so that their products can be landed in this country at a very low cost. And especially in the years when those countries are affected by drought, their animals are sold for almost a song, and they can be dumped into Canada on an enormous scale, thus seriously interfering with and handicapping the development of our live stock industry. When I spoke on the address I referred to the importance of mixed farming as being the only system that would insure the success of Canadian agriculture I was laughed at by some of my Progressive friends. Therefore it is very pleasing to me to note that at a representative meeting held in Saskatoon the other day, attended by delegates from all the provinces west of the Great Lakes, a resolution was passed to the effect that only mixed farming would give lasting success to agriculture in the western country. When I referred to the importance of developing our sheep industry, some of my friends, speaking on this subject later, said that

there was no money in sheep, and that they had had a great deal of difficulty not only in selling the stock but also in getting rid of their wool, and some very clever speeches were made along these lines. I am delighted to be able to tell them that already at this early period the situation is improving very rapidly throughout the world. We find that the wool market is picking up and that large quantities of surplus wool held by the British government are being disposed of without difficulty; that wool is getting scarce in South America; that Bradford, England, the great wool centre of Europe, is buying again very freely; that wool is moving very actively in the United States, and that only the other day as high as 40 cents a pound was paid in Utah for wool in the grease. The business of sheep raising is very promising for the future, and for the benefit of those of my friends who may be interested in the business I am going to quote them a few figures. It has been demonstrated that a flock of fifty sheep, costing not more than $500, will, under ordinary farm conditions, yield a return of not less than 15 per cent net, and in addition to that the wool is usually figured as a net gain. Besides their ordinary value for commercial purposes, sheep have a great value in the destruction of weeds and the cleaning up of rubbish on the farm, and they afford a convenient supply of fresh meat to the farmer in the busy seasons of the year when there is not always time to go to town for supplies. Under these conditions I would draw the attention of the Government to the necessity of guarding carefully against the entry of cheap mutton and lamb from those countries the competition of which would be unfair to Canadian farmers. And in that regard I am sure the hon. Minister of Finance when concluding arrangements with Australia will give particular attention to these few points which I have brought to his notice.

I am very much concerned in the proposed removal from the Customs Act of what is known as the anti-dumping clause. I have watched with a great deal of interest the development of the fruit industry in British Columbia. We have there a large area known as the Okanagan valley, which only a few years ago was devoted to cattle raising, but in the meantime it has been irrigated and now supports a large number of people who have something like $40,000,000 invested in the fruit-growing industry, and their product last year sold for $8,000,000. On several occasions previous to June 4, 1921, our American friends were able to come into the Canadian market with large quantities of their No. 3 apples and sell them at such ruinous prices as made it impossible for the Canadian producer to compete with them. This was repeated from time to time until, on June 4, 1921, what is known as the anti-dumping clause was introduced into the Customs Act. This clause made it necessary for the shipper to take into consideration the cost of production with a fair profit added in arriving at the amount on which the duty was based. This clause has rendered a very valuable service to the fruit growers of British Columbia. It may be asked, why are the Americans able to compete with our fruit producers in that way? In the first place, during a boom in Washington, Idaho, Oregon and Montana, very large areas were planted in fruit; in fact they planted more land to fruit than they had market for the product, with the result that they were able, in those years when there was a large crop, to put a certain amount of their product on the Canadian side at a very low price. In addition to that they were able to dispose of their No. 1 fruit in their large cities at fancy prices, and consequently they were glad to sell their culls, or No. 3 apples, at a sacrifice. These apples have been placed on the Canadian market as low as 30 cents and 40 cents a box. It is estimated that a box of apples costs $1.35 to produce in Washington today. In quoting those apples to our Canadian buyers the Americans have even gone so far as to intimate that no reasonable offer would be refused, indicating that they were simply dumping their surplus on our side. They were, however, careful not to dump their apples on the American side of the line, simply because they did not wish to injure their own market. In the production of small fruits and vegetables we find that growers in the United States have a distinct advantage owing to their geographical position. In the southern States their early produce comes on the market in February and March and soon finds its way on to the Canadian market. Then, as the season works northward, we continue to receive their fruit and vegetables until such time as our own products are ready but by that time the sharp desire of the consumer for fresh fruit has been satisfied by the early American fruit, and the result is that the Canadian producer does not obtain the

fancy prices which have been paid to his American competitors. This year we expect a very large fruit crop, particularly in the eastern section of the continent, and it is to be hoped that this anti-dumping clause will be retained for the purpose of giving the protection which I have referred to. These are matters of actual experience, not guess work. Our fruit men have sent delegations to Ottawa on many occasions to place these matters clearly before the government, and they have stated that this anti-dumping clause has proved to be an effective instrument in keeping out this unfair competition. The Minister of Finance in the course of his budget speech pointed out that there would be considerable difficulty in finding out the actual cost of production. I think no such difficulty need be feared, for the simple reason that if we send an expert down to the few fruit points from which we expect this competition he can look into the whole situation carefully, and will have no difficulty in arriving at the cost of production to such an extent as will enable the clause to be put into operation.

It is also proposed to place a tax of ten cents a gallon on temperance beverages. This tax is very strongly opposed by the manufacturers, who claim that it will so upset their present selling prices as to make it impossible to place their goods on the market at a popular figure. However, circular letters have been sent to all the members, and no doubt to the Minister of Finance, and I do not propose to take up the time of the House any further in this connection, save to ask the Minister of Finance to give the matter his very careful attention and endeavour to make an adjustment which will be satisfactory to all concerned. But there is another phase of this question of considerable importance—that is the application of the tax to beverages made from fruit juices on the same basis as those that do not contain any fruit juices. It may not be generally known that some of these beverages which are on the market and are described by large, bright labels as being made from fruit juice, contain only chemical flavours. Therefore I think if the Minister of Finance finds it impossible to remove this tax, he should at least give preference to the genuine article made from fruit juices, and refrain from taxing them. This fruit juice business is a very important one to the fruit growers of this country, because it makes a market for the smaller portions of the crop which cannot be disposed of to advantage in packages—the smaller apples and pears, for instance. It also enables us to dispose of many of the smaller fruits, such as loganberries, which are grown extensively on the Pacific coast—to the extent of thousands of acres in Washington and Oregon and hundreds of acres in British Columbia. This berry produces a juice which is used in the manufacture of summer drinks; it is of a very high colour; the beverage produced is a very wholesome one; and with the industry growing as it is, it should not be seriously interfered with.

With regard to the hog situation and the British market, I pointed out when speaking a few weeks ago in this House that as far as I could judge from what I saw on the other side, if we are to meet the needs of the British market we must supply the Britisher with an even grade of product; it must be uniform and of high quality, and furnished in sufficient quantities to attract the attention of the buyers over there. While the late government was still in office a plan for the grading of hogs was inaugurated. I do not know what progress has been made in the matter, but I urge upon the Government the necessity of pushing it as rapidly as possible so as to ensure the placing on the British market of an even grade of product. We must do this if we are to retain that market in competition with such countries as Denmark and Holland, where careful grading is carried out.

I wish to direct the attention of the Government also to the opportunity that is offered at the present time to rid Canada entirely of what is known as hog cholera. This disease has caused severe losses in this country, as well as in Great Britain and the United States. In 1912 we had about 4,249 hogs slaughtered on account of hog cholera, in respect of which compensation was paid to the extent of $23,446.51. I have the figures here for ten years, but I will not quote them all. In 1915 the disease had increased to such an extent that it was necessary to slaughter 34,779 animals, and to pay in compensation $196,981.28. In that year we introduced what is known as the garbage feeding regulation, with the result that in 1916 only 5,700 hogs were slaughtered on which compensation to the extent of $33,699.95 was paid. What made the difference? Under the garbage feeding regulations it is necessary for all feeders of swine to cook thoroughly all garbage obtained from hotels or board-

ing houses—that is, waste material, bacon rinds, ham bones, etc., which are fed to hogs and which may give them hog cholera if fed in a raw state. The boiling, however, sterilizes them and makes them a safe article of food. A great deal of bacon is imported from the United States, where hog cholera is so prevalent that it is found necessary to vaccinate the hogs—to inject a serum and virus into them to prevent them from dying of the disease. While many of their hogs are immunized to a certain extent as a result of this operation and do not develop the disease, in many cases they are carriers of the disease, and when the meat is fed to hogs in a raw state, the disease is communicated. In the year ending 1921-22, the regulations having been applied very carefully from year to year, the figures indicate that the mortality from this disease had been reduced to such an extent that only 429 hogs were slaughtered in Canada, compared with 34,779 in 1915. I suggest to the hon. Minister of Agriculture that here is an opportunity, by thorough organization, to wipe out the disease altogether. It will require a little money, but money will be saved in the long run. I speak from experience in this matter. When I entered politics in 1917 I resigned the position of Chief Inspector of the Health of Animals Branch for British Columbia. Hog cholera was very prevalent in that country; in many cases the animals were owned by foreigners who did not understand the English language and could not read our regulations. But even at that we were successful in cleaning out the disease, and for nearly two years previous to the time I resigned, British Columbia was entirely free from hog cholera. This shows what can be done by proper organization in the way of eliminating this disease.

What would be the advantages of bringing about this result? We would save a great deal of money through having no compensation claims to pay; we would save the present heavy cost of enforcing the act; we would save tremendous losses in swine; we would greatly encourage the development of the swine business by the extra confidence which would be given to the raisers of those animals; and in addition to that we would add substantially to the agricultural wealth of this country. And, referring again to the British market, if we could point to our goods as coming from herds entirely free from contagious disease, you can readily understand what a tremendous advantage our product would have over the vaccinated pork coming from the United States.

I have been rather alarmed to hear suggestions in this House that we should introduce the United States system of dealing with this disease. In this country we have adopted what is known as the eradication system. In any case where hog cholera is found to exist the animal is destroyed, the carcas burned and the whole premises disinfected. We use serums only in cases where the remainder of the herd is not infected at the time of the inspection; serum is injected and the animals thus immunized until such time as they can be slaughtered. It would be a great mistake —and I say this after many years of experience in this work—to adopt such measures as are adopted in the United States. The United States have adopted their present system simply because they cannot do otherwise, the disease having become so widespread in that country. This disease can be entirely wiped out in Canada, I am quite sure, by close inspection of our herds, by a campaign of education among the hog growers, and by an even closer application of our garbage feeding regulations. If this is done I am sure the results will be excellent indeed.

Another point that was brought up last evening by the hon. Minister of Agriculture was his proposal to extend his work in connection with the eradication of tuberculosis in this country. This is a very important work. Its extent is very great; millions of dollars will be required to carry it on, and it must be approached with the greatest possible care. I was also much interested in his suggestion that isolated areas like Vancouver Island and Prince Edward Island might first be cleaned up. If it is the intention to do that, I suggest that he include with Vancouver Island the islands of the Gulf of Georgia, which are isolated in the same way; he can clean that whole section up at one time. That can be done by simply applying the quarantine regulations of the Animal Contagious Diseases Act; the areas can be quarantined and it can be made illegal to take cattle on or off these islands without a certificate of a health of animals inspector. I advise the minister, however, to proceed very cautiously in this connection.

As an indication of how serious are the ravages of bovine tuberculosis in the human race, I will just quote a few figures.

According to tables which I have here, 75 per cent of gland cases in children are of bovine origin; 66 per cent of generalized tuberculosis in children is of bovine origin; 18 to 26 per cent of deaths from tuberculosis in children are caused by the bovine bacillus. About 10 per cent of all tuberculosis in children from five to sixteen years is bovine. The British Royal Commission figures are much higher, namely, 37.5 per cent under five years of age; 29.5 per cent from five to ten years of age; 14.6 per cent from ten to sixteen years. This indicates that there is a great danger from these sources of the infection of the human being from the consumption of bovine products affected by tuberculosis.

Glancing at the livestock situation, of the cattle inspected in our abattoirs in 1910—and these abattoirs I may say are very carefully inspected by highly qualified men—2.70 per cent were affected by tuberculosis. In the same year the number of hogs showed an infection of 9 per cent. In 1921, of the 737,195 head of cattle slaughtered under inspection, the percentage affected amounted to 5.26 per cent, and of the 1,727,296 head of hogs slaughtered in the year ending 31st March, 1922, the percentage had increased to no less than 22 per cent, indicating the rate at which tuberculosis is increasing in this country.

We have also found, in hogs, and this is a very interesting point, that in dairy districts where the by-products, such as skimmed milk and other by-products are fed unsterilized the percentage of infection among animals coming to the abattoirs is not less than 10 per cent greater than from those districts where no dairy products are fed. In those districts the percentage of affected cattle is no greater, indicating that the sources of infection in the swine is from the by-products of the cow. This will indicate the need for prompt, persistent, and careful action for eradication of this disease. But I am quite sure that the moment the Minister of Agriculture applies to the Minister of Finance for funds in this connection, he will be met by a statement regarding the heavy expenditures that are necessary under prevailing conditions, and I know that the Minister of Finance will be quite justified because under present conditions every dollar has to be carefully considered before it is allocated for expenditure. I am going to make a suggestion that should meet with the approval, I think, of the Government and of all the members because I think there never was a time in the history of this country when it is so necessary for us to secure money in every legitimate way for the purpose of furthering such work as I have pointed out in connection with tuberculosis. I am going to suggest that we follow the system adopted in France. In France, horse racing is placed under federal control. The government of France secures a small percentage from all the moneys that pass through the books in connection with these horse races which are carefully supervised by government representatives. This percentage is aplied to helping out of poor people and orphan asylums, and also to improving the quality of the livestock. Splendid results have been obtained in that way. If the horse racing in this country could be placed entirely under federal control, we should be able to obtain from that source very substantial sums, and I would suggest that half of the proceeds be given to the Dominion Anti-Tuberculosis Society, and the balance be used for the eradication of tuberculosis among animals. This should not be done, under the Criminal Code. A special act should be passed for this particular purpose. In this connection, I think, it is rather a slur on many respectable men who are interested in horse racing in this country to have racing dealt with under the Criminal Code.

Mr. McKENZIE: Does my hon. friend think that any regulation is required in connection with horse racing that could not be furnished by provincial enactment?

Mr. TOLMIE: My idea of putting racing under federal control would be to have the law uniform all over Canada. In my opinion, that is the only satisfactory way of controlling and stabilizing horse racing. The sport is a very popular one. It is patronized by thousands of people wherever races are held, but there is a great deal of room for improvement in conducting the races. I was never so much impressed in my life as I was by a visit to Ascot in England, when I saw the race for the Ascot gold cup. Everybody from the costermonger to the King of England was there—ambassadors from all the different countries represented in London, the very best people in the land, tens of thousands of them, and they all seemed to be happy and enjoying themselves. If we can run our race tracks in this country under proper regulations, and I am quite sure we can, the great majority of the responsible men connected with this sport would very heartily fall in line with any such regulation. In addition to that it would provide

us with a very useful source of revenue which could be devoted to the eradication of tuberculosis in this country.

With regard to the export trade of cattle, which has been developing to a certain extent since the war and since ship space was available, we have had at first loud clamouring for more ships, but, as a matter of fact, our Canadian feeders have not kept up with the ship space offered, and it has been necessary during the last few months to secure cattle from the United States to fill the ships. In the fall, of course, we shall be able to fill up the space on the ships very much better than we are doing at the present time.

It is gratifying to note the great interest that is now being shown in Great Britain in regard to the embargo on Canadian cattle. Many men are interested in this question now who did not show any interest some time ago. My attention has been drawn to a statement in a newspaper from the Minister of Agriculture in Great Britain, Sir Arthur Boscawen, who says, speaking of the cattle embargo:

> As a matter of fact, I inherited this question, and it has not been a pleasant heritage. I can never get away from Canadian cattle, and I only hope that when I go to another world there will be no Canadian cattle there.

I surely thought the right hon. gentleman would be satisfied with maintaining an embargo on Canadian cattle in this world, without suggesting that there shall be an embargo on them in the next. I can assure him that if he will only do what he can to help remove the present embargo, Canadian cattlemen will be willing to take a chance on there being a cattle embargo in the next world.

My attention has been called by a number of telegrams to the taxes imposed on cigarettes, autos, and the stamp tax on cheques. These matters have all been brought very fully to the attention of the Minister of Finance, and I do not propose to take up time in discussing them further, except to read a telegram I have received from the Victoria Chamber of Commerce:

> Victoria Chamber of Commerce most strongly opposed to proposal to amend regulation covering stamps on cheques and drafts which would result in penalizing those with large aggregate at present carrying heaviest burden and tend to retard normal flow of business. Convinced that auto tax would vitally affect employment situation curtail sales and defeat end desired. J. H. Beatty President Victoria Chamber of Commerce.

There has been a good deal of complaint over the selection of these particular lines for special taxation.

With regard to the amendment which has been proposed, the hon. Minister of Marine and Fisheries (Mr. Lapointe) implied that we were clamouring for a lower tariff. I do not think that is the intention of the amendment at all. I look upon it simply as a strong protest against the idea that it is permissible for a party or a candidate to gain victory at the polls by promises which he or they never intend to carry out. If it is necessary for a man in business undertakings to keep his word; I feel that the responsibility of any candidate or any government to carry out a pledge that has been given is just as great as it is in the case of a private individual. And when the violation of a pledge is brought to the attention of the Government, to hear the reply, in effect, "Don't worry about that, it was only an election pledge," is certainly surprising. I am quite sure, therefore, that many members of the House will agree with me when I say that such a course certainly is not conducive to that high standard which the government of Canada should aim to attain.

Mr. C. WALLACE STEWART (Humboldt): Mr. Speaker, on rising to continue this debate I cannot refrain from expressing regret that the proposed amendment offered by the leader of this Progressive group is not before the House at this time. Not, Sir, that I would cast the least aspersion on the ruling handed down to us by the Chair or suggest in the least any doubt as to its fairness or wisdom. In fact, if I have followed the reasoning aright upon which that ruling was founded, I think that no criticism can be made with respect to it; but that rather we are suffering here as the result of the sins of our forefathers descending upon the third and fourth generation. However, I say that I regret that that amendment is not properly before the House, for this reason. That amendment states concisely, and emphasizes, the point of criticism of the budget that I would wish to make. And I think this other reason too might appeal to hon. members generally, and not alone to this group in which I sit—that if that amendment were properly before the House perhaps I would not feel it incumbent upon me to take up time in presenting arguments to the end so well expressed in the amendment, but that I might have been satisfied to have supported the amendment with my vote and thought I had done my duty But I do

feel, Sir, that we in this group represent a distinct school of thought, that we are urging a policy that is not stated either in the remarks of the Finance Minister or in the amendment to his motion. I feel too that at this time, in view of the serious conditions that confront us in this country, all the suggestions for improvement that can be made should be taken into consideration. Therefore I make so bold as to occupy some of the time of the House in offering some further criticisms and suggestions.

First of all, I want to state, and if possible to make clear, why I am not satisfied with the amendment to the motion. I thought, Sir, when the ex-Minister of Finance (Sir Henry Drayton) first started to propose the amendment that it was going to be one that would appeal to me; I thought that he was making statements which sounded worth while—I refer to that part of the amendment which, perhaps, to a greater or lesser degree camouflages the real point, where he recited those pledges as expressed in the Liberal platform which, he declares, have not been carried into effect. I say, Sir, that I thought perhaps I was going to be able to agree with him because that point did appear to me to be worth while. But later, as my hon. friend concluded his amendment, I realized that he did not express my views as I would wish to express them; and if I had any doubts—for I must admit, Sir, I did not hear very clearly back here where I am seated and was not very sure just what the actual nature of the amendment was—if I had any doubts the hon. member for Fort William and Rainy River (Mr. Manion) cleared up those doubts when he made it plain in the concluding remarks of his speech in this debate as to just what the intent of the amendment was. My hon. friend said, "It is not an amendment requiring hon. gentlemen opposite to carry out their pledges, but an amendment condemning the practice of making promises it was not intended to fulfil", and so on. Now, in so far as it goes, that statement appeals to me. If pledges have been made and not been fulfilled, then I would like to join in condemning the practice. But that is not the point in respect to the budget proposals before us that I want to emphasize; and, as the amendment does not go further than I have stated, it does not completely,—does not by any means completely—express the criticism that I would like to make of the budget. I want to state, Sir, that I was not sent here as a guardian or keeper of the Liberal party though it happened to be in power; at least my conception of the reasons for sending me do not include that responsibility. I was sent here, I think, to state as clearly as possible, and to keep before this House, certain definite principles and certain proposals, and I shall endeavour to do so. I do not think that criticizing the party that is in power carries out, under any circumstances, the obligations which were placed upon me. I have also noted that members of the group sitting immediately to my right have not only pointed out that the amendment is capable of expressing their opinion and their criticism, but that some of them have gone to considerable trouble to point out that the amendment is also capable of expressing the criticism and viewpoint of the Progressives. I take exception to that ambiguous feature of the amendment, and I wish to say that when this group has the privilege and the opportunity of expressing its views it will attempt to do so without ambiguity. Personally I do not feel that I can join in an expression that is capable of two interpretations. I do not think that it was a fair criticism to level at us in this corner of the House to say that when the resolution which did express our sentiments was offered it was offered as a means of safety to the government. I would point out, Sir, that the result of the two amendments would be practically the same. That is, both constitute a censure of the government; and I cannot see that in taking the stand that I do—although I cannot admit that the amendment now before us satisfies me—I am in any way coming to the relief of the Government.

Now, I want to make a few comments on the budget proposals. In the first place I would like to join in the congratulations that have been offered to the Minister of Finance on the service that he has given for so long, and is still giving, to the country. I would like, in particular to congratulate him on a point that I think has not been stressed, and which I believe is important. That is, that the phraseology in which he has clothed his proposals is so clear and intelligible that it was not difficult for any hon. member to grasp the points which the minister wished to place before us. That is commendable but that is not the whole point that I have in mind. It is the fact that my hon. friend's phrase-

ology is so understandable that the average citizen throughout Canada can realize the present situation fairly accurately, and that, I think, is something desirable. It should be possible for the people of the country to understand the condition of the Dominion at the present time. I believe that the average citizen is now getting a better grasp of the conditions than he had, perhaps, at any time in the past, and that he is realizing that we have a very heavy burden of debt to sustain. It is not possible, perhaps, for the average citizen to think in the terms of billions or millions of dollars; but the people as a whole are now realizing that a very heavy debt is placed upon us. They realize that the interest charges on that debt, and the other fixed charges, together with the legitimate charges of carrying on the administration, amount to a very large sum. They realize this requires a heavy taxation, and if I might diverge again, I would congratulate the Minister of Finance (Mr. Fielding) on having presented tax proposals which are intended to bring in a large revenue. I believe that we all realize, both in this House and throughout the whole country, that a large revenue is necessary to carry on the government at this time. I do not wish to be misunderstood in that respect. I do not mean to say that, because a large revenue is necessary, we should encourage the Government in making the expenditures and charges over which they have direct control greater than are absolutely necessary at this time. I am wholly in sympathy with the statements regarding the necessity for economy, which have been made by my hon. colleagues in this corner of the House. I believe it is possible that reductions can be made in the expenses of the various departments of this government. As a new member of the House, I would not try for one moment to place my finger on the weak spots. I would not attempt to criticize; in fact I think most of us who have been in our seats during the passing of the various estimates have felt that it would be almost futile to touch those estimates with the knowledge we have of them. It is the business of the Government and of the heads of the departments to find out where there are encroachments on the revenue which can be stopped, and where items can be cut off, without seriously injuring the ability of the Government to carry on. My whole idea in commending the Minister of Finance for having introduced proposals that would bring in a large revenue is that a large portion of that revenue might be diverted from the ordinary expenses of government to reduce our national debt.

There are other features of the budget I would like to comment upon. The first is one which has been touched upon many times here, and that is the statement of the Finance Minister as to his attitude—and I presume the attitude of the Government for whom he speaks—with regard to reciprocity with United States. I commend that attitude, and personally I am prepared to stand behind him wholly and unreservedly in that matter. I also commend certain features of the budget where the minister makes proposals for more direct taxation. I believe, Sir, that the people of this country, if they are not now wholly in a position to accept direct taxation, are making long strides towards that position. They are demanding that the taxes shall be placed upon them directly, so that they can trace them to their source, and know exactly how much they are paying, and through what channel it is reaching the treasury of the Government. I refer to the taxes on bank notes circulation, cheques, money orders and the like. Those taxes are commendable in another sense, in that they do not bear unjustly upon the man of small means and with very little income. Those are proposals which meet with favour. I might also mention taxes which are included there, which might be termed luxury taxes, such as the taxes on automobiles, tobacco, confectionery, and taxes of that nature. If I have a criticism to offer on those taxes, it is that there should be greater attention given to the graduation of the taxes. The greater the value of the article, the more right it is to term it a luxury, and in my estimation the greater the tax it should bear.

5 p.m.

I commend all measures in the budget tending towards freer trade. In this, my first attempt to address the House, I will not state that I am a free trader, either in theory or every day practice at this time, but I believe in much freer trade than we have at the present time. I am commending these measures because they point towards freer trade. I will mention some of them. We have the alteration in the Marking and Valuations Act, the change in the regulations regarding the arbitary value of foreign money, and the direct reduction of tariff where those occur in the proposals before us. These are all tendencies toward freer trade, and I commend

them in that respect. Although supporting the thought expressed in the resolution to amend the amendment, as submitted by the hon. leader of this group, (Mr. Crerar) I do not in any sense wish it to be understood that I am advocating radical changes in the fiscal policy over night. I do not think that any person in this House wishes to do that, and if there were such, I would, least of all, wish to be connected with them. In my most optimistic moods I never supposed the Government which in power would do anything radical in that respect, and in my more pessimistic moods, viewing it in the light of history of the past, I did not expect anything more radical than we have at the present time—and I submit we have no radical changes at the present time. The hon. Minister of Agriculture (Mr. Motherwell) last evening, I believe, characterized it as a step. I think he was going beyond bounds when he characterized this as a step, either in the right or the wrong direction. I believe the hon. member from Southeast Grey (Miss Macphail) also said it was a step forward and a step backward. I submit this is not a step. I think the hon. member from Brome (Mr. McMaster) characterized it properly. I admire very much all his logical reasoning and argument, and was particularly delighted to find that he was logical with regard to statements he had made as much as two years ago. I think I remember reading about two years ago a criticism he had made of the budget proposals of that time. At that time there were proposed reductions of from 5 to 7½ per cent, and, in criticizing them, from his standpoint, he stated that it might be termed a step in the right direction, but certainly not a stride. The other day, in following to a logical conclusion, he stated that the change at the present time was probably a shuffle. I think that is a truthful statement of the situation, and meets wholly with my approval. However, I want to be absolutely fair, and to give full credit to the Minister of Finance for the results which may follow the slight changes made, particularly with regard to agricultural implements, where he has altered some of the customs taxes by 2½ per cent. My chief objection to the customs tariff, as a means of raising revenue, is that it takes so much out of the pockets of the consumer to place $1 in the treasury. I have heard it stated —and I have not heard it successfully refuted—that for every dollar which, through that means, finds its way to the treasury, $2 is taken from the consumers' pockets.

[Mr. C. W. Stewart..]

If that is a fact, let us consider fairly what even 2½ per cent might mean to the consumer of this country. I am not sure, Sir, that this 2½ per cent reduction is worthy of the commendation I am giving it, or that it would work out in practice as it does in theory, because it is such a slight reduction that, possibly, advantages will be taken of the situation which will not permit it to work out as it should. Theoretically, the 2½ per cent reduction will mean a saving in taxation to the agriculturists of this country of as much as $250,000, which is not a very enormous sum. But if $250,000 is deducted from the treasury, then it means not $250,000 saved to the agriculturists but at least a million dollars, taking into consideration the indirect taxation placed on them. It was suggested by the Minister of Finance (Mr. Fielding) that this reduction might mean a loss to his treasury of possibly $500,000. That is so much taxation taken off the people of the country. If therefore my theory is correct there is saved to the people not $500,000 but $2,000,000. And while these are compartively low figures as compared with the whole budget, yet I am willing to give the minister the full credit that is due him in that respect.

Next I want to say a word or two with regard to the sales tax. To me it is one degree less objectionable than the customs tariff as a means of raising revenue, but only one degree less objectionable, in that it is perhaps a more direct method of taxation than the customs tariff. But when I find that there is a difference in the sales tax as between home manufactured goods and imported goods, in favour of the home product the effect, it seems to me, is practically the same, and in reality there is little difference between the two forms of taxation. My objection to this tax is that it is an undue burden on those people who have small incomes. It is not equitably distributed. It is a tax on the necessities of life, a tax on a man's consuming power and not on his ability to pay taxes. It is a drain upon the real source of our wealth, and the Government would have been well advised to have taken that fact into account before increasing this tax by 50 per cent. I know that certain claims have been put forward to justify the present proposals of the budget, among others the contention that the exigencies of the present critical situation demand the increase. I am willing to admit all these things; and I should be most patient, Mr. Speaker, with the pres-

ent administration if I could see any sign that they were heading in the right direction. But, as I view the matter, I take the position stated in the second amendment, which was refused consideration, that the whole budget is based upon protectionist principles. I therefore cannot give it my endorsation.

The speech of the Minister of Finance does not suggest, either directly by its context, or by inference, that the Government intend to implement their promises towards freer trade either immediately or in the distant future. And I was very much interested last night when the Minister of Agriculture (Mr. Motherwell) refrained from committing himself on that point although he committed himself on almost every other point that suggested itself to him. If I thought that a readjustment were contemplated and we were given a serious undertaking towards that end by the Government, matters would be different. And by the way, Mr. Speaker, may I say at this juncture that I am becoming very dubious indeed of all pledges, when we find that what we supposed to have been the pledges of members of the Government were only pledges made by their supporters, not, apparently, with their authority and approval. I say I am becoming quite dubious of pledges of any sort. If, however, we had a solemn pledge on the part of the Government at this time that they intended to implement in full their pre-election promises and to put them into legislation, I should be more patient than I am at this time.

Now, I wish to offer a few constructive criticisms, because I am in sympathy only with criticisms of that character. We in this corner have been criticised for not placing on record more constructive material in our criticisms of the budget. In our platform we have some very definite proposals, and I will recommend some of them to the serious consideration of the Government. I believe that the most equitable tax we have ever had in Canada is the income tax. It is my opinion, further, that this tax should be readjusted. There should be a gradation in the scale, following the British system, not only increasing it very much as it ascends, but also recognizing a difference between earned and unearned income. In the same category with that I place the business profits tax which has been discarded by the Government. I would also recommend the inheritance tax which has been suggested already. Another tax which I favour very much, and which I believe should receive the earnest consideration of the Government, is what is known as the tax on unimproved land values. I was much pleased to hear the hon. member for Gloucester, (Mr. Turgeon), the first member on the Government side to do so, suggest that this tax should be considered. Up to the time he made the suggestion it had not been mentioned, and the hon. member expressed his disappointment that some member of the Progressive group had not advocated the tax. Since then several hon. members have advocated the tax on unimproved land values, and I believe that the hon. member for Brant (Mr. Good) outlined it at considerable length. I have criticised the sales tax severely, and now as a practical suggestion I would urge the Minister of Finance to consider the matter of taxing these unimproved land values. I would suggest that there should be placed on all lands throughout the country, both urban and rural, a tax of 2½ mills on the dollar with assesment based on unimproved values. If the Minister of Finance did this he would secure at least as much as he will get through the 50 per cent increase in the sales tax, and it would be a more equitable distribution of taxation throughout the country. This tax, I can assure him, would not bear very heavily on those who would pay, and it should be given a fair trial. In many instances people are afraid of the proposal, because they do not know how the tax would operate; and if the experiment were tried it would satisfy these people. Certainly it would be meeting the demand which is being made for a movement towards more direct taxation. Of all the taxes that can be levied, perhaps the income tax and the tax on land values are the most direct methods that could be adopted. I have done some figuring on this question. The figures I have been able to obtain are from the Chief Statistician and they show that the assessable values of unimproved lands and property throughout the Dominion would probably amount to $16,000,000,000. That is why I suggest 2½ mills on the dollar; it would produce the revenue which the Minister of Finance finds it necessary to secure by means of the increase in the sales tax.

Mr. McMASTER: How much would that tax secure to the treasury? Have you worked that out?

Mr. STEWART (Humboldt): A tax of 2½ mills on $16,000,000,000 would be about

$40,000,000. On the average farm in western Canada, with the values of which I am well acquainted, that would mean a tax of about $7.50. As I make it, on an average the sales tax will mean a tax of about $20 to each farmer in the West. It makes then to the farmer the difference between $7.50 and $20. Now, it cannot be claimed that that difference would have been thrown upon the working man, because, as a rule, he is not a holder of land at all, and therefore would not have had any land tax to pay. It would have thrown that difference on to certain companies, perhaps speculators, who are holding valuable lands, some in rural districts, and large areas in the cities.

Now, Sir, in conclusion, what I have said with regard to taxes, the revision of the customs tariff, the lessening of the sales tax, and the adoption of direct methods of taxation is not offered by me as a panacea to cure all the ills that afflict this country at the present time. I come from western Canada where the agriculturists are labouring under very serious handicaps, and they are not simply clamouring that conditions shall be changed in order that they may try something new, hoping that that will be better than the old, but they have given mature thought to the disadvantages under which they labour, and I am sent here, together with a number of my colleagues, as the expression of that mature thought. They have sent us here to place certain definite proposals before this House. They think that wider markets would improve their condition. I may say that for the last twenty years I have been watching the efforts of the agriculturists in western Canada, and although I have not during the whole of that period been directly interested in agriculture, because I am going back to my school days, yet during the years that I have been directly interested I have noticed that the western farmers have overcome the very serious handicaps they laboured under by attacking small points and gaining one at a time. They believe if they could obtain wider markets it would materially help them. In fact, I think the proposals they suggest could be put under three heads of relief.

First, they believe there should be increased returns for the products of the farm. Wider markets would help to bring that about. I have already commended the Minister of Finance for his efforts to that end both in regard to the past and the very near future, for undoubtedly he has made real efforts to obtain reciprocity.

[Mr. C. W. Stewart..]

We from the West have asked for better marketing conditions as we believe they could be obtained under a wheat board. I am not going to pursue that further for the moment because I believe very shortly we shall have an opportunity to debate the advisability of some such scheme of control for marketing our crop. We will also perhaps have the opportunity to debate the manner of lessening the cost of transportation not only of grain but also of commodities that enter into the necessities of agriculturists.

Speaking of transportation brings to my mind the completion of the Hudson Bay railroad, which a very large number of agriculturists in the prairie provinces are convinced would materially lessen their costs of transportation. They believe, Sir, that ten or twelve years ago they made out a case before this House. They had the definite promise of the Prime Minister at that time, the late Sir Wilfrid Laurier, that that road would be built. They saw its construction undertaken and carried on to a very large extent by the last government, and they lived in hopes that the road would be completed. Now, I come to this House pledged to my constituents to work for that completion. I find numbers of hon. members, perhaps new to this House, are dubious of the wisdom of continuing this work. The people whom I represent feel that the case is made out, and that if the completion of the road is considered a dubious undertaking, it is the duty of those in doubt and opposed to the work to make out their case in opposition. I place that before you, Sir, as a means, not of greatly increasing the returns of agriculturists, but as a means to some extent of increasing the returns that would be received for agricultural products, particularly grain.

Then, too, I must mention the necessity for the construction of certain branch lines of railway. The cost of production to the farmer is materially enhanced when he is a great distance away from a railroad. For fifteen years I hauled my grain thirty miles to a railway, and so I think I speak with authority in that regard. I paid as high as 25 cents a bushel for a number of years to get my wheat to the railroad car, and I know if that expense could be saved sometimes a considerable loss could be turned into a considerable gain.

These matters, then, this Parliament has more or less direct control over and could attend to if it thought fit, and if carried out they would all help to increase the returns on the farmers' products. But the

people of the West have taken the stand that if the returns for their products cannot be greatly increased, at least we should increase the purchasing power of the dollars that they do receive. I want to make that point perfectly clear to the House. Not so very long ago, in fact in my time as a farmer—and I have been farming only about sixteen or seventeen years—I sold my grain at no greater price than is being obtained at the present time, and yet in those days I considered myself fairly prosperous. But for the past two or three years I know I have been farming at a loss. The difference is simply this, that in the years gone by my dollar purchased something, whereas at the present time a dollar by itself is not worth very much. I think it would be only repetition of my argument if I were to go back and state that that is one reason why I claim the customs tariff on agricultural implements and on clothing and the other necessaries of life should be reduced to the minimum, so that the man engaged in developing not only our farms but all our natural resources should be enabled to obtain the maximum return for his expenditure.

I said there were three methods that the people I represent believe would lighten their burdens. The third is, by readjusting taxation. I am not asking for any special concession for the people of the West. They are perfectly willing to pay taxes according to their incomes, but they do ask that they should be taxed according to their incomes. If this Parliament has it in its power, and should see fit, to readjust these matters I have brought to their attention to such an extent that the farmer—and when I use the term farmer for the people in the West, in my constituency at least, I do not think I exempt any person, because all there are either directly engaged in tilling the soil or are very directly dependent upon the farmer for their living—if it can be so worked out that they will be prosperous, that their incomes will be augmented, that the value of their land holdings will be increased, then they are willing to pay in due proportion of their increased incomes and the added value of their property.

I would like to have mentioned the effect this would have had upon our immigration policy. I am firmly convinced, Sir, that the salvation of this country lies in increasing our population; that we need an immigration policy. But I have in mind an ideal immigration policy, that is, to make all the deserving people of this country so prosperous that they will be anxious to have their friends come to them and settle beside them. When that day comes then we shall have indeed a real immigration.

During the campaign last fall when I had the privilege of speaking to a very large number of my constituents, I made it a point at every meeting that I addressed, about sixty in all, to ask the people there if they would feel justified under present circumstances in inviting their friends to come to this country and become citizens alongside of them, and in all those occasions I did not find one man who felt he would be justified in inviting his friends to come and share with him his prosperity or lack of prosperity. But if these people were prosperous they would be glad to have their friends come here. They are not selfish; they do not wish to enjoy prosperity alone. Nor are they crowded in that country. I want to assure you, Mr. Speaker, that as I travelled through my constituency last fall I was struck as I never had been before with the room there was for more people. I do not know whether my constituency differs in that respect from that of any other hon. member from the West, but I found that section after section of good arable land was vacant, right in some of our best settlements and very close to railroads. I had heard it stated a number of times that we had in this country thirty million acres within fifteen miles of railroads, but I never realized the proof of it until I saw with my own eyes, when travelling through my constituency in a car, these areas of the very best land lying idle.

Mr. McMASTER: Will the hon. gentleman permit a question?

Mr. STEWART (Humboldt): Certainly.

Mr. McMASTER: Who, as a general rule, would own these unoccupied farm lands?

Mr. STEWART (Humboldt): They are almost entirely held by non-residents, usually companies; they are what we in the West call company lands.

I was stating, Sir, that if the system which I have called the ideal system could be worked out we would not need very many immigration regulations or restrictions. If the conditions were such that the people were inviting others to come into the country I would be in favour of allowing all whom we could assimilate to come into Canada. That term "assimilate" has been used very often and very glibly dur-

ing the present session. I wonder just what interpretation has been given to it. When I use it I have reference to all the people that we can make citizens of this country. We need citizens—I have stated that fact; and when I use the term "citizens" I am not thinking of those who become citizens simply because they are domiciled in a particular country; I refer to those who are willing to share not only the advantages of citizenship but also, if the occasion requires, the responsibilities of citizenship as well. I state, Sir, that if this country can attain a sufficient degree of prosperity to cause people to wish to come here and to stay here when they do come, then we can indeed welcome practically all races, all those who will assume the responsibilities of good citizenship in this country.

Hon. D. D. McKENZIE (North Cape Breton and Victoria): Mr. Speaker, I must indeed congratulate the hon. member who has just taken his seat (Mr. Stewart) upon his very excellent exposition of public questions as he sees them. This is the fifth Canadian Parliament of which I have had the honour of being a member; including the provincial parliaments, I have been in seven different parliaments. The present Parliament is of particular interest, because it is composed of three strong groups. We had in one or two previous parliaments three groups, but the third group was largely, as has been the case in the British House of Commons, composed of middle-bench men who were exercising the right to their own individual and independent ideas but were not calling themselves collectively a party. In this House now we have three distinct parties, of which the Progressive party contains the largest number of new members. While I am not disposed to be fulsome in praise of them, I must do the new group the justice of saying that of the many Parliaments which I have seen on the Hill I do not know of any large group of new members who have brought to Parliament such a good equipment of parliamentarians as they have. Of course, their ideas of parliamentary life and parliamentary usefulness, their ideas concerning the way in which they should carry out their duties in this House, will undergo some changes when they have been here quite a number of years and have become acclimatized to the conditions in the House. I am not saying that from any critical point of view, but as one who has travelled that road I think it is only fair that I should tell my hon. friends that if twenty years hence they are still sitting in Parliament they will be surprised at the striking change which their views have undergone concerning how things can be done and the way they should go about doing them. But it would have been a great mistake for my hon. friends not to express their views upon public questions as they have been expressing them and as they will, no doubt, express them during the remainder of this session.

My hon. friend who has just taken his seat has made reference to the duties of citizenship. He points out that the word is used freely, and he says he is not so clear that its meaning is fully understood. Few things in the world are so important as citizenship. The great Scottish poet, Robert Burns, said: "An honest man's the noblest work of God." There is no doubt that is true, and the attributes which Robert Burns had in mind when he penned these words must of necessity be part of the equipment of every true citizen. It is impossible for a man to be a good citizen in the proper sense of the term without possessing those noble qualities to which the immortal Burns has made reference. I am glad that my hon. friend has referred to citizenship. I am sure we are all proud of being Canadian citizens, and prouder, if possible, to be British citizens enjoying all the privileges that the British flag and the British Crown bring to us. We have one king and one crown, one flag and one country, from the Atlantic to the Pacific. When we talk of groups and divisions, and of one party attempting to build up one section of the country regardless of the necessities of other sections, let us understand at once that such a thing is an impossibility. It is impossible to build up a country by building up one section at the expense of another, with no uniformity of development, just as it is impossible to build any other structure on the same principle. For these reasons I say at once to my friends of the Progressive party, who are here practically as new men—I need not say it to the old hard-shells of the Tory party, many of whom have been here for a long time, and who make it their boast that they are true and loyal, good Imperialists—that we must have regard to the necessities of the country as a whole, and try to find a policy that will enable us to govern and carry forward this whole country from coast to coast, a policy that will be in

conformity, so far as possible, with the best interests of every citizen in this great country of ours.

Men and women come to this country, they accept our laws and our privileges, they accept the splendid welcome we give them, and in return we expect nothing from them except that they shall perform their duties as Christian citizens of this country, and in that way become worthy of the heritage which has been handed to us by our forefathers, all of which we are willing to hand down to those who come to this country and make their homes amongst us, exacting only from them that they shall be good citizens. Much depends in that regard upon our own conduct. It is just the same as the example the head of the family sets to his children. As a rule, you will never see well-behaved children in a household where the father has no respect for the amenities which should govern his conduct as the head of the house. On the other hand, if he shows himself well-behaved, a moral, devout Christian man in all the duties devolving upon him, the children are glad to follow in his footsteps. It is the same with citizenship. If we who were born here, or have been here many years, live up to the ideals of British citizenship and of the British flag, if we stand fast by them in honesty of purpose, industry, and everything else that makes for good citizenship, those who come to this country will try to live up to our standards; but if we depart from them, let us beware that we are not dragged down to the standards which the stranger to this country would set up if he found a lack of principles in us who ought to know better.

I have made these observations, Mr. Speaker, I think justifiably, because we have a great many new members, excellent men who are here for the first time. They have heard a great deal about politicians and public men and have perhaps heard that they are men not overburdened with morals, and without any proper conception of what is real manhood, and of what are the duties devolving upon public men in this country. I do not hold myself up to be anything but perhaps a poor example of the good men of this country, but I have been in touch with public men in Canada for the past thirty or thirty-five years or more, and I must bear this testimony, that taking our public men as a class, they are as fond of principle, of honour, of right and square dealing as any other class of men that I ever came across in this country. I want to convey to my good friends who may have brought here with them from the far West or from the Old Country, or wherever they come from, the idea that public men in Canada are such that they must be on their guard against them, and that they have no proper conception of honour in dealing with their fellow citizens, that such is not the case, and if my good friends will do their part, if they will uphold those high standards of citizenship that the old Nova Scotian, the old British Columbian, or the men of any other province of Canada hold as their ideals, we shall be happy together, and no one will have any reason to find fault with our citizenship.

I do not think that I shall follow the speech of my hon. friend very much further. I agree largely with what he says, and I am pleased to find that he has such a clear conception of his duty and of what should be done in connection with the affairs of this country.

A good many words of praise and congratulation have been tendered to the Minister of Finance (Mr. Fielding). These praises have come from all parts and all corners of this great country, and when other hon. members from far-away provinces have tendered their congratulations, and quite properly, to the minister, it is not only incumbent upon me, coming from the same province, a colleague of the minister for many years, and his follower as a humble member of the Liberal party for nearly forty years, but a very great pleasure to tender to him my warmest congratulations upon this the delivery, and the delivery in good style and splendid form, of his sixteenth budget. I suppose, Mr. Speaker, that few men if any—possibly there may have been a few, but I could not myself in any leading countries of the world discover any such person—have had a history like the present Finance Minister. I do not know whether the famous Iron Chancellor—who for many years, although not the real ruler of Germany, was the financial centre and strength of that Empire and was in office at the time of the Franco-Prussian war of 1870—had the great distinction of introducing into his Parliament as many budgets as our present Finance Minister, but if it was not his good fortune to have done so, I do not know of any one else.

May I be permitted to boast somewhat of our Liberalism in the province of Nova Scotia and to hold out to our friends who

are not very fond, I believe, of the old party, some of the beauties, the traditions, and the achievements of that party in the good old province down by the sea—a province where law is respected, where citizenship is respected, where property rights are respected, and where religious beliefs—and everything that goes into the making of life what it ought to be and making life happy and contented—are respected. There is no province in the Dominion of Canada, no spot in the world—and that is said without any disparity to any other place—where those essentials of life are better preserved and more respected than in the little province of Nova Scotia. Let me say that while we have had splendid men in the province of Nova Scotia and have given splendid men to the world—we have had such men as Joseph Howe; Mr. Johnson who was the contemporary and also the premier of Nova Scotia as well as Howe—the Tuppers, the Bordens, Fielding, Murray, and many others who stand high in the ranks of the public men of Canada—among them all there was none who contributed more to the stabilising and the elevating of the public life of Canada than the hon. gentleman who is now the Minister of Finance of the Dominion, and who has had the honour of introducing the budget we are now discussing.

I am sure it would be surprising for some people to know that ever since Confederation we have had only one change of government in the province of Nova Scotia. I need not tell hon. gentlemen how long ago that is. During that fifty-four years we had just one change of government. That was in 1878 when the Conservative administration took the reins of office; but in 1882 they went out of power and ever since that time the people of Nova Scotia —who are bright, intelligent and alert people—have consistently followed in the one track, and have consistently recognized the one policy, the one love, and the one system of government. The present premier, who to-day occupies the place of honour and power in the province of Nova Scotia will, some day next month, have been sitting there for twenty-six years, he will have been continuously in office for twenty-six years. I refer to the Hon. George Murray, a gentleman who is well known from coast to coast, a gentleman who, after twenty-six years of office, exhibits the purity and the bright hope of a consistent and progressive life as a politician and a Liberal of the Liberals. If in this great province of ours we can produce from the Liberal party a man like that, who has given us a splendid government and a splendid record of progress, am I not justified in presenting, not only to this House but to the world, the good old Liberal party and saying that within its ranks, and exhibiting its doctrines and its principles, are to be found men and measures worthy of this great country, and that these measures deserve to be developed, perpetuated and continued? Let me add that for fourteen years before the Hon. Mr. Murray took charge of the affairs of the province of Nova Scotia, the Hon. Mr. Fielding, who is now the Finance Minister here, was the premier of that province. That also involved being the finance minister for the province as well, for he was also the provincial treasurer and provincial secretary, the duties of which, in our province, correspond to those of the federal Minister of Finance. So that the fact deserves to be noted that Hon. Mr. Fielding is not only presenting his sixteenth budget in the Dominion Parliament, but he had previously presented fourteen budgets in the Nova Scotia legislature, making a record more unique and more striking than that of any other man, I believe, who ever occupied high office under the British flag.

Now, I may be criticised perhaps, for talking about these things, but I think it is only right and proper that there should be a due presentation of them to this House and to the world. Public men do not always, perhaps, get the praise and the credit that is due to them, and when there are clear and striking evidences of this kind due recognition should be forthcoming. For the province of Nova Scotia is just as exacting—perhaps more so—of a high line of conduct from its public men as any other part of Canada. So happily have the expectations of the province in this regard been fulfilled that for twenty-six years we have had one premier (Hon. Mr. Murray), and for fifty-four years we have had the one government or the one party in power excepting, as I have said, for a brief spell of four years. This shows there is virtue, stability, a high conception of honour, and efficient administration to be found in the party which is so appreciated by the little province down by the sea. I am producing these goods largely for the benefit of my hon. friends of the Progressive party. I would ask them to examine them and, if they are of a proper type and fitness, let them wear them.

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

Mr. McKENZIE: When the House took recess, I was referring to the achievements of the great Liberal party of which I have the honour now to be a member, and I was saying that both parties, Liberal and Conservative, from the province of Nova Scotia, have contributed many excellent men to the service of the irrespective parties and the country at large. I felt at the time that I was forgetting one of the distinguished Nova Scotians to whom I should have made reference, and, during the recess, I thought I recalled that I had made no reference to a gentleman who was for some years Prime Minister of this Dominion, the Right Hon. Sir John S. D. Thompson. He was a Nova Scotian of whom we all have reason to be proud, and his name should be mentioned when enumerating distinguished Nova Scotians. I desire to include the name of that illustrious gentleman with those of the other prominent Nova Scotians whom I have already mentioned. The budget is always interesting to the Canadian people. It is the accounting for the year, or possibly for a number of years, which the government submits to the people, on which they are to pass judgment in regard to the financial operations of those who are charged with the business of the country. The present Administration has been but a very few months in office. Hon. members who are familiar with the operation of government and the responsibility of parties will well understand that it takes considerable time to get a proper hold and understanding of various matters to be attended to in the administration of this or any other country. It must not be expected, in reason and fairness, that, in the few months that this Administration had been in power, before the Hon. Minister of Finance (Mr. Fielding) was called upon to prepare and present his budget, we could have the full and various details that would be necessary in order to give as thorough an account of the affairs of this country as might possibly be expected had the present Government been longer handling the affairs of the country.

I propose paying some slight attention to the manner of criticisms which have been made by the official Opposition, and, particularly by the right hon. leader of the Opposition (Mr. Meighen) and those who were in his administeration. They criticized us as if we had been for years in charge of the affairs of this country and were responsible for the public debt, the way in which that debt was incurred, the way in which the various resources for borrowing money in this country were exploited, the way in which the credit of the country, in so far as borrowing money was concerned, was exercised and used and everything of that kind, when, as a matter of fact, the late government was responsible for all these things, and borrowed money wherever it could be borrowed. Now, we are criticized as if that were all our business, and not theirs, and as if they had no responsibility at all. What would you think, Sir, of a landlord who while living, say, for ten years in a house, had allowed the shingles to blow off the roof, the chimney to break down and become smoky, the floor to be broken, the windows to be smashed, and, in short, had permitted the house to get into a dilapidated condition; who had then managed to rent the house to another man, and who, the day after the tenant had taken charge, came in, and turning savagely on the poor tenant, said. "How is it the house is smoky? What is the matter with the broken floor? How is it the roof is leaky and the windows smashed? How is it this house is in the absolutely uninhabitable, deplorable condition in which I find it?" You would say he was a very daring or insane sort of man. The answer would be 'This is your house; you lived in it for ten years; if the windows are broken, you broke them; if the roof is leaking, it is because of your neglect; if the chimney is smoky, you allowed it to break down and get into a smoky condition; this is your house, under your administration, and you are responsible". But the landlord tries to shake off all responsibility and place it on the tenant. You would say such a person was without any conception of a proper reasoning power as to his own responsibility. That, Sir, is the position in which the former members of the government are placed. They stand up with considerable nerve and criticize as boldly and as strongly as if they had nothing whatever to do with the conditions in which we find the country to-day, and the position in which the minister who has charge of the finances of the country must of necessity be.

The question of raising money is not so hard in one way, because there is only one source from which we can get it. It must

come from the people directly or indirectly, and whatever may be the means adopted of collecting it, in the last analysis it must come from the pockets of the individual citizen. Now, everybody knows that we have an enormous debt. We have tremendous obligations that must be met; and every Canadian who is proud of his country acknowledges that those obligations we are in duty bound to pay in due course. The only question therefore is as regards the method of collecting the money, and the application of the revenue so secured towards the discharge of those obligations. Not only does the right hon. leader of the Opposition acknowledge that fact, but the hon. leader of the Progressive party (Mr. Crerar), a day or two before the budget was introduced, predicted that, unless he was much mistaken, the Minister of Finance would be obliged not only to continue the exactions that were already being made upon the people, but to propose new taxes in order to meet the obligations that faced him. Well, that prediction has only been fulfilled; and the leader of the Progressive party and his associates, in view of that judgment pronounced by him, must do us the justice of not criticising us too harshly if we find it necessary to do just what that hon. gentleman thought we should have to do, under the circumstances that exist to-day and in view of the heritage that has been bequeathed us by our predecessors. When the opinion is expressed by the member for Marquette that the Government will have to impose new taxes, it is illogical to tell us now that we should make reductions in the present taxes that are levied.

Some people criticise the war debt with some timidity. I think that I am among those in this country who can talk about the war debt and everything else that relates to the war and our relations to the Sovereign, without fear of adverse comment. I say that without any intention of boasting in any way. But the war is made an excuse for all kinds of extravagance. Now, it was quite proper that we should have done all that we did do in the war, spending the last dollar and sending the last man to the front, to discharge our full duty in the cause. But there is such a thing as doing one's duty properly; and a nation can play its part in a war without any reckless extravagance, spending $50 where $1 could accomplish the same thing. Criticism can properly be offered in that respect, and the outgoing government and the government of the Right Hon. Sir Robert Borden cannot escape criticism at the hands of the people by simply blaming the war for everything, because our debt is out of all proportion and is absolutely beyond the possibility of adequate explanation. For instance, many Conservatives who supported the last government know that hundreds of thousands of men were gathered up in Canada at the expense of the treasury and sent to England although it was fully known that they were absolutely unfit for service and could not pass the test that would be made overseas. Medical men among the Conservatives told us in this House that in the discharge of their duties they were called upon to pass all these men. These statements can be found in Hansard. A man would come to headquarters and say he wanted to be a colonel and he would be told to go and get a regiment. If he could raise the men he was given the commission, so he went into the highways and byways and gathered up a crowd, got his commission and went overseas with the men. These men sometimes were kept for as long as six months in different towns in Canada. Regiments were sent to New Brunswick, Nova Scotia and other places. One regiment was stationed at Amherst in my own province and another in a little town near Louisburg in my county; and this was done simply as a matter of patronage to supporters of the government, in order that the supplies of food and other necessaries required in the camps might be procured from Tory merchants. When these men who were so hastily got together were taken overseas it was found in England in many cases that not one out of fifty was fit to go to the front; and as the authorities were too busy with legitimate business these men could not be transported back to this country. The result was that for years, as military men in my hearing know, hundreds and thousands of men were kept over there doing nothing at all except eating their heads off at the expense of the country. They were sent there simply for the purpose of affording some man an opportunity of getting a commission as colonel, and for the other purpose of supplying patronage to supporters of the party. I see a military gentleman opposite laughing, but I defy him to deny these things. What I say is absolutely true, and the records bear me out. Now, these are some of the ways in which money was squandered improvidently, without the slightest benefit to the country, by the Conservative party when in office.

What happened in connection with the Ross rifle? I suppose millions of dollars have been expended in the manufacture of the Ross rifle for the purpose of murdering our soldiers. When last session the matter was brought up on the estimates, a gentleman now in the other chamber, a much-honoured senator and military man—a general in fact—who was at that time a supporter in this House of the right hon. gentleman's government—of course, I mean the right hon. gentleman who now leads the Opposition—made a speech in which he condemned in the most unequivocal terms the continued manufacture of this rifle and its murderous effect on our boys who had to use it at the front. But it was a case of patronage.

Mr. CLARK: Is the hon. gentleman referring to the Ross rifle?

Mr. McKENZIE: Yes, I am referring to the Ross rifle.

Mr. CLARK: Was it not the Liberal party that adopted the Ross rifle?

Mr. McKENZIE: Is that an answer from my mild-mannered friend?

Mr. CLARK: I am merely asking the question.

Mr. McKENZIE: There was no war at the time of the adoption of the Ross rifle. General Hughes, a gentleman who was high in the counsels of the Tory party, and supposed to be our greatest authority on military matters, approved of the adoption of the Ross rifle, and said that it should be manufactured.

Mr. CLARK: Were you in the House at the time?

Mr. McKENZIE: No; consequently I am not responsible. I am not putting myself forward as an authority on military matters, I am giving the facts of the case, and I am not afraid of contradiction, for I am telling the truth. The excuse which my hon. friend has given is that the Ross rifle was good enough for use on parade and during sham manoeuvres, but—

Mr. CLARK: May I ask—

Mr. McKENZIE: Excuse me—but when it came to war and thousands of our soldiers were being hurled into eternity every hour of the day by putting this dangerous explosive weapon in their hands, is it an excuse to say, as suggested by my hon. friend, who is a true disciple of the Tory party; "Oh, we are not to blame; the Liberals were in power when the Ross rifle was adopted. Now, however, that we are in the midst of war our boys should not be handicapped in any way whatever, the very best weapon is none too good for them. But if we stop equipping them with the Ross rifle there will be nothing doing at the Quebec arsenal, there will be no profitable contracts for the supply of raw materials, and we cannot keep as many men engaged." Consequently, notwithstanding report after report by the highest military authorities in England condemning the Ross rifle, as my hon. friend knows, his leaders said: "We will continue the manufacture of the Ross rifle although it means throwing millions of dollars of the money of the people into the St. Lawrence." That is the charge which I make against the outgoing government, that they are responsible for money ill spent without any satisfactory returns to the treasury. If my hon. friend wants to ask me any question now I am ready to answer him.

Mr. CLARK: No.

Mr. McKENZIE: Very good. I suppose his question has vanished like the Ross rifle.

Now, Mr. Speaker, it is also an undoubted fact that millions of dollars' worth of war waggons and other military equipment was bought in this country at the highest prices and sent over to England, although those responsible for its purchase knew that it was absolutely unfit for use in the field and was being condemned by the Imperial authorities. These are some of the reasons why our war casualities were so heavy. But, we are told, we are not to open our mouths about it because it was all connected with the war. As I said at the beginning of my remarks, I am as loyal to our war engagements as any man can be, and undoubtedly we must pay our debts; but hon. gentlemen who were in control at that time must not think that they are going to escape the responsibility of just and honest criticism simply because they cry, "The war".

Our hon. friends opposite do not seem to realize the responsibility of their days of power. Quite shrewdly they want to evade it, and, as they very well know, the sooner they can get the people to forget their connection with scandals I have mentioned the sooner they will be able to switch the odium off to other shoulders. But I think this is the time to remind the public

who really are responsible for the conditions which the late government handed over to us. The few matters I have mentioned are sufficient to indicate what I mean when I say that moneys were spent in such a way as to give neither the best results during the war nor honest value to the people of Canada.

I listened, as I always do, with much interest to the argument of the right hon. leader of the Opposition when he spoke yesterday. He told us that he was absolutely dissatisfied with the budget and that there was nothing that he could do except criticize it. Well, that is not all that the Canadian people expect of the leader of a great party. They expect when national questions are to be dealt with that all parties, and particularly their leaders, shall not only criticize but bring to bear their best judgment and advice towards the solution of those questions. At a critical stage when every nerve and muscle and thought must be strained to arrive at the best policy to be pursued in order to successfully carry on the affairs of the country, would you not expect the right hon. gentleman to make some suggestion as to the readjustment of the tariff and the improvement of the budget if either were unsatisfactory to him? The right hon. gentleman is in duty bound to give the country the benefit of his best judgment and experience. His party has responsibilities to the people that sent them here, and because they happen to be in opposition they are not free from obligation, for they are "His Majesty's Loyal Opposition," and as such are bound to give the country the benefit of any constructive statesmanship which they possess.

Now, what was the constructive statesmanship presented to us yesterday, when the right hon. gentleman pointed out very eloquently and very learnedly that the country was in a bad way and that money was very much needed to carry us along? The only thing that we got from the right hon. gentleman was the amendment offered by the former Minister of Finance (Sir Henry Drayton). I shall not take up the time of the House in reading it all, but this is the substance of it:

> That the Liberal party having been returned to power the budget proposals of the Finance Minister now brought down, constitute, on the part of the Government, an utter failure to implement such pledges by legislation.
>
> That the making of such solemn pledges, the utilization of them to secure support, and their flagrant violation after the attainment of office reveal a disregard of political honour and tend to lower the standard of public life.

Now, men are out of employment; industrial and financial conditions require adjustment and improvement; yet the leader of a great party, recently Prime Minister of this country, stands up in the House of Commons, the great forum of the Canadian people, and says: "I have nothing to offer; I have no suggestion to make, nor has my party any. But one thing I know, and one thing only, and to it I will pledge my word and the strength of my party—that the Grits did not do all that they might have done; the Grits did not follow out, word for word, the pledges of their platform in 1919." That is not what the Canadian people are looking for. Anybody could have done that; it is not necessary to keep a party together with a leader at its head in order that we may have some little milk and water of that kind. The people are not so particular about the caviling of leaders of parties, about how words and phrases may be placed in resolutions and otherwise; they are concerned with the difficulties with which we are confronted. The man who is unemployed; the man who is trying to support his family on the pittance that he receives as a remuneration for what little work he can get, will not take off his hat to the leader of the Opposition, nor will he cheer for him, because he moved that little resolution. It does not in the slightest way relieve the situation in this country, nor does it bring any credit to the party whose leader is responsible for it. I submit that something more tangible, something more statesmanlike, something more in the interests of the people was to be expected from the leader of the Opposition.

My right hon. friend made reference yesterday to trade with foreign countries, particularly with the United States. He would not encourage reciprocity; he did not think it would be a safe thing for the maintenance of British institutions. Now, my right hon. friend is entitled to his opinion, and I do not criticise him for holding it. I can only say that it is sane, business reasoning on the part of the Canadian people to be anxious to trade with 110,000,000 or 120,000,000 of the best purchasers in the world. I should imagine that the farmers of the West, the farmers of the East —in fact, all who have anything to sell, would be glad to take advantage of the nearest market in which they can get a fair price for their products. I do not wish to

throw cold water on the desirability of our trading with the British market and other markets across the Atlantic. We should thank the Lord for those markets and be glad for any developments that may occur in that direction. But surely it cannot reasonably be argued that we should disregard a market which is practically within a stone's throw of our own homes, a market which is right across the line, available to us under all circumstances, and avail ourselves entirely of the only other avenues of trade that are left open to us. I submit that while we should not neglect the one, we surely as sane business men should take advantage of the other.

But let us examine for a moment how the attitude of the right hon. gentleman who leads the Opposition in respect to reciprocity squares with his dealings with the United States in other respects. All governments in this country have spent millions in the opening up of transport routes in order that proper transportation facilities might be afforded from coast to coast. As to the trend of traffic from the great West to the Pacific, we have done our best to provide facilities there; as to the trend of traffic from the West toward the Atlantic, we have done all we could to develop canals, river navigation, railways, everything that goes to make our transportation facilities better; everything that enables us to transport our products within our own borders and upon our own lines, independent of assistance from any other country. That we have done, and we have brought our transportation system into a fair state of development.

You would expect, Sir, that the former Prime Minister would not do anything to interfere with a system of that kind, built up at such enormous expense. But what did he do? In the face of the conditions to which I have referred, my right hon. friend went over to the United States and bought 2,000 miles of railway in that country—under a foreign flag, in a foreign country; bound this country to maintain those 2,000 miles of road to suck the life-blood out of the system which we had created within our own borders. He ignores the system of ocean ports which we have established at Vancouver, Victoria and other places on the Pacific and Atlantic coasts; he creates a connection with a foreign country across the line and opens a seaport at New London and at Portland, Maine. The result is that the goods which would otherwise be handled by our Canadian railways are switched out of this country into a foreign land, and encouragement is given to the importing into Canada through a foreign country—not through our own ports—of goods coming from across the seas. How does that square with the story my right hon. friend told that he would have nothing to do with the Americans which would have the effect of interfering with our traffic?

Nevertheless, the facts are as I have stated them, and this millstone has been placed around our necks for all time. We have this 2,000 miles of railway in the United States under American jurisdiction, subject to American laws, and so far as our legislation is concerned, we cannot say how one spike shall be driven on that mileage, and the hon. member who is so extremely loyal that he would not admit it was a fine day for the Yankees, for fear it might break up our loyalty, is the author of this thing.

But is that all? No, Sir, not at all. The province from which I come, British Columbia, the western provinces, Nova Scotia, and New Brunswick, are all very much interested in the coal trade. It may be necessary to sell the coal produced in Nova Scotia a little dearer in the central parts of Canada than it could be purchased across the line, but this is one nation, one land, and one people, and it is necessary for security and for contentment in this country that we should know that at all times and under all conditions we have fuel within our borders that will enable us to get along in winter and in summer independently of any foreign country. For that reason, to bring about those conditions within our own borders, it is necessary sometimes to expend money and to do things which might perhaps be avoided if we had no regard at all for the national interests. What do we find? We find that the purchasing of this 2,000 miles of railway was not all. The right hon. gentleman also bought 32,000 acres of coal lands. Where is his market? Not in the United States. The market for that coal is Ontario and other parts of Canada wherever coal is wanted. What are the facts? Every ton of that coal that is brought across the line comes across free of duty. We have heard a tremendous outcry from hon. gentlemen opposite because there was some evidence of slight discrepancies in duties and some slight favours shown to people who were not entitled to them, but here we have the people all over Canada who buy this coal from the Government getting it free of duty. The Govern-

ment may go through the farce of putting on a duty of 53 cents per ton, but it is simply taking money out of one pocket and putting it in the other, because the duty is paid to the customs officer and comes back to the Government. It simply means that this coal is coming in here in competition with the coal produced in this country, and there is no protection for British Columbia, no protection for the Maritime provinces, not a particle of protection against the coal produced on these mines across the line which the former government was so lacking in judgment and so ill-advised as to buy. It comes into competition with legitimate industry in this country, to their disadvantage. The industries of this country are brought into competition with this Government, whose coal does not pay any duty. It is simply fighting the people with their own money, and driving hundreds and perhaps thousands of our Canadians out of work, to walk the streets. The coal that we are burning in our locomotives and everywhere on our railways is coal mined, produced, and brought to the railways by Americans, who owe no allegiance or anything else to us, and who care not what becomes of our country. That is the charge which I bring home to the door of hon. gentlemen who but yesterday went out of office, and who have offered no explanation for taking over these railways or for buying these coal mines.

Evidence as to the ownership and operation and capacity of these mines was given before the Fuel Committee of this House a year or so ago. The committee was warned by an hon. gentleman who had something to do with these mines that they were capable of developing to the extent of an output of at least 2,000,000 tons a year. If we are going to bring into this country 2,000,000 tons of coal a year, you will see the enormous quantity of our own product that will be displaced, and the effect it will have upon our own industry and upon our own men. There is nothing at present that I can see that we can do. This is the heritage that has been handed to us by hon. gentlemen opposite. There may be some way of getting clear of this situation, and so far as I am concerned, if there is anything I can do, or if any suggestion is made that would better the condition of our own miners and avoid illegitimate competition of that kind, I shall be only too pleased to carry it out. So far as coal and the railways, and the situation at Portland are concerned, these things are the result of the lack of business judgment on the part of the outgoing administration. They have been handed over to us, and we have to deal with them. It is only fair to the workingmen of this country, to the coal miners from coast to coast, that they should know the position in which they were placed by the old government, and by those who supported that government when this transaction was put through.

The ex-Minister of Finance (Sir Henry Drayton) stood up in this House a few days ago and told us that we were being scandalized in Great Britain because of our action in connection with the purchase of this very railway of which I have spoken, and that it was said we were robbing English investors, and grabbing at this wonderful prize, the Grand Trunk. If that is the reputation we have to-day in England because of this transaction, what answer have we got? Was there any answer made by the hon. member except to read articles appearing in newspapers in the Old Land about this transaction? If there was anything wrong about the taking over of that road—and I am not saying that there was, though I think it was the most miserable transaction which any Canadian government ever made—if we are being branded as robbers because we took over the property; if any such blame can legitimately be placed, let it go where it belongs. It certainly does not belong to the Liberal party; it does not belong to the Progressive party; it belongs to the Conservative party; and, Sir, at the risk of taking a little of the time of the House, I must place this matter right. It is not a light matter for the Canadian government and the Canadian people to be accused of robbery, to be represented, practically, as highwaymen in taking millions of money out of the pockets of rich and poor on the other side of the Atlantic. That is not a very savoury reputation to be applied to us at this time of our lives; and if such a charge is to be brought and believed the responsibility should be placed where it belongs. The Liberal party has no business to share in any such reputation, if such reputation is to exist, because when this transaction was being put through Parliament the Liberal party fought it at every turn of the road. On October 21, 1919, when this bill was up for its second reading, I moved this resolution:

That the bill be not read a second time but that the House do come to the following resolution:

That the bill proposes an uncertain but very large addition to the debt of the Dominion at a time when existing obligations, arising out of the war and from other causes, are so vastly in excess of all previous obligations as to give much cause for anxiety on the part of all who are concerned in the financial position of Canada and the maintenance of the public credit.

That a measure of such wide-reaching character and large importance requires a study by the House and the people that cannot possibly be given in the closing days of the session.

That the present session of Parliament was called for a special purpose which has already been accomplished.

That on Wednesday October 8th the Honourable the Minister of Trade and Commerce, acting as leader of the House in the absence of the Prime Minister, stated that the Government's expectation was that the session would close within the then current week.

That under such circumstances the introduction by the Government of a measure of such great importance as the acquisition of the railway and property of the Grand Trunk Company of Canada is improvident and inexpedient.

That for these reasons the further consideration of the bill be deferred until a future session of this Parliament.

That, I think, Sir, is a reasonable proposition. That is the position that was taken by the Liberal party at that time. We did not want this road; we did not think the Canadian people wanted it; we did not think that the necessary consideration was given to the question of its acquirement. A vote was taken. There were only sixty-one of us in the House at that time and we all voted against it. There were ninety-one Conservatives in the House, and the whole ninety-one, without a break, voted for the taking over of this great railway. The vote was taken on October 23, 1919, and the division is to be found in Hansard, Vol. 2, page 1330. Now, if on a Sunday at home, or at any other time, my hon. friends opposite feel particularly pious, and wish to look back on some of the wonderful things they have done for their God and country, they might turn up Hansard at the page indicated and they will see that this railway was bought as a result of that vote, and we have it on our hands now. I venture to say, however, there is not a Conservative in the House who will go to his constituents and say what a splendid thing they have done for the Canadian people.

On October 31, of the same year, a motion was moved by Hon. Mr. Fielding to the effect that the bill should not then be read, but that a commission should be appointed and a proper investigation made as to the condition of the road and the advisability of taking it over. But that resolution was voted down exactly in the same way as the other; there were sixty-one votes recorded for the motion and ninety-one against it. Accordingly the late government declared that they wanted this great bonanza for the Canadian people. If there was any robbery of the English people who owned this road, or anything done against them—I am not saying there was—and there are any indictments against hon. gentlemen opposite in that respect, they must plead to the indictment—"not guilty", I suppose—and nimbly step into the criminal box. The Liberal party should not take the responsibility, it must be placed where it belongs; and when those distinguished parliamentarians that I see opposite me go to attend the next conference in London, and are there wined and dined, they can point to this record and say "We are some of the men who have robbed you and taken this wonderful Grand Trunk Railway from you." That is one of the records which my hon. friends opposite can present to their distinguished compatriots and colleagues across the water. I deemed it only fair, as it will perhaps be a matter of ancient history next year to say something about this matter. I think it is only fair to point out that if there was anything wrong about the transaction the great Liberal party of Canada has no responsibility in the matter as it had no part or lot in it at all, and did everything that could be legitimately done to prevent the acquisition of this road by the Canadian people.

There are two things I want to point out. First, we had no business to have this road either on our own account or on account of the commerce of the country. It was contended that we already had too many railways, that we already had too great a mileage, before we assumed the responsibility of taking over the Grand Trunk. If that was true, why was the road taken over? I am not a railway man, and do not care to advance my own views in opposition to those of others as far as the operation of railways is concerned; but I never could understand why, in view of the existing mileage, and with a population of only eight or nine millions, we should acquire four thousand more miles of railway, one-half of such mileage being in a foreign country and designed to switch trade and traffic from Canada when we had spent hundreds of millions of money to keep that trade and traffic within our own borders. I would like someone with keener light on these things than I have, either in this House or out of it, to give a satisfactory business explana-

tion of why these things were done. I charge these follies against the outgoing government and the Tory party. For some sinister motive, which nobody seems to have understood, they lost their heads and their judgment and plunged the country into a condition financially and industrially, which no man within the walls of this House to-day will live long enough to see rectified. These reckless expenditures and extravagances I lay at the door of hon. members who were responsible at the time they happened, and who could have prevented them. But, for some reason or other these things have been done. The Canadian people are the heirs. They have the legacy and must do the best they can to administer the estate.

We were told several times that it would have been ruinous to put the Canadian Northern into liquidation. I am told there is hardly a large railway system in United States which has not, at some time or another, gone through the hands of a receiver. They had to be clipped down. Some baggage had to be thrown overboard, the load had to be lightened and the railways had to be adjusted to the traffic of the country. That has been done several times, and is being done to-day. We were told the credit of the country would be ruined if the road went into liquidation. But were they consistent later on, when they found it would be advantageous to put the Grand Trunk Pacific into liquidation? Did they think it would be dangerous to put the Grand Trunk Pacific into liquidadation overnight, without consulting Parliament or anyone except the minister? The minister was made the receiver under the War Measures' Act, which gave power to the government to do almost anything. Surely, it was never the intention of the government, when they passed the War Measures' Act, that it should be used as an instrument by which the Minister of Railways would become the receiver of wrecks or defunct railways, but that was done. The members who were supporting the government jumped to their feet and confirmed the act of the government putting that road into liquidation, instead of dealing with it along the same lines as they dealt with the Mackenzie and Mann road. There is not a particle of difference between the one and the other. Was it not just as damaging to the Canadian people and the government to have the Grand Trunk Pacific put into liquidation as to put into liquidation any part of the Mackenzie and Mann road? But it suited them in one case and not in the other. They had friends in the one and did not care very much for the people who were interested in the other. The argument used was that to put the road into liquidation would spoil the good name of the country. That certainly is not the reason, and it is not an answer to the question why Mackenzie and Mann were not forced into liquidation when it was found they could not run their own business, and did not have money enough to carry on the vast undertaking on their hands. That is no reason why the good people of the country should be compelled, by act of Parliament, to take this burden on their shoulders and hand it down to their children's children, to the third and fourth generation, and perhaps longer.

I bring these things home to the doors of hon. members opposite, and ask them to prayerfully and carefully think about them, and see what justification they have for their great boast of what their government did and would have done. I am not a man to boast or crow over a fallen foe. It is not characteristic of the Scotchman to crow over a fallen foe, particularly if the foe is a worthy one, but I do not know whether that quality is present in this case or not. The Canadian people have discussed these things and weighed them. Hon. members have said that we are not much of a party, but the more they abuse us, and the less standing they think we have, the greater will be their fall. If they were defeated by what might be regarded as an excellent foe, a splendidly equipped army that came against them, there would be some credit and honour in the victory. They have said all these things about us, yet, nevertheless, with all our sins and shortcomings, the Canadian people say: "Whatever the Grits are, whatever their shortcomings, for Heaven's sake, anything at all rather than this outfit at present in office". And how did they vote? If I had any advice to give to the splendid body of intelligence I see opposite me, I would say, "Don't be running down the Grits, the party the Canadian people put into power over your heads, because the more you do of that the more disaster you bring to yourselves. The Canadian jury heard the evidence against you and dealt with you honestly and squarely, according to the evidence". I think hon. members should accept the verdict humbly and penitently, and try

to go back to the former days of the Tory party. They had their day, they had their men and they had their leaders. They have done some thing in this country. They were a party worth reckoning with at one time, but I heard a good Tory saying yesterday in his speech that all these magnificent things of the past, can be wiped off the calendar, as he described it, and that the word, Ichabod can be written above the door—their glory has departed. It seems to me the hon. member who made that speech last night, when he was applying that tradition to us on this side, had some inward thoughts, and, perhaps, made up his mind he would risk the statement, thinking nobody on this side of the House would take notice of it.

I can assure hon. gentlemen opposite, speaking for myself—and I know the same thing applies to the whole Liberal party—that I never heard during the campaign any promises which this Government has failed to make good. Now, there was a long resolution passed by the Liberal party in 1919; and last year when the budget was before Parliament we presented a shorter resolution comprising a concise and comprehensive digest of the 1919 platform. That shorter resolution has been drawn upon by the Minister of Finance (Mr. Fielding) in the preparation of the budget, and in its terseness it might be compared to the stereotyped prayer of the coloured gentleman who, being a late sleeper and finding it rather difficult to say his morning prayers—for he was devotional—printed a certain formulary, nailed it at the head of his bed, and of a morning before getting into his working clothes, said: "Lord, them's my sentiments". That form of prayer had one advantage at least: it saved a great deal of time. The only difference between our 1919 resolution and the shorter one is that the latter is more concise; and we say to the Tory party, to the Lord, and to everyone else that those are our sentiments. That shorter resolution is a snug synopsis of the longer one, but it is quite comprehensive.

The Minister of Agriculture (Mr. Motherwell) last night in a splendid speech reviewed the record of the Liberal party under the leadership of that grand and distinguished statesman, Sir Wilfrid Laurier, under whom we learnt the ethics of politics; and I do not think that a party that has studied the business of government at the feet of that great Gamaliel, could deserve the condemnation which hon. gentlemen opposite are seeking to pass upon us. We undertook in 1896 to do what was best in the interests of this Dominion, and we shall carry out now the Laurier-Fielding policy under the leadership of the admirable gentleman who now heads the Government (Mr. Mackenzie King). Let hon. gentlemen opposite reflect seriously before making any charges as to responsibility for the burden which now rests upon this country. We are willing to take our fair share of that burden, but we will not be taxed by hon. gentlemen opposite with responsibilities which are not ours. We are now trying to houseclean, to reconstruct things, and to pull the government of the country out of the Slough of Despond in which the immediately preceding administrations left it; and given an opportunity we shall be able to restore things to the condition in which we left them in 1911.

In 1896, the affairs of the country were in a deplorable state. We found deficit upon deficit, the credit of the country was bad, and financial conditions generally were frightful. We shouldered that responsibility and in fifteen years we had entirely changed this condition. The Right Hon. Sir Robert Borden said at the time that it was best to leave well enough alone, that things were all right, that we were making splendid progress, and that there was no need to touch the structure because it was magnificent and could not be better. Indeed, the present Minister of Finance was able to hand over to Sir Thomas White, when the books were all squared, $14,000,000 in cold cash. How does that condition compare with the legacy which hon. gentlemen opposite handed over to us recently? The two positions are in no way comparable, for whereas we left the finances of the country in a healthy condition, to-day they are in a deplorable state. Of course, I want to be fair to hon. gentlemen, and I must say therefore that this is partly due to the war. But the present condition is not entirely to be attributed to the war. Hon. gentlemen, if they care to do so, can get hold of the famous speech, delivered on April 28, 1915, or thereabouts, by the late lamented Sir Sam Hughes at his home town in Ontario in which he said that it was the war that had saved the Tory party. He said that when the war broke out in 1914 every available asset of the country, every cent they had, had been spent, and their credit was practically exhausted. And that was the condition in which they left the affairs of the country.

Now, if we are given the time and the opportunity we shall be able, as we did when the Liberal party was in power before, to restore the condition of happiness, contentment and prosperity that existed then amongst the farmers and the labourers. We are making a fresh start, Mr. Speaker, under severe difficulties and handicaps such as no government ever faced before, and it can hardly be expected that within a very few months after the assumption of office we can bring about the improvements that we shall introduce in time. It will take us time to pull the country out of the difficult position in which we have found it, but we shall emerge with flying colours; and a country that is now blighted with blossom into full fruition under the care of the present administration. Under the leadership of the present distinguished Prime Minister, Canada will once more enjoy the prosperity which obtained of yore.

Mr. J. D. CHAPLIN (Lincoln): In view of the oppressive atmosphere, Mr. Speaker, I hope hon. members will not expect me to follow too closely the speech made by the Solicitor General (Mr. McKenzie). He has entertained the House with a very interesting address, directed principally to hon. gentlemen from the West, on the subject of citizenship. Then he became reminiscent, took us down to the old province of Nova Scotia and told us about the great Liberal party in the old home province. He extolled, particularly for the benefit of my hon. friends on the left, the virtues of this great Liberal party, "all wool and a yard wide", and he offered them the wares which he said he had for sale. Strange to say I did not notice any eager response to buy. I might tell new members from the West that it is not the first time the hon. gentleman has put the lamp in the window—

An hon. MEMBER: And the latchstring on the door.

Mr. CHAPLIN: Yes. While he was trimming the lamp a voice came to me in an undertone, and I will tell you what it said.

> While the lamp holds out to burn,
> The vilest sinner may return.

Mr. GOULD: That was intended for us.

Mr. CHAPLIN: He put me in mind of the story of Little Red Riding Hood that we used to be told when boys at school. He lit the lamp, put the latchstring outside the door, and then—"The voice from the inside said: 'Pull the string and the latch will come up.'" But there was no response. I wonder whether hon. gentlemen recognized the voice.

Now, Mr. Speaker, I do not want to take up the time of the House discussing the question of the Ross rifle. It has already been before this House, and if there is any graft involved I can hand it back to the hon. gentleman (Mr. McKenzie), because it was during the incumbency of the Liberal government that the contract was made. He also spoke about the war wagons. Well, no better wagons were ever sent to the front than those made in Canada. Our men had to have wagons as part of their equipment, and the government would have been delinquent in its duty if it had not provided the equipment, and my hon. friend would have been the first to condemn that delinquency. He also spoke about the coal used on the Grand Trunk. But really I must ask hon. members to allow me to proceed with some of my own remarks, because, to me at least, they are more interesting than re-hashing matters that have been before this House so often and so long.

My hon. friend did pass a compliment to the Minister of Finance (Mr. Fielding) in which I am very pleased indeed to join. I wish to offer also a word of congratulation to him on the fact that during many years of service to his country he has survived all political strife and worry and has come through the strain with health unimpaired. I sincerely hope that he may be spared for many years to come to perform the work he is now doing. I regret, however, that I cannot unqualifiedly congratulate him on his budget proposals; but on the whole, speaking for myself, as far as I can judge they are not entirely unsatisfactory. That is as far as I can go. The measure of my satisfaction or dissatisfaction will very likely be in inverse ratio to the satisfaction or dissatisfaction of my hon. friends on the left.

I noticed in the speech of the Minister of Finance a very strong note of regret because the people did not accept his reciprocity treaty in 1911. The same complaint has come from others, notably from the Minister of the Interior (Mr. Stewart). These gentlemen have told us since we came to this new Parliament that we should accept defeat uncomplainingly—that we should be good sports and not complain. I should like to ask them: Why do they not take their own medicine? Why do they

always complain about the action of the people in rejecting their 1911 treaty? The Minister of the Interior the other day told us: "Oh, the people of Alberta are very much in favour of reciprocity." Well, are they?

An hon. MEMBER: Sure.

Mr. CHAPLIN: Possibly they are; but I would ask that hon. gentleman if the constituency that is now represented by the Minister of the Interior is in favour of reciprocity. I think the minister had better speak for the people whom he represents. He does not represent any constituency in Alberta; he sits for another constituency, and that constituency in 1911 voted against reciprocity.

I represent a border county. The people in my county ought to know something of the benefits of reciprocity. What happened in 1911? When the reciprocity pact was put forward, twelve hundred farmers from the counties of Lincoln and Welland visited Ottawa and protested against that pact; they were told it was too late. Well, they went back home and those in the county of Lincoln elected a Conservative candidate by the largest majority that had ever been given in that county. What happened in the adjoining county of Welland? I regret that the member for Welland (Mr. German) is not in his seat, but in 1911, although he was a supporter of the then government, he voted against reciprocity, and when he went home his people were so well satisfied that they re-elected him by acclamation. Is that evidence that reciprocity is all right to-day?

While I am talking on this subject, it will be convenient for me to give the House an extract from a New York paper. This talk about reciprocity is having its effect somewhere else, and I think that that perhaps is the reason for the talk. I quote from the New York Times of Sunday last, as follows:

> Mr. Underwood declared that Canadian sentiment had changed since the popular vote rejected the Taft reciprocity treaty, and now, he said, Canadians would be glad to enter into a new pact.

I do not deny that there may be sections of this country that favour reciprocity, but I would like to see an election held on that question alone; we would then see what the result would be. It would be interesting for the Minister of Finance to confer with the member for Welland (Mr. German) and find out what his opinion is on the question of reciprocity. In 1911 the hon. member for Welland voted against the government; it would be a good idea to find out what he thinks of it now.

I wish to say a few words in respect to some of the tariff proposals. I do not intend to take up very much time in the matter, because I understand that these various questions will be discussed in committee. The first item that I wish to mention is the automobile tax. The late government tried out a number of luxury taxes. They were anxious, as everybody knows, to find means of raising money and that was one of the things they tried. Before very long they were forced to abandon those taxes, and surely wo do not want to go through that experience again. The automobile people, in my opinion, were very badly used by the late government, as it happened. When the tax was taken off there were hundreds of dealers throughout the country who had paid the excise duty on cars and had no way of getting it back from the consumer, on whom the tax properly rested. They appealed to the late government, and I understand they have made an appeal to this Government. I do not think they are going to get anything out of it; I do not see how they can, but for goodness' sake do not let us perpetrate this evil again. It may be possible to levy a special tax on the higher priced cars; I would not say I would not be in favour of that. But to tax the ordinary car is to my mind out of the question. I am opposed to any special tax on special businesses, and for that reason I also oppose the tax on ginger beer, soda water, and grape juice. These things are not luxuries. Why do you pick out one thing like grape juice and forget about ice cream, for instance? This grape juice business is something that affects my own county. I have a telegram from the farmers of my county, signed by the president of the Niagara Grape Growers. It says:

> We have asked that the ten cents a gallon tax on pure grape juice be struck off the budget proposals. It means a loss to growers of approximately $17 per ton of grapes. Tax would affect 5,000 acres of grapes in this particular district. Would suggest that it be put on imitations which are competitors of agricultural industry.

To put a tax of $17 a ton on grapes, the product in respect to which the farmers in this district have been most successful, is something I cannot understand. I would ask the minister to reconsider the matter, or, at any rate, to give us a chance

to discuss it when it comes before the committee.

I have a few words to say in respect to some things that have been said by members of the House. The first that is under my hand is a statement made by the hon. member for South Huron (Mr. Black). He is reported in Hansard as having said:

> When the hon. member who spoke a few moments ago—

Referring to the hon. member for South Renfrew (Mr. Low).

> —said that 73 per cent of the produce of this country was consumed in Canada, I was almost staggered. That may be true, and I am not going to doubt the hon. gentleman's word, but I can hardly credit the fact.

I want to reaffirm that statement and to say that in 1921 the total farm production of Canada was valued at $1,396,233,000, as given in the official returns. According to the figures given by the hon. member for South Renfrew, the exports were valued at $388,000,000 odd. But I find on referring to the speech of the hon. member for Marquette (Mr. Crerar) who was formerly a member of the ministry, that, according to his statement, the amount of farm produce exported was valued at $453,000,000. So there is quite a discrepancy between the amount given by the hon. member for South Renfrew and that given by the hon. member for Marquette. Where does the discrepancy come in, Mr. Speaker? What is the object of padding the returns? What object can be served by trying to make it appear that the exports of farm products are greater than they are? I am very sorry that the hon. member for Marquette is not here, but I have no doubt that some of the other hon. members of the Progressive party will have the material from which these figures were given. Let me repeat the facts: The minister from South Renfrew stated that the total export of farm products amounted to $388,000,000; the former Minister of Agriculture, the member for Marquette, gave it as $453,000,000.

Now, I have taken some trouble to find out where the discrepancy is, and I think the House would like to know something about it. I think hon. members would like to know what the object is of deceiving the House—and, Mr. Speaker, if my words get a little too strong I know that you will in all kindness tell me before I go too far. I will tell the House how it comes that the figures of agricultural exports are padded and extended so that it would appear that we are exporting more farm produce than we really are. It will surprise the House to know that in the amount of farm products exported there is included $29,000,000 for fish as a product of the farm. I wonder where the hon. member for Lunenburg (Mr. Duff) and the members from the maritime provinces are when they allow our accounts to be made up in this way. I want to read an extract from the address of the hon. member for Marquette (Mr. Crerar) so that we will get on the right basis—Hansard, p. 2558:

> As I say, we exported goods to the value of $740,000,000 last year.

That is the total exports, as I understand it. He goes on:

> But where did those exports come from? Last year was a year of trade depression, a very trying year throughout the world. Of this total, vegetable products accounted for $318,000,000, and animal products $135,000,000; in other words $453,000,000 of the $740,000,000 of exports last year had their origin in the farms of Canada.

Yet I find in the total as given by the hon. member for Marquette, the not insignificant item of $29,000,000 for fish. This is the first time that I ever heard that fish came from the farms of Canada. But that is not all. Another item that comes within the figures as given by the hon. member for Marquette, for padding purposes only, is the very insignificant sum of $14,978,000 for furs, that came from as far north as the Arctic Circle and never saw a farm. They came to Montreal, Quebec, Edmonton and Winnipeg, and that is the nearest they ever got to the farms of Canada. That is another very insignificant item.

Mr. LOVETT: What is the hon. member reading from, and what is the date please?

Mr. CHAPLIN: From the Trade Reports of Canada, March, 1922.

Mr. JOHNSTON (Last Mountain): The hon. member says the figures have been padded. By whom, may I ask?

Mr. CHAPLIN: I cannot tell, but the hon. member for Marquette, having given the figures, must be responsible for them. They are not correct. I can see no other person who is going to benefit from it except the hon. member for Marquette.

Mr. CAMPBELL: I notice that the hon. member for Marquette said "Last year". I presume he meant the year 1921.

Mr. CHAPLIN: No, and to prove that the hon. member who has just spoken is

entirely wrong, I have in my hand the skeleton statement which evidently was used by the hon. member for Marquette. The hon. member for Marquette has been a member of this House for many years, and has made a study of these books, as no doubt hon. members are aware, and I say that he has no business to quote from this skeleton statement when he knows that furs and fish are included there. They have no business to be taken in as the products of the farm.

Mr. BIRD: May I ask the hon. member a question?

Mr. CHAPLIN: I do not mind answering questions, but you can very readily see, Mr. Speaker, that I shall not get very far if there continue to be as many notes of interrogation, but I will let this one go.

Mr. BIRD: Do I understand the hon. member to say that the leader of the Progressive party stated that this amount of exports came from the farms?

Mr. CHAPLIN: I read his statement from Hansard.

Mr. BIRD: Will you kindly read it again?

Mr. CHAPLIN: I am not going to do that because the hon. gentleman has the Hansard himself, and I have already read it to the House.

Mr. CAMPBELL: I submit that the hon. member is not stating the figures correctly.

Mr. DEPUTY SPEAKER: The hon. member who has the floor is entitled to continue his address, and is not required to answer any questions unless he so desires and intimates. I would ask hon. members not to interrupt without his permission.

Mr. BIRD: Would the hon. member permit me to make myself clear? I understand the hon. member to say that the leader of the Progressive party claimed a total of $453,000,000. Is he aware that that is not according to the figures as given in Hansard?

Mr. CHAPLIN: For the benefit of the hon. member I will read again the statement made by the hon. member for Marquette—Hansard, page 2558:

> Of this total, vegetable products accounted for $318,000,000 and animal products $135,000,000; in other words, $453,000,000 of the $740,000,000 of exports last year had their origin in the farms of Canada

Mr. CAMPBELL: Last year, 1921.

Mr. CHAPLIN: So that there may be no misunderstanding as to what year was intended, I have here the document from the Department of Customs which gives the total exports for 1922 at $740,000,000, just as the hon. member for Marquette stated, and it gives the domestic items, the agricultural and vegetable products, agricultural and vegetable products other than foods, and animal products. So there is no doubt as to what year he meant. I hope, Mr. Speaker, they will be quiet for a moment now.

But that is not all. Not only is $29,000,000 of fish and approximately $15,000,000 of furs padded into the products of the farms of Canada, but when the hon. member also includes in the products of the farm over $5,000,000 of manufactures of leather, and harness and boots and shoes, I think it is pretty nearly the limit. I find by the records that in the figure as given by the hon. member for Marquette there is included leather, $360,000; sole leather, $1,710,518; upper leather, $2,344,024; other leather, $350,410; belting, $1,348; boots and shoes, $272,346; gloves, $9,948; harness, $34,359; other manufactures of leather, $88,584, making a total of $5,171,785. After the way hon. members have talked about boots and shoes and things of that kind, I think it is rubbing it in to pad the exports of farm products with these leather goods.

But that is not all. Notwithstanding all they have said respecting canned goods in this country, they grab the canned goods as an export of the farm and add them to the list of farm exports, and that they have done both in respect to canned fruit and canned vegetables to the extent of something like $2,000,000.

Mr. KENNEDY (Edmonton): Does the hon. member dispute the fact that canned fruits have their origin on the farms?

Mr. CHAPLIN: Would it not be foolish for anybody to dispute the fact that fruits and vegetables come from the farms of Canada; but when an article has had manufacturing work performed on it to the extent that canned goods and boots and shoes have, I think it becomes a manufactured article. If it does not, then the arguments that my hon. friends have been using for years in respect of canned goods and boots and shoes fall to the ground. I never knew that these were products of the farm. But there are many other examples.

The other night, I think it was, the member for Marquette (Mr. Crerar) delivered a tremendous tirade upon automobiles and automobile tires, and yet I find that in the matter of rubber goods, rubber and its manufactures are padded into the lists of goods represented in the figures as given by that hon. member. I will give you the items: Rubber, rubber waste, rubber belting, rubber boots and shoes, manufactured rubber products and tires to the extent of over $4,000,000. But that is not enough, Mr. Speaker. There is another article that our friends from the left have been giving us a lot of talk about and that is sugar; and yet they have taken the whole of the sugar products of Canada and shoved them into farm products. Why? Because a small quantity originates on the farm. Such a thing is unreasonable because these products amount to $11,600,000. Why they have even grabbed the exports of tea and coffee.

An Hon. MEMBER: Tea comes from the land.

Mr. CHAPLIN: Of course tea comes from the land and so does coffee. My hon. friends have also grabbed tobacco, cigarettes and cigars because they naturally come from the farm. Such an article as macaroni, was also purloined, likewise corn starch, potato starch, oil cake, linseed oil and vegetable oils; all were put into farm product. Last, but by no means least, to the astonishment of myself, and no doubt to the astonishment of all the members within the sound of my voice, they grabbed all the whisky, gin and beer that there was and incorporated them in "farm products of Canada." Now, Mr. Speaker, I submit first of all that the items that I have read, which amount to the not inconsiderable sum of over $70,000,000, when taken off the figure as given by the hon. member for Marquette, will make a very decided difference in the aggregate of the export of farm products and will cause a very great difference in the argument.

There is another feature I want to call attention to. I have made no mention of articles that might more properly be said to be articles which are no longer made on the farm but are made from materials produced from the farm. I refer especially to such things as butter, cheese, milk powder, condensed milk, milk products, and oils such as neatsfoot oil. My hon. friends have even got codliver oil, whale oil and seal oil added to their list. I want to say this also that in respect to the articles that I have just read and that I will repeat—bran and shorts, oatmeal, wheat flour, cereal foods, biscuits, vegetable oils, cheese, butter, condensed milk, and other oils—although I readily admit that they are products from the farm their value is considerably enhanced when they leave the farm and go through manufacturing processes. Now I ask in all reason and common sense why the total amount should be put to the credit of farm products when at least 50 per cent must be credited to factories. The total amount of such articles as I am referring to would reach the not inconsiderable sum of another $100,000,000; and if it is reasonable to say that one-half of that amount ought to be credited to manufactures, as it should be, then those farm products that have been exported are further reduced by another $50,000,000. That again spoils the argument of my hon. friend from Marquette, and also spoils the argument of other hon. gentlemen who have dilated at such length on the tremendous amount of our farm exports.

The truth of the matter is just as the hon. member for South Renfrew (Mr. Low) said the other day that 73 per cent —I claim 80 per cent—of the total products of the farms of Canada are consumed at home. Therefore I ask hon. members if it is the intention to do something to destroy the valuable home market that the farmers of this country enjoy? I will make this statement which I can amply prove, that more than 85 per cent of the farm products of the province of Ontario and the province of Quebec are consumed in this country; and yet what did the hon. member from Marquette say here the other night when the hon. member for Fort William and Rainy River (Mr. Manion) asked him a question about it? Oh, he said, that does not count. Does it not count, Mr. Speaker, that 75 or 80 per cent of the products of the farms of this country are consumed in Canada? If it does not I think the Canadian people would like to be informed. Now, I noticed the other night a statement made by the member from Macdonald (Mr. Lovie) as follows:

> We find that implements are sold to the Canadian farmer by the Canadian manufacturer at a profit on the cost of production and then the customs duty added to that, while at the same time the Canadian manufacturer goes to other countries and sells that same machine far

cheaper than he sells it to his home consumer. In proof of this I will give you a concrete example.

I have gone through my hon. friend's speech in Hansard and failed to discover the concrete example to which he alluded. I want to submit a statement from the late Mr. Findley of the Massey Harris Company, in reference to a matter concerning their foreign trade, and, irrespective of what any man in the country who does not know the circumstances would say, I am prepared to accept Mr. Findley's statement. He prepared this statement and sent it to the board who were examining him on the question of prices. It was delivered to the board in 1920 and reads:

> My company have exported machines to practically every grain-growing country in the world for well over 30 years, and we have never during that time sold machines in foreign countries at as low prices as in Canada.

Then he gives full details as to the prices in England, France, Germany and every other country in which they are selling, and in every case it shows that the price in Canada is less than in any other country in the world, and, for my part, I am prepared to accept his word. The company of which I have the honour to be president does an export trade; we sell goods based on the cost at the factory, and it is just possible, when I relate the circumstances, that some goods may be sold at less, by the man who buys them in Liverpool, than they would be sold for in Saskatoon. That can be very well understood when I explain that I can ship three carloads of goods to Liverpool at the same price that I can send one carload to Saskatoon. I can send two carloads of goods of the same class to Liverpool at the same price that I can send one to Winnipeg, and if those goods, after they get away from me, are sold for less money, it would not be surprising, but we sell our goods at the factory at a certain price, irrespective of who buys them.

Mr. MORRISON: Under what freight classification are those goods shipped?

Mr. CHAPLIN: Fifth class freight. Most of the goods in our line are carried as fifth class freight. The hon. member for Marquette (Mr. Crerar) told us the other day that the United States would soon be a free trade country. I have not under my hand his exact words, but he ventured to predict that, within a few years, the United States will have its face set definitely against the principle of a protective tariff. I remember reading a speech of Richard Cobden, and he ventured at one time on the realm of prophesy, just as the new economist who sits in the front row did, and made a certain prophesy. In 1846 Great Britain changed her fiscal policy. Mr. Cobden speaking at Manchester in January 15th, 1846 said:

> Europe altogether has been corrupted by the vicious example of England in her commercial legislation. I believe that if you abolish the Corn Law honestly and adopt free trade in its simplicity, there will not be a tariff in Europe that will not be changed in less than five years, to follow your example.

And later on in another address he said:

> You might as well tell me that the sun will not rise to-morrow as tell me that foreign nations will not adopt free trade in less than ten years from now.

While Mr. Cobden may be as great an economist as our hon. friend from Marquette, he was a mighty poor prophet. For the benefit of the members of the House, particularly some of those on the other side who are in control of the treasury benches, I want to read a word or two from the speech delivered by Mr. Fordney, whose name we hear mentioned a good deal in this House and outside of it. I think his remarks will apply to Canada quite as well as to the United States. In an address before the House some time ago, Mr. Fordney said:

> Under free trade we must come to a common level somewhere, sometime, if we are to compete with all the countries of the world. To-day German labour is paid from 60 to 65 cent per day in gold,—not for 8 hours' work, but for 10 or 12 hours per day. Japanese and Chinese labour is paid from 12 to 18 cents per day in gold for 12 hours—about a cent or a cent and a half per hour. Now, if we have to be placed on a par with those countries, to meet the imports from those countries, do you believe that we can lift those foreign countries up from the standard of living which at present prevails in them? Not at all. We have got to come down to a common level somewhere, and we are not ready to do that, and we are not going to do that.

And yet in the face of all that, we have people in this House saying that the American people are going to do away with their tariff. Well, may be. I have a book in my hand which will be interesting to my friends on my left. It is the Farmers' platform, and I want to read an extract from it and make a few comments on it. Before reading this extract I desire to say that I heard some of the hon. members on my left trying to ease their consciences as much as they could for not voting for a protectionist tariff, and saying that their own policy was one that was going to spread

over a number of years. I wish to remind those hon. members of something I saw in their platform a short time ago. It was to the effect that the principle of protection was morally wrong and economically unsound.

Some Hon. MEMBERS: Hear, hear.

Mr. CHAPLIN: Evidently, I am not very far astray in my quotation, when I find hon. members applauding the sentiment, and I ask, if the thing is morally wrong, can they compromise it? Do they want to make a compromise for five years? Well, if they do, let them make it. Now, I want to quote from this book, and I have no doubt at all that the sentiments it contains will be applauded also. It sets out the Farmers' platform. This book is a sort of treasure now, being one of the first editions published. Hon gentlemen were very specific in those days, but finding that being specific was not altogether satisfactory, they are now dealing in glittering generalities. This book is pretty well edited; it was drafted by the Canadian Council of Agriculture. It is also endorsed by the United Farmers of Alberta, the Saskatchewan Grain Growers Association, the Manitoba Grain Growers Association, and the United Farmers of Ontario. It is issued by the Canadian Council of Agriculture of Winnipeg, and printed by the Grain Growers' Guide. It is quite obvious, therefore, that a great deal of care was bestowed upon its publication. I shall now read the following extract from it:

> As already explained, under a system of protection the consumer is compelled to pay a tax upon all imported goods that come under the tariff schedule. Upon all goods of domestic origin produced under a protective system the consumer must likewise pay a tax,—although in this case the revenue finds its way into the bank account of private individuals alone. Now, it has been estimated that the domestic trade of Canada alone is at least four times as great as the country's foreign trade, and in the United States seven times as great. It follows that for every dollar collected by way of customs dues at least $4 are paid to private individuals. When one considers that the customs revenue for the year ending March 31st, 1916, was $133,000,000, and that four times that sum was paid in addition to the protected interests, it will be seen what a crushing weight is laid upon the country's consumers.

Some hon. MEMBERS: Hear, hear.

Mr. CHAPLIN: The applause that greets the reading of this extract convinces me that there are some, at least, in the party to the left of us in this House that have not gone back on their previous party professions, but still believe in their policy.

[Mr. Chaplin.]

Some hon. MEMBERS: Hear, hear.

Mr. CHAPLIN: It is refreshing to know that there are some people who live up to what they formerly preached. Now, hon. members to my left are reasonable men and I want to discuss this matter with them. Before I proceed I want to refer to a slight error in this book. Whoever edited it gave the customs revenue of Canada for 1916—the figures are as at the 31st of March of that year—as $133,000,000. Now, I am used to figuring myself, and I carefully checked this up. I find that there is a mistake of only $30,000,000 in this statement. Thirty million dollars, that is all! With all the editing to which the book has been subjected, and the endorsation it has received at the hands of the various bodies I have cited who are responsible for it, there is a mistake of $30,000,000. Of course, that is not much, but it is multiplied by four, and I think that hon. gentlemen will admit that that makes no inconsiderable sum.

If the claim is correct that under a protective tariff, all the articles that pass through the customs pay duty, and as well on similar goods produced within the country, the purchasers pay four times as much as they should to some one else, then I want hon. gentlemen to give me their judgment on some of the articles I shall mention: The first article I find in the customs schedule under (a), is "animals", the duty collected being $110,000. Now I want to know from hon. gentlemen in this House whether the duty has been plundered on all the cattle raised in this country. If so, who got the money? You will see from the very first line in this list how foolish is the argument that is put forth. It is not only foolish but false as well. I took the year 1916 because it was the year in which the revenue is given by this book as $133,000,000, when it should be only $103,000,000. Now, item 3 in this list is $4,000,000 collected on coal. Do hon. gentlemen from the West mean to tell the people of Nova Scotia and of Alberta that because we collected a duty on coal coming into Canada, therefore, on every ton of coal consumed in Canada there was a duty collected? That is the argument that is used. Let me give another item. Let us take hay. How much do hon. members think was plundered on hay?—because "plunder" is the word that is used.

Mr. HOEY: How much hay came in that year?

Mr. CHAPLIN: The duty collected that year was $19,000. I am not being personal in these references, but the argument that is used in this book is that a duty is collected on goods produced in this country of a similar character to the dutiable goods imported. Let us take another item, potatoes. I might say here that I gave some of these figures once before, and the hon. member for Victoria and Carleton (Mr. Caldwell) demolished my whole argument by saying that the member for Lincoln ought to know that there is no duty on potatoes. I had not a chance to reply at the time, but I want to say now that in 1916 we collected about $1,000,000 of a duty on potatoes. I am not sure of this figure, but I think it is approximately right. I figured out for the benefit of my friends that, taking their argument as a basis, we had grown on our farms and sold to the consumers of this country, according to the trade returns of that year, in the neighbourhood of 79,000,000 bushels of potatoes. Now, if your argument is worth anything at all it simply means that somebody collected $15,000,000 on potatoes. And I should like to know which of you got that money. The not inconsiderable sum of $676,000 was collected on vegetables. Now, according to the arguments contained in this book every one who bought potatoes and vegetables helped to pay that extra duty. Well, who got the money?

Mr. WARNER: Is the hon. gentleman aware that potatoes might rot at one end of Canada because the railroad freight would be so high that it would not pay to ship them to the other end?

Mr. CHAPLIN: I do not see what that has to do with who got the duty on the goods that were actually sold. I am taking the farmers' own argument. They do not make any objection such as you speak about when we have agricultural machinery or tools lying in store. I am only taking their own argument as it is; I do not believe it.

Mr. WARNER: But you admit it.

Mr. CHAPLIN: I do not believe it, and I am showing how false it is. It seems to me that when hon. members are quoting figures they should be more particular, because I find—

Mr. MORRISON: The hon. gentleman quoted freight rates to Liverpool to Winnipeg and Saskatoon. Is it not a fact that on manufactured products for export better rates are allowed than on such products shipped to points within Canada?

Mr. CHAPLIN: Mr. Speaker, when we are shipping our goods to Liverpool we pay the same rail rates to Montreal from an inland factory as we would on carload shipments to Montreal. Does that answer my hon. friend's question?

Mr. MORRISON: I was informed to-day that manufacturers are allowed better freight rates on export shipments than they are on local shipments. Is that right?

Mr. CHAPLIN: That is possibly right in respect to the long haul over Canadian railways to Halifax and St. John where there are shorter hauls from a United States market. We, likely with all others when it is necessary, get a seaboard rate to our Atlantic ports as low as if we were shipping to Portland, Boston or Philadelphia. Does that answer my hon. friend?

Mr. MORRISON: That is satisfactory.

Mr. CHAPLIN: I was saying when I was interrupted that hon. members should be more careful in their statements regarding duties. I am talking now in all kindness, I am not angry, and I want to say to you that in this book you give the customs returns as $133,000,000. I do not know why they were padded, but they were. It may be a clerical error, I am broad enough to assume that such may be the case, but when you multiply it by four it looks pretty bad. Then another point: Why do you always treat the import duties as if they were on manufactured goods? As a matter of fact, in that particular year which you take in your book, 1916, over $30,000,000 of duties did not apply to manufactures at all. You made a mistake to that extent.

Mr. WARNER: Was not that on the raw material?

Mr. CHAPLIN: It was not on raw material. It does not make any difference what it was on. I make the broad statement that $30,000,000 was collected for duty that did not apply to manufactures at all. Some of that duty was on hay—for which I have given the figures—some on coal, and so on. But what have we got to do with the duty on those commodities? I could give the hundred or so articles in this list, but I do not want to weary the House. I submit that people are too prone to make statements that they cannot back up. For instance, I heard the hon. member from Kindersley, I think it is (Mr. Carmichael) declare he was a schoolmaster and would like to put figures on a

blackboard, because he was great at figures and could explain everything on a blackboard. What happened? Metaphorically speaking, the first figure he put on the blackboard was that it cost the Dominion 50 per cent to collect its customs tax! Now, if that is an example of our teaching the sooner we mend our ways the better.

The other night an hon. gentleman complained about the relative prices of a kodak at Ottawa and at Niagara Falls, New York. I am not sure of the comparative figures he gave, but my recollection is that they were $14 and $27. Let us assume those figures. The duty is 25 per cent, and at the full retail price it would not be more than $3.50; the expense of bringing the kodak to Ottawa would not be more than 25 cents, bringing the $14 up to about $18. That is $18 as against $27. Where did the $9 go? Surely, you do not put that upon the manufacturer? You cannot blame that on the tariff. I am only mentioning it so you can be reasonable.

Now, I want to get back to the budget itself. Although I have not been in the House for very many sessions, I have had some experience of politics and of political pledges. I want to read and emphasize something that is on Hansard; I want to give it again because I would like the people to know something about broken pledges. It is from a speech delivered by Mr. J. Irael Tarte on April 20, 1903, in which he said:

> I say it openly, I say it from the bottom of my heart, that I fully expected that the Liberal party, with which I have been connected during the last ten years, would carry out the policy it was understood in 1896 they would carry out. I am weighing my words. I know what arrangement, what understanding took place between some public men. I know what took place. I do not divulge any secrets. I know what we did in the election of 1896 in Montreal. I see within the radius of my eye public men who, at our request, came to the city of Montreal, went to the manufacturers, with the knowledge of the leaders of the party, and told them not only would the tariff not be disturbed, but it would be changed in the right direction when the proper time came. There was no secret about that. I shall not give names. There are men who hear me—I am sorry there are not more on those benches—who know that I am perfectly right. I am out of office because I could not stay in office under the present circumstances. I have had only pleasant relations with most of my colleagues and have for the most of them the greatest respect. But I could not possibly stay in office when I knew that the policy we are following now is not the right policy—when I knew what understanding took place formerly.

I ask the House cannot history repeat itself? Is it not likely that something of the kind mentioned here has been done more recently? Did something of the same kind happen in Montreal in the last election? I leave the question with you, Mr. Speaker. I thank hon. members for giving me such a kind hearing.

Mr. ROBERT GARDINER (Medicine Hat): Mr. Speaker, I desire for a short time indeed to discuss the question of the budget and the tariff schedules contained therein. I quite realize that this debate has been proceeding for quite a considerable time. I propose, therefore, to make my remarks very clear and to the point and to be as brief as possible.

The real reason why I desire to speak this evening is to define my position so far as the budget is concerned. I would like the House to understand that I was elected on the Farmers' platform known as the New National Policy. It might be interesting to the House to know just how this platform came into existence. We all realize that the platforms of the two political parties that sit in this House other than the Progressives were brought into existence by a comparatively few men who controlled their particular party. But our platform came into being in a somewhat different manner. Various resolutions had been passed by farmers' organizations all over Canada, and in 1916 the Council of Agriculture, realizing the importance of many of these resolutions, picked out what they considered the most important ones, codified them and placed them in the form of a platform, known as the Farmers' platform. This platform in turn was placed before all the annual conventions of farmers' organizations for their endorsation or rejection; with some slight modifications it was accepted by practically all the farmers' organizations throughout the length and breadth of Canada, and it became then known, as I have said, as the New National Policy.

I want to tell the House fairly and squarely that I believe in that platform; I stand four-square by all that it contains. I believed in it when it was first brought into existence. I believed in it when I was nominated to contest a by-election in the constituency of Medicine Hat last year; I ran on that platform and the electors endorsed it to the extent of giving me a majority of nearly 10,000 votes. My personality had nothing to do with the winning of that election; what the people were standing for was this platform which I am placing before you this evening. On

it that election was fought and won. In the election of December 6 last I stood upon the same platform and was returned with practically three times the number of votes the Liberals and Conservatives polled.

Now, I want to deal for a few moments this evening with some of the contents of that platform. The member for East Calgary (Mr. Irvine) two evenings ago placed the fiscal plank of this platform on Hansard. If I do not mention every part of it so far as fiscal policy is concerned, the House must not think that I am trying to get away from it; I want to say as distinctly as I can that I accept the whole of the fiscal policy as contained in it. But in order to save time I propose to deal with just a few of the principles therein set forth.

The first part of the platform to which I would like to call attention and which I hope to see put into effect some day is the first section:

> By an immediate and substantial all-round reduction of the customs tariff.

We have a tariff in this country which, I believe, is far in excess of what it should be. I am not one of those who would like to see industry destroyed; I believe we need industry just as we need agriculture. But I do believe that most of the industries that benefit through the present fiscal policy could stand a substantial all-round reduction in the tariff and not be any the worse for it.

The next part of the platform deals with the British preference, and here again I want to say that I accept that in toto. We ask that the British preference be brought up to 50 per cent of the general tariff and that gradual or equal reductions be made each year until in five years we have free trade with Great Britain. I believe that that would be sound policy for this country to follow, because I think we should carry on as much trade with Great Britain as we possibly can.

There are other portions of this platform that I would like to mention. We believe in placing all foodstuffs on the free list, and I would point out to the House that if there are any foodstuffs that are now taxed when they enter Canada, it was never by the consent of the farming population that I know of, for we stand for free foodstuffs.

We also would favour the admission free of duty of the machinery that is necessary to apply to the natural resources of this country in order that wealth may be produced; also the raw materials that enter into the manufacture of any machinery of that description that is made in Canada. I certainly believe the policy of this country should be to develop our natural resources to the greatest possible extent, and to the extent that we do develop them we shall become just that much more prosperous. We therefore submit that it would be good policy for this Government to see that no impediment is put in the way of developing our natural resources such as a tariff on the machinery of production which is essential for the development of those resources.

The hon. member for Marquette (Mr. Crerar) made a statement in his address the other day to the effect that it was not desirable to put this policy into effect all at once. That means that he thought it was advisable to give industry a reasonable opportunity to accommodate itself to these proposed new conditions. We have made provision for that in our platform to this extent, that every claim for tariff protection by any industry should be heard publicly before a special committee of Parliament. We have many special committees of Parliament now gathering information on special subjects, and that is a good policy, for I believe the House should at all times have all the information before it that can be made available to guide it in its deliberations. So with the question of the tariff, I believe we should have a special committee responsible to this House to sit and inquire into tariff questions, and if any industry desires to have any protection whatever they should lay their claim before that committee. In that way this House would get real information that would enable us to discuss the budget intelligently.

I would remind hon. members of the fact that we have had tariff commissions in this country galore. We had one a year ago last fall, and I noticed by a return that was brought down the other day that it cost the country between $17,000 and $18,000. We all remember that this commission sat from coast to coast but so far as I am concerned I have never seen any of the information that it gathered. I do not know whether any other hon. member of the House ever got hold of any of that information, but if they did, it is news to me. I submit that inasmuch as this country has spent that amount of money in collecting that information, it should be made available to hon. members so that we can make use of it when discussing the budget.

I should like to make an observation or two as to the effects of the tariff in some respects. I sincerely believe that the tariff is a medium through which the few exploit the many in this country. It is very unfortunate that it is so, but, nevertheless, all the evidence that I have ever been able to get hold of points to the fact that the tariff does give the few an opportunity to exploit the many.

There is another peculiar thing about the tariff. The tariff increases prices, but it does not increase values. To illustrate that I will take an article of food that is used on practically every table in this country, a loaf of bread. The contents of a loaf of bread come into this country practically free at the present time. If we admit that those ingredients come in free, and that after they have been turned into a loaf of bread, that loaf is worth say ten cents over the store counter, we will admit that that loaf of bread is being sold around its actual value; but assume for a moment that we put a tax on the ingredients that enter into a loaf of bread, and after we have computed the cost of that loaf we find that it sells, say for 12½ cents, instead of 10 cents. You can readily understand that in that case the loaf of bread has been increased in price, but it has not been increased in real or actual value, because no matter what its price may be, a loaf of bread can only sustain a person for a certain length of time. That is an illustration of how the price of commodities is increased by the tariff while the value remains the same.

In the early part of my remarks I made the statement that I would like to see the tariff reduced very considerably. I do not like to make any suggestions unless they are more or less of a constructive nature. We understand, of course, that if we had a lower tariff we would lose no doubt a substantial amount of revenue, and in order to provide against that loss we have suggested in our platform certain methods of making up for it. First, we propose a tax on unimproved land values and natural resources. This question was dealt with very fully the other day by the hon. member for Brant (Mr. Good), and therefore I do not intend to take time in going over it again.

Our next suggestion is a sharply graduated inheritance tax, and I submit that that is a very good field of operation for the Minister of Finance if he desires to get extra revenue. We have in this country, as in all other countries, many large fortunes but if hon. members will just sit down and calmly contemplate for a moment how these fortunes are made, and how reasonable it would be for the Finance Minister to place a substantial tax on large fortunes, I think most of us would agree to the principle. Taking the statistics as a whole, and estimating the productive capacity of the average man for a certain number of years, I think every member of the House will agree that it is practically impossible for any man to produce real wealth to the extent of a million dollars in the average lifetime. When we realize that that is almost an impossibility, and that we have many men in this country who are worth far more than that sum, we must realize that they have been privileged by law to acquire something that they did not produce. Consequently, when we suggest the possibilities of an inheritance tax, we maintain that the state is justified in taking from the estate of a person after he has finished with it a substantial portion of that which, by law, he has been allowed to acquire but which he did not produce.

The hon. member for Regina (Mr. Motherwell) last evening brought before us another suggestion with regard to taxation, and while I must distinctly let the House understand that this particular item is not in our platform, yet, personally, I believe it is a good idea—I refer to the excise tax placed on manufactured goods in this country that enjoy a protective tariff. I believe that perhaps a lot of the hard feeling in so far as the tariff is concerned, would be removed if our people felt that their money was going into the Dominion treasury; and the Finance Minister might at least try, in the near future, and see if he could not do something along those lines.

Now I am going to discuss the budget for a few moments. I shall only occupy a short time because the hour is getting late and I do not want to unduly detain the House. The first item I desire to discuss is the sales tax. I regret very much that the Finance Minister has seen fit to increase the sales tax. As a matter of fact, I do not believe in the sales tax in any form whatever, not even at the rate that was in force last year. The reason I do not believe in it, is because of the fact that the sales tax is a direct tax on consumers, and it violates all the principles of taxation—that is to say that taxation should be levied on those best able to bear it. The sales tax is based on the needs of the people and not

upon their ability to pay, and when that is the case such a tax is more or less vicious.

As to the one per cent tax on bank circulation, I wish to direct attention to some very pertinent things and I am sorry the Finance Minister is not in his seat at the present time. The Finance Minister proposes to place a tax of one per cent on bank circulation, and I believe that he is, perhaps, starting in the right way provided he can be assured that the banks will not pass this one per cent on to their customers. What I mean by that is this: If the banks are permitted to add that additional one per cent to their interest charges, they will suffer no loss, and they will be contributing nothing to the revenue of the country; the people who do business with the banks will be the ones who will have to pay the piper. I would like to read for the information of the House section 91 of the Bank Act which deals with the interest that banks are allowed to charge. This is section 91:

> The bank may stipulate for, take, reserve or exact any rate of interest or discount not exceeding, seven per centum per annum, and may receive and take in advance, any such rate, but no higher rate of interest shall be recoverable by the bank.

That is distinctly, I believe, an understanding, in so far as this section is concerned, that the banks shall charge no higher rate than 7 per cent. Now, if the Finance Minister desires any evidence I am quite prepared to produce bushels of old notes to show that the banks have been charging interest rates of 9 and 10 per cent, and in some instances a higher figure, in violation of this particular section of the act. Therefore, if no curb is placed upon the banks there is nothing whatever to prevent them from adding this one per cent tax on circulation to the accounts of their customers. The banks have received some very extra privileges in return for which they are supposed to give certain services.

I am going to bring a case before the House to show that the banks are not, so far as I can understand, living up to their contract in the matter of service. I hold in my hand an auditor's financial statement and annual return of municipality No. 302, which is in the province of Alberta, for the year 1921. In this statement there are assets and liabilities columns. The liabilities column shows that the municipality's assets over liabilities amount to $39,327.30—that is to say that they have assets to that amount over liabilities. On the other hand I notice that their debt to the bank amounts to $2,200 for a school loan for the purpose of keeping the schools in the municipality running. That is all that they owe the bank. This municipality, in order to finance the schools in the nine townships contained in the municipal district, went to the bank and asked for a line of credit of $6,000 for school purposes. The bank turned them down, and has not up the present time, so far as I know, given that municipality any line of credit for school purposes, or for any other purpose. In view of the fact that this municipality has assets of close upon $40,000 over liabilities, and that on December 31, 1921, it only owed the bank $2,200, I maintain that the bank, bearing in mind the privileges that this Parliament has conferred upon it, is not doing its duty in refraining from financing that particular school system.

There is just one other matter I wish to deal with for a moment and that is unemployment. This question has received some slight attention here but it is not being given the attention it should receive. We all realize that unemployment is very rife in Canada at the present time; and I merely want to suggest to the Government that in view of the possibility of the situation being somewhat serious, they take steps to see to it that a programme is outlined whereby next winter the services of the men who are unemployed will be utilized in some proper manner in connection with development work required in this country. During the last winter the unemployed were living on doles contributed to by the federal and provincial governments and the municipalities, but I maintain, Sir, that the only way to approach this question of unemployment is to look ahead and see if we cannot provide some useful work, or works, that are necessary to the country so that these men may make a living without being pauperized by the acceptance of doles.

In conclusion I wish to say that I cannot see that the budget in any way meets the views that I hold with regard to the tariff question, and because of that fact I am afraid that I will have to vote against it. I happen to belong to a farmers organization in Alberta whose motto is equity, and this budget, in my opinion cannot be held to be equitable at all. Furthermore, our slogan in Alberta is "Equal rights to all and special privileges

to none." Consequently, for the reasons which I have given, I am afraid that I cannot support the budget.

Mr. E. A. LAPIERRE (Nipissing): I wish to preface the few remarks I have to make this evening by complimenting the Minister of Finance (Mr. Fielding) upon the admirable budget he has given this country in one of its most trying moments. All the speakers who have preceded me have been of one opinion, that Canada in its present financial condition must get revenue and that the national debt of Canada must be reduced. It has been my privilege to be associated with a class of business that has, in past years, had to bear a large share of taxation, and that class has accepted, with admirable patience, the burden that has been imposed upon it by the conditions created by the war. We have heard a lot about organized labour. We have heard the critical arguments of our Progressive friends on this budget. I wish to speak this evening for a class to whom no one has yet referred, and that class is the large and unorganized body of wage-earners of Canada.

Under our complex social system there has arisen in Canada, during the last ten or fifteen years, a class of people that has contributed more to the financial, social and moral development of our country, and has accepted with more patience and resignation the burden of citizenship, than any other. I am referring to what is ordinarily called the middle class, in a great measure the clerks, the bookkeepers, commercial travellers, and office assistants. That class has supported, to a large extent, the retail business of Canada which, at the present instant, depends upon such a budget as that elaborated by the Minister of Finance to regain that prosperity which Canada once enjoyed. My Progressive friends have told us what a great burden they had to bear under the taxation that is imposed all over Canada. If they look back to 1917 they will remember that we, of the Liberal party, condemned and criticized the government which was responsible for the national debt which bears so heavily on Canada to-day.

In 1917, the great leader of the Liberal party, at an age when men are seeking comfort and rest, undertook, against the advice of his friends, a political tour of the west. It was my good fortune to have travelled with him on that occasion from North Bay to Sudbury. With all the enthusiasm of youth, and with the utmost confidence in our great West, he undertook that long and tiresome journey, confident of its results, feeling and knowing that the people of the West, to the development of whose country he had contributed so much, would grant him an enthusiastic welcome. It was my sad privilege to announce to him in Sudbury, on his return trip, the disappointing news that, from the Great Lakes to the Pacific coast, they had returned but two Liberal candidates. Under these conditions, our farmer friends in large measure upheld the government that burdened us with taxation. In 1917, we experienced Union government rule. The large debt, and extravagant expenditure of that government, should have been a warning to our Progressive friends. Our great leader, on his western tour, uttered the warning, which fell on deaf ears, that under such a government there must be a day of reckoning.

Now, Mr. Speaker, after three years of Union government that day of reckoning has arrived. The country faces one of the most embarrassing and critical situations that ever a nation of the size of Canada encountered. We have a national debt of very large proportions, and as we listen to the speakers in this House, we cannot help realizing to what a dangerous extent we may go, if we do not curtail our expenditures. We must in the future balance our budget as between revenue and expenditure. This taxation cannot be borne by any one section of the country. Our relations are so closely interwoven at the present time that this burden must be equally distributed. Too long the class to which I have referred have borne the burden. The time has arrived when this great middle class, the backbone of the nation, the class that supplied cheerfully the men who put Canada on the map, is looking to other classes of society, and asking that they, themselves shall have a higher standard of living. This class has never joined the union, and never gone on strike. They walk to their places of business in the morning and fill our churches on the Sabbath. They have cheerfully accepted the responsibilities of citizenship. Under existing conditions, we cannot return to normality until the wheels of industry are put in motion. Our country is suffering to-day from lack of confidence, and the curtailment of industrial activity. It was, in a large measure, the policy of the Union government that created the feeling of distrust, which brought on the first period of business depression. It was by their extravagance and their lack of vision that this

condition was created. If such is the case, are we not justified in asking, at least, a more loyal support from everybody in this House. The wheels of industry will never move normally until the purchasing power of the people is restored, and that purchasing power will never be restored until the unemployed portion of our population has resumed its labours. The wheels of industry will assist in creating a purchasing power in Canada for the products of the agricultural classes.

The hon. member for Lincoln (Mr. Chaplin) stated that 85 per cent of the agricultural products of Ontario and Quebec were consumed in Canada. If such is the case, how can we hope to have prosperity in agriculture in these two provinces, when the industrial classes cannot go back to work? Under these conditions would it be wise to interfere with the tariff and create distrust in the industrial world? By adjusting the budget to meet the conditions that exist, the Minister of Finance (Mr. Fielding) was only carrying out the good Liberal policy of suiting the tariff to the financial exigencies of the country. How else can we have prosperity if we do not maintain the balance between agriculture and industry? The two, co-operative, will in my opinion work out our salvation, and I repeat that the budget submitted by the present Minister of Finance is the only hopeful sign that has appeared on the horizon during the last five years. Speaking for the large middle class of Canada who will bear the extra burden imposed by the sales tax, I think I can safely say that there will be no serious objection on the part of any one, because it is the duty of every citizen in this Dominion to assume his fair share of taxation.

There is another very serious condition in the country. It has often been said in this House that the retail trade of Canada was to a certain extent responsible for the failure to bring down the cost of living. Now, the retail trade in this country is one of the most competitive businesses that we have. As things are to-day, it has to purchase goods long before the season opens, and sometimes to carry them into the following season. So that with the constant changes and vagaries of style and fashion the retail merchants are forced to bear large losses when their stock cannot be disposed of because their goods are out of style. The retail merchant has also to compete with his neighbour who sometimes through lack of sufficient capital to carry on is compelled to dispose of his goods at a loss. Furthermore, our retailers have had to compete with large departmental stores, and it is safe to say that failures in the retail business in Canada have been more numerous than in any other line of business. Now, I want to say this, that the retail merchants in this country constitute one of the most useful classes of society. If you look at the newer parts of the country, especially New Ontario where I have spent most of my life, you will find that in the early days the retail merchant not only supplied all the necessaries to the newcomer and the settler, but was also his banker. This class of the community, therefore, has contributed a great deal to the development of this Dominion, and that being the case I ask whether it is not just, in the re-arrangement of the tariff, that they should be fully considered. Is it not fair that they should receive consideration the same as the farmer, the manufacturer and organized labour? Society owes to that class, I think, a greater gratitude than to any other section of the community, and it is largely on their behalf that I make this appeal this evening.

Mr. H. E. SPENCER (Battle River): I do not wish at this late hour to detain the House, but I do not think I would be doing my duty to my constituency if I did not place before hon. members certain facts and figures as I see them in regard to the budget. I wish to ally myself with the numerous speakers who have preceded me in congratulations to the Minister of Finance (Mr. Fielding) on his being able at the age of 73 to present his sixteenth budget. In part of that budget I sincerely concur, but with a large part of it I am sorry to say I cannot agree. During the evening we had quite an interesting speech from the Solicitor-General (Mr. McKenzie), who gave the House more or less of a lecture in regard to the position of public men in this country. He deprecated the fact that so many people to-day did not give our public men credit for what they were doing. I would just say in passing that if there is any fault to be found in the fact that our public men are not appreciated as fully as they should be, it is largely due to the criticism which the public men themselves indulge in at the expense of one another. After the picture which the hon. member drew to-night of the House that Toryism had built, I do not think that any of us who took him at his word, can think a great deal of the public

men on the Opposition side. And if we follow up the criticisms that have from time to time been launched at the Government by the leader of the Opposition (Mr. Meighen) and his associates, we cannot think much of the public men of the Government side. I say therefore that if there is any criticism in the country of the public men of Canada it is due to the harsh and very often untrue criticisms that are launched across the floor of the House from side to side between the Government and the Opposition of the day.

I had thought, and at one time I believed, that if the Minister of Finance had had his own way there would have been a vast difference between his budget and that of his predecessor. But he had to consider his colleagues in the Cabinet. They necessarily were the censors, and no doubt the budget is a true mirror of their feelings. But after his statement to the House yesterday that he himself has never been a believer in the Liberal platform adopted in 1919, I am not at all surprised that the budget has been brought down in its present shape.

I should like to place before the House conditions in Canada as I see them, and then touch on the reasons why in my opinion we have such conditions, and suggest a possible remedy. We have a country of unbounded natural resources, and we are a people of tremendous producing capacity, with enormous real credit, but, at the present time, with a shortness of financial credit. That being the case, the purchasing power of a great portion of our people is gone. That is one reason why we hear so much about the need for foreign markets at this time. The purchasing power of the people having gone, the home market has gone also, the wheels of industry are slowing down, unemployment is rife, agriculture is unprofitible, and immigration is reduced. I find that since 1918 the banks have closed no less than 214 branches. At the same time we are informed that the richest man in the world is the Canadian. The reason given for this is because we are now worth per capita no less than $225, while before the war our capital per head was only $55. This, of course, in itself is very misleading, because if you take $1,000,000 and divide it between ten men, each man is fairly well off; but if you give the major portion of the $1,000,000 to one man, the other nine may be close to the verge of want.

[Mr. Spencer.]

In 1920 we had no less than 285 strikes and lockouts, or a loss to this country of 886,754 working days—a staggering loss. The allaying of this unrest calls for the greatest statemanship from all sides of the House. We know full well from what we have heard during this session that there is a group of hon. members sitting to my right who believe that the best way of settling strikes and lockouts is by force—by the use of the military or the police. At the same time I am glad to say there is a growing feeling throughout the country that these troubles should be treated differently, that we should first of all find out the cause and then remove it.

It is only three or four years ago that we passed through the greatest war in the history of the world. We were told that we were fighting for democracy, and for better conditions. Well, the people are now wondering why they have not been led into the promised land of prosperity. For the benefit of hon. members I propose to quote from a speech made by Mr. W. Bell, an associate of the Royal Institute of British Architects, delivered before the Rotary Club of Wakefield, England. Mr. Bell said in part:

> The fallacy lay in the fact that the majority had overlooked the circumstance that England and the United States of America together as a consequence of the war-time expansion of plant, had become capable of producing at least 50 per cent more rapidly than in 1914. At the same time, however, the area of distribution had shrunk considerably because central Europe and Russia (not to mention other countries) were out of the market. Now a 50 per cent increased capacity for production, coupled with, say a 25 per cent reduced area of distribution, inevitably results in "slump". The obvious deduction, if the above premises be accepted, is that production is not essentially at fault, but distribution. For our warehouses are more or less bulging from garret to cellar with goods that cannot be distributed because there is not sufficient Purchasing Power in the hands of those who need the goods. . . . .
>
> It is well known that for 1921 thousands of industrial concerns paid no dividends whatever, and that many actually worked at a loss on the year's operations. Side by side with this failure of the Producers to pay their way is the fact that the Banks paid their usual dividends for the year. The "Big Five" amongst them made a declared profit of £11,000,000 during 1921, the year of the Great Slump, and this significant sign-post points the way whither the profits go, both in Slump and Boom.
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> Thus while Capital rails at Labour, and Labour in turn curses Capital, the other dog, Finance, runs off with the bone for which the two active partners in Industry are contending. The logical inference is that the "Big Five" is the most pernicious Trade Union in existence to-day working in the interests of International Finance. For Trusts, Combines, and Rings are, after all, merely trade unions for maintaining

high profits, and consequently high prices. Yet those who affect to support trusts and their kindred are often loud in their "belief" that competition is the life of trade; when all the time they know that Trusts aim at Monopoly, which is the antithesis of Competition. . . .

Now the real business of any sound financial system is to deliver the right goods and services to the right users; so that the present private financing of public production is doomed because it is failing utterly to deliver the goods.

It may be interesting, Mr. Speaker, to state the amount of capital invested in two of our greatest industries—agriculture and manufactures. We have spent millions upon millions of dollars in trying to bolster up our manufacturing industry. Taking 1919, I find that the capital invested in agriculture amounted to $7,379,299,000, and the production amounted to $2,135,043,000. The capital invested in manufacturing amounted to $3,230,686,368, and the production amounted to $3,520,724,039.

Now, we have heard a great deal about the necessity of securing foreign markets for our surplus goods, not recognizing for a moment the huge market we have at home if it was only developed. In this connection I shall again quote from Mr. Bell's speech as follows:

But the reason for this persistent desire to concentrate attention on the foreign markets is not far to seek. For so long as credit is controlled by private individuals for personal profit, instead of by the community, for the public good of the home consumer, so long must the financier look to foreign markets for an outlet for the goods the manufacture of which he controls.

Unless some scientific scheme of credit reform is adopted, whereby credit shall be taken out of private hands and restored to its rightful owners, the community, there can be no permanent return even to the 1914 conditions. Indeed, the more unemployment increases the sooner the next war will be upon us; and until the root, credit, of the industrial problem is tackled, the great industrial people will flounder out of one war into another, with ever increasing velocity.

I shall leave these few words with you, Mr. Speaker, because I think that sufficient attention has not been given to this most important subject of credit.

The figures that I have given in regard to the amount of capital invested in these two great industries show rather striking results as to the wealth being produced and as to the failure of one and the success of the other. I find, looking at the income tax returns, that in 1920 the farmers were able to pay on income tax only the amount of $525,836, while the manufacturers were able to pay no less than $2,551,503. The following year agriculture was able to pay about $100,000 more, while the manufacturers were able to pay upwards of $6,000,000 more, or no less than $8,217,730. I would like to point out here that although the manufacturers had only half as much invested as the farmers, they were able to pay fourteen times as much as the farmers in income tax. In a leading article in one of the Montreal newspapers the other day, I noticed that these figures were referred to, and the editor suggested that in all probability the farmers had been dodging. Now, if the farmers had been dodging it means that they were carrying on an industry that was paying, and I do not think you will ever find any one running away from a paying business. The very fact that the people who are interested in agriculture and who are carrying on that calling are leaving the land, have been leaving it for the last ten or fifteen years and are leaving it faster than ever to-day, is proof that they are not in a position to pay income tax. If they were, they would certainly stay on the land, because income tax would not touch them until they got the means whereby they could live.

I am going to ask the patience of the House for a few moments while I give the prices for some agricultural products and some of the figures bearing upon the cost of selling them. I have here the shipping bills with respect to three cars of wheat. These three cars from central Alberta brought $4,163, but the cost of hauling, threshing, freight and commission amounted to nearly 50 per cent of that amount, without making any allowance for the cost of production of the grain. I have also a shipping bill with reference to a car of barley, No. 1 grade, which brought the farmer $743, but the overhead expenses on which—threshing, hauling, freight and commission—amounted to the large sum of $546. One can easily see how in both these instances it did not pay to raise the grain. I have here also a rather interesting voucher in regard to a car of cattle that was shipped to the Edmonton market. The price received was not as high as some have brought, but it was higher than others. This car was sold about two months ago, and after paying freight and sundry commissions and overhead expenses the amount realized was $14 a head—enough to buy two pairs of shoes. The hides of these cattle were sold with them! when they are not so sold, what happens is this? Here is a copy of a bill from a butcher in Saskatchewan with respect to

two hides: weight, 62 pounds; tare off, 6 pounds; balance, 56 pounds at 3½ cents a pound, $1.95; freight, 90 cents; balance due to the producer, $1.05. There was sufficient leather in those hides to make no less than 72 pairs of boots. I am sorry that the hon. member for St. John (Mr. Baxter) is not in his place, because I know he has shed some political tears in regard to boot manufacturing; he has asked from time to time for tariff protection for the boot and shoe industry.

Last fall when I was going over the constituency I now represent I came across a quantity of sheep pelts on each of which there was enough wool to make a suit of clothes. The only sale for those pelts was at the price of 35 cents; it would cost the farmer that amount to get them to market, so he simply threw them away or gave them to his neighbours to dispose of them as they saw fit. And yet some people wonder why the farmers ask for freer trade and ask that some protection be taken off the manufacturer who is charging an extra price for his goods. I notice that the boot industry has been enjoying a 30 per cent protection. Some hon. members have suggested that this protection is necessary because of the high rate of wages, but I find that the average wage paid to men working in a boot and shoe factory is only $715. That does not look as if the boot manufacturers needed a protective tariff owing to the high rate of wages. The producer of raw material, the hides, is getting next to nothing for his product, while the consumers have to pay, as I said, in some cases half as much as the total value of the animals for their boots. Yet all the relief afforded by this budget is the small amount of 2½ per cent.

I have here a voucher which is also very interesting; it is in regard to wool. The member for Battleford (Mr. McConica) when he was speaking some days ago, made reference to the wool business, and I think some hon. members thought he was drawing a rather long bow. I will show you as a wool grower that he was doing nothing of the sort. This statement which I have before me relates to some wool that was sent from the farm. It averaged 13 cents a pound, but after the overhead costs were paid it brought to the producer of the wool no more than 5 cents a pound. So not counting for shearing, packing, and hauling to market, one can readily understand that at that rate it would be necessary for a farmer to shear about ninety sheep for nothing, pack the wool for nothing, haul it to market for nothing, and after he had sold it, if he got that price, he would have enough money to buy a suit of clothes! Is it any wonder that the consumer is complaining? Is it any wonder that the producer is complaining? Yet what do we find in regard to the protection that the woollen industry is receiving? What relief has the Finance Minister given the people in that respect? We find that clothing has had a protection of from 27½ to 35 per cent. If there is any country in the world where the people should have a plentiful supply of woollen goods it is Canada, but on account of the protective tariff which enables the manufacturer to put up the price of goods to the extent he does, very few people can afford to buy the quantity of clothing they really need.

Mr. MALCOLM: Does the hon. gentleman imply that the clothing manufacturers of Canada are taking advantage of the full amount of duty?

Mr. SPENCER: I certainly do. If they are not, I cannot understand how it was shown before the High Cost of Living Committee that the woollen textile industry was making a profit of 310 per cent.

Mr. STEVENS: I think my hon. friend is in error. He means the Dominion Textile Company.

Mr. MALCOLM: I would inform my hon. friend that the wholesale manufacturers of clothing in Canada to-day, due to very extreme competition, are not taking advantage of the tariff at all. In many cases the wholesale price of clothing in Canada is as low as in the United States. I refer to the better grades of woollen stuff. There are other grades which may not be in that position.

Mr. SPENCER: I find that the woollen textile industry produced woollen goods in 1920 to the amount of $28,000,000. This did not all go in wages. Manufacturers often blame labour unions, but I find that in wages and salaries the full amount paid by the woollen textile industry was only $5,407,515. If there is anything that should be given to the people of this country at as low a rate as possible, it is woollen goods.

Referring again to the profits that are being derived from the organized manufacturing industries compared with agriculture, I should like to give some figures that were published in Toronto Saturday

Night in reference to the milling industry, as follows:

> Cash dividends ranging from 8 to 47 per cent on common stock, and 7 per cent on preferred stock, together with substantial stock dividends and bonuses have been paid by the principal milling companies of Canada during the period beginning in 1914 and ending in 1920, according to figures quoted in Toronto Saturday Night from the 1921 edition of the Annual Financial Review. The figures appear in an advertisement by the Bankers' Bond Company, Limited, Toronto, who offer for sale stock in a new milling enterprise. They indicate that during the recent period when farmers have been selling their products at cost or below the cost of production the manufacturing of grain products has remained a highly profitable enterprise!

I bring this to the notice of the House because when those representing agriculture in this corner of the chamber have tried to explain the conditions in the country, why the farmer is dissatisfied, and why numbers of them are leaving the farms, some have thought that we were pulling the long bow.

I notice that the Minister of Trade and Commerce said the other day in this debate that the Government of Canada was going as fast as the people would let them go. I only want to say this: He knows as well as I do that if the Government had cared to bring forward the platform that was passed at the Liberal convention in 1919, they would have had the entire support, I believe, of the Progressive group in this House.

Mr. ROBB: We did submit an advanced policy in 1911, and our friends voted against it.

Mr. SPENCER: My hon. friend in his speech the other day was not referring to 1911, but to the present day. The Liberal convention of 1919 was several years after 1911. My hon. friend the Minister of Trade and Commerce also said that the Government was trying to lessen the burden on those who were least able to bear it and to tax those who were best able to pay, but I cannot say that he proved his statement. Right here I would like to bring to the attention of this House a subject that has hardly been discussed at all, and that is getting right down to what we should first of all consider, and that is the need of humanity, the need of every citizen of this country. I think every hon. member will agree that all our citizens, men and women, who work, have a right to the necessaries of life, that is food, shelter, and clothing. Those are necessaries for all people whether rich or poor, and it should be the effort of every government, no matter what its politics, to see that those three necessaries are placed at the disposal of the people without any restrictions or handicaps. At the present time we find that food, and particularly clothing, not to mention shelter, have all had handicaps put on them which makes it very difficult for a great portion of our people to live in as high a social state as they would wish.

I notice that the Minister of the Interior (Mr. Stewart) argues that the Government should go cautiously in the direction of a lower tariff. I was quite surprised to hear him make that statement, considering the school in which he has been brought up in the West, and I can only hope that he is not going to follow the footsteps of his predecessor, Mr. Calder, in that portfolio, and go about face simply because he has come down from the West and now represents an eastern constituency.

With my hon. friend the member for Kings, P.E.I., (Mr. Hughes) I am usually in general agreement, but I notice that he said we have to be careful in our taxation because we must not drive capital out of business. In mentioning capital I think he was referring to organized capital only; he certainly was not referring to unorganized capital. As to driving capital out of farming, the past budgets have already done that. Agriculture, which should be looked upon by all people as one of the most important, if not the most important, of our industries, should be given a fair chance. I had a case brought to my attention the other day where some farmers tried to get a mortgage of $8,000 on 1,400 acres of land which were free from encumbrance and well equipped for business. The mortgage company said "We cannot consider this mortgage because it is unsafe." Now, if such security as that is unsafe I wonder what is safe in this country of ours? If conditions are such that it is unsafe to lend that amount of money on such safe and such good security, I consider that, at least, is driving capital out of business.

Some one, I believe, during the present session, mentioned something about the conscription of wealth; and some people think the conscription of wealth is a harsh proposal. I would like to point out that taxation in any form—because no one likes to pay taxes—is a method of conscription of wealth. During the war we found it necessary to introduce conscription, and probably we did the right thing, but we only

adopted one form of conscription. We conscripted the men, but we did not conscript the surplus wealth, although the suggestion was made at the time to the government of the day. Now, if it was right to conscript men it was equally right to conscript the surplus wealth of Canada, otherwise you put the value of wealth above the value of human lives. If we had conscripted wealth in that day we would not be confronted with the stupendous debt that is facing Canada to-day.

My hon. friend the member for Kings, (Mr. Hughes) said that Canada must develop or die. In that I quite agree with him, although I observe that the Minister of Marine (Mr. Lapointe) made the statement this afternoon that agriculture is not dying. All I can say is that if agriculture is not dying it is certainly like a cat and must have nine lives; but in my opinion agriculture is on its last legs unless something is done to remedy the present conditions.

I notice that no radical change is proposed in the budget in regard to raising taxation; and there is no mention at all of any change in our credit system. I regret to see this, because these are strenuous times and we must find some other means, if the present means are not sufficient, to bring this country back to prosperity. In this connection I would like to quote a few words that were written by one who is admired all over the American continent, one who is not an agriculturist but a manufacturer, I refer to Henry Ford. He says:

> Affairs are coming to a jam and if those who possess technical facilities do not engage to remedy the case, those who lack that facility may attempt it. Nothing is more foolish than for any class to assume that progress is an attack upon it. Progress is only a call made upon it to lend its experience for the general advancement. It is only those who are unwise who will attempt to obstruct progress and thereby become its victims.

If you want any further proof of the condition of agriculture, particularly in western Canada from which I come, I may say that in a return that was given to me I find it stated that the amount of money that is owed on principal and interest to the federal government in back payments on school lands alone in the western provinces amounts to no less than $3,000,000.

There is one other subject I wish to touch on before I sit down. We have heard a great deal about the necessity of building up our manufacturing industries, of building up great cities; and figures are produced to show the amount of our exports,

the amount of our industrial production, and the number of men that are employed in our industries. But there is one thing, it seems to me, that is overlooked. I have before me some astounding figures in regard to infant mortality, and if we have, through our manufacturing towns, produced a great deal of manufactured goods the prevailing system is certainly not lending itself to manufacturing human goods. Looking over our statistics showing the death rate per thousand of children under one year these are some of the figures that are submitted. I find that in St. Hyacinthe the death rate is no less than 252; in Joliette, 245; in Hull, 240; in Levis, 231; in Westmount, 215; in Quebec, 213; and in Montreal, 178. When I point out that the death rate in the whole of Great Britain is only 78 per thousand, it will be seen that the death rate for the city of Montreal exceeds by over 100 per thousand that of the United Kingdom, including London. A few days ago the Minister of Immigration (Mr. Stewart) informed the House that the department were bringing to Canada some 15,000 children from Great Britain. I would like to ask where those children are being brought from? They are not coming from the best of homes, they are not coming from the average homes, they are not coming from homes that can possibly keep them, because their parents would object. Therefore I take it they must come from the poorer homes, or from the slums, of Great Britain, and I would like to ask this question which I think is pertinent: Would it not be more beneficial to Canada if we looked after our own children and stopped this tremendous death rate? Would it not be better if we made it possible for our own children to become our future settlers, before bringing to Canada children from the poorer homes in the cities of another country? I think we are making a mistake to-day in this country—probably in other countries it is the same—because we are possibly laying too much stress on the value and the sacredness of the almighty dollar, and not enough on the sacredness of human life. I have here a Montreal paper with the heading, "Where Disease is Spread in Montreal". The article proceeds to expound on the slums that exist there. Montreal has its slums, as well as its millionaires. I notice that when the last issue of Victory bonds was made a certain number of people in Montreal were able to make a safe investment in those Victory bonds of no less than nine times the amount than

the whole of the people of Alberta were able to invest. Yet, with that amount of riches in that city, we find that they have slums there, and that it has been thought necessary by one of their leading papers to make a crusade on the slums to get them abolished. I find in looking up the record of Australia, that they seem to place a greater value on their children than we do. They have brought in an endowment bill, the intention of which is to allow each mother the sum of six shillings a week for each child over three until she with her husband is getting the minimum wage. They think this is necessary in order to look after the welfare of the children.

If I can leave any thought with the House, after my few remarks, it is that we will in the future pay first attention to the needs of our own people, starting at the base, and then as a secondary matter, look to the interests of land and capital.

Mr. T. J. McBRIDE (Cariboo): There are two things, Mr. Speaker, that have struck me very forcibly since this debate started. One was the number of boquets thrown at the Finance Minister (Mr. Fielding). After throwing these boquets, hon. members start to criticise and tear his budget to pieces. The next thing that struck me was the time that some speakers have taken up in this House. I am not referring to the leaders of the parties, or to the ministers. I think they should have all the time they require, but when any hon. member occupies the time of this House for three hours, well, I do not think he should inflict such punishment on his fellow members. I understand it costs $2,000 an hour to hold sittings in this House. Now, does any hon. member think that what he would say in a three hour speech is worth to the taxpayers $6,000? If so, he must have a higher estimate of his value than I have. I think the limit to any member in this House should be half an hour, with the exception of the leaders and ministers. I do not think that any man who cannot say what he has to say in half an hour should be given the floor.

It would seem to me, Mr. Speaker, that I am the only black sheep in the so-called dilapidated annex. Much as I would like to support the hon. member for Marquette (Mr. Crerar) and the Progressive party, when it comes to a question of free trade, somehow their glasses do not seem to have the right focus for my eye sight. During the campaign I spoke at nearly a hundred meetings in different parts of my constituency, and I do not think there was one meeting where I did not make the statement that I was not a free trader, never had been a free trader, and that I never would be a free trader.

There are many points in connection with the budget, on which I do not quite agree with the Finance Minister. There is the paragraph in relation to farm implements, clothing and mining machinery. I think they should come in under much smaller tariff. At the same time, I have no doubt the minister and his associates have given the question a great deal more consideration than I have. Therefore, I do not propose to criticise the budget along those lines. The item I take exception to most is the fruit dumping clause; it strikes at the very root of protection. It is practically a life and death struggle for a great many men who went overseas and fought for this country and are now trying to make a living out of a fruit farm. We have a great number of them in British Columbia, and if that clause is struck out, as suggested, the Government will have a great many more idle men, with their families, on their hands than they have at the present time. What are they going to do with them? I do not know. These men fought our battles in France—and their one thought during the long weary nights they spent in the trenches was to win the war—come home, settle down with their families and live comfortably. If this dumping clause is struck out, it will deprive them of the opportunity to do that. I say that without hesitation. Some fifteen years ago, I was engaged in the building supply business in Vancouver, and contracting generally. At that time we could buy brick on the Canadian side of the line for $8.50 a thousand on the cars or scows as the case might be. This price scarcely paid the expense of making, and owing to that condition, the market was never supplied as it should have been. I went over on one occasion to Seattle to size up the situation and see how the market was there. I found that the general price was $10.50 per thousand, a little more or less, according to the quality of the brick, but to my surprise, when they heard I was from British Columbia and was prepared to buy a quantity of brick to take over to British Columbia, they were willing to sell me the quantity I required at $6.00 per thousand, loaded on the car or scow

as I might require. I entered into a contract with a manufacturer, had it signed and then I asked him what profit he was making out of the brick. He did inot seem to want to tell me. Later on however in the evening he seemed more talkative. Again I asked him the question. Well, he said, to be honest about it, I am losing about 50 cents to a dollar on every thousand bricks that I have sold you. I asked him why he did it and he said he did it because he considered that it was good business. In the first place, he said, after having sold that amount of brick I shall be able to run my yard steadily and thereby cut down the expense of production, as the men will work for a lower wage if they get steady work. In the second place, so long as I can ship brick to British Columbia and supply the market there, the manufacturers in British Columbia will not feel like making brick, and in that case we shall always have a market to dump our surplus on. How can we expect manufacturers of brick to compete under these conditions?

Let me give another instance. In 1897, there was quite a lot of maple sugar and syrup shipped to British Columbia. The syrup sold at $2.75 to $3 per gallon, according to the package it was put up in. A Seattle firm was at that time shipping what they called pure Canadian Rock Maple Syrup to British Columbia. What did it consist of? It was 80 per cent granulated sugar 20 per cent maple sugar with a little burnt sugar to give it the proper colour. You would be surprised to know that that firm controlled the maple syrup business of Vancouver for five years. Canadians simply cannot compete under such circumstances, and they should not be expected to do so. I have no hesitation in saying that if this dumping clause is not properly enforced it will not only strike the fruit growers and the small farmers in general but it will strike at the very root of protection.

The fruit growers on our side should have a reasonable profit, so that they can make a living. Surely those men who thought Canada good enough to fight for overseas are entitled to a living when they come back. And that is all they are asking for now. Why should they not be given the protection they are entitled to? I am told that there are indications to-day of a very large fruit crop in Oregon and Washington. In fact, they expect the largest crop they have had in years. Now, if they are allowed to ship their surplus to this side, they will dump their No. 3 grades into Canada in competition with the Canadian No. 1 grade. All they have to do is to put a fancy name on their packages and place them on our market. I contend that each box of apples coming from the United States should be marked with the name of its place of origin whether it is Washington, Oregon or elsewhere, and the grade sold be printed on the package, as is required in this country. Are we asking too much in that respect? I do not think so. The American fruit growers can always get the very best prices for their No. 1 grade in Chicago, New York, Boston and the other large cities, and they never have a surplus of this grade. They can also usually dispose of their No. 2 grade in the United States. It is the No. 3 grade that they will try to dump into Canada. I do not think the Minister of Finance has had time to go fully into this question. I have no doubt his time has been taken up with other matters, and I would suggest that he let this question stand as it was until he has had an opportunity of visiting British Columbia and witnessing for himself the conditions there. If he leaves this matter as it is and comes out to British Columbia after the session I shall be willing to take him through some of these districts, and I am sure he will then be convinced of the truth of what I have said. If I cannot convince him I am prepared at the next session of Parliament to support him in his proposals. I do not think that is an unfair proposition.

I want now to refer to the Transcontinental highway. A good deal has been said about this in the past; not so much in other parts of Canada as perhaps in British Columbia, but very little has been done. Suppose the different provinces began building railways, each on its own hook; what would it lead to? And yet that is what is being done in connection with the Transcontinental highway. This Government is supplying money to each province to go ahead and build a road here and there, wherever it likes, always directed to some extent by politics. We have engineers and surveyors who could locate a highway in a very short time. It is the duty of this Government to undertake this work themselves. It would serve two purposes. It would give employment to those who are now out of work. Those men who went overseas and made good there could surely make good again in Canada. If the Government would start this work they would find a portion of the road in British Columbia already surveyed, there

is no reason why they could not go ahead with it. I do not suggest that they build a transcontinental highway and leave the taxpayers to foot the bill. No, what I do say, is that they could build the road and then charge a toll on automobile traffic that would not only pay the interest but also the sinking fund. The statement has been made that there are 800,000 automobiles in Canada; and I understand that there are over a million people who do nothing else but tour the United States during the summer. Suppose we had a transcontinental highway second to none in the world, is it not conceivable that a very large percentage of these people would use that highway? The toll that we could charge the automobilists would pay for the construction of that road in a very short time, while the people living along the highway would have the free use of the road. I say it is the duty ofthe Government therefore to construct this highway and let the tourists pay the expence of construction. Soon after I put that motion on the Order Paper I received about sixty letters from automobile companies, clubs, and private individuals urging me to go ahead with it as the Government ought to undertake the work and the writers would be behind me. Why should we not go ahead with such an undertaking? The country wants it and should have had it years ago. I think it is time the work was started. There are many points in connection with the proposal that I should like to explain, but as the hour is late I will not take up the time of the House any longer.

On motion of Mr. Stevens the debate was adjourned.

On motion of Mr. Graham the House adjourned at 12.25 a.m., Thursday.

Thursday, June 8, 1922

The House met at three o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

MILITIA—TEN YEARS SERVICE

Mr. DESLAURIERS:

How many members of the permanent militia force, having served ten years or more, left the service between November 11th, 1918, and July 1st, 1919.

Hon. Mr. GRAHAM: Seventy-two.

CANADIAN MERCHANT MARINE

Mr. ARCHAMBAULT:

1. How many ships of the Canadian Merchant Marine are actually in the Montreal harbour?
2. What are the names of said ships?
3. Are they out of commission or are they to be loaded with freight for a carrying trip?
4. If the said ships are to be commissioned (a) where are they going, (b) when will they sail, (c) what freight revenue will be received from each, and (d) what are the total expenses of each voyage?

Hon. Mr. KENNEDY:

1. Six.

2. Canadian Harvester, Beaver, Carrier, Runner, Ranger and Rancher.

3. In a commission, with the exception of the last-named two.

4. (a) Harvester and Beaver, British West Indies; Carrier, Glasgow; Runner, Cardiff and Swansea. (b) Beaver, June 8; Carrier, June 17; Harvester and Runner, June 21. (c) and (d) These questions are impossible of answer at this time.

RETURNED SOLDIERS

On the Orders of the Day:

Mr. W. F. MACLEAN (South York): Mr. Speaker, before the Orders of the Day are called I wish to ask a question of the Prime Minister (Mr. Mackenzie King). As one of the nine representatives of the Toronto and suburban ridings I have received during the last day or two many pressing telegrams from various organizations of returned men asking that at the earliest possible date the Government will announce their policy for dealing with the claims of returned men.

Right Hon. W. L. MACKENZIE KING (Prime Minister): As my hon. friend is aware, the whole subject of what it may be most advisable to do in respect to the representations presented by the returned men is being considered by a committee of this House which was appointed for that purpose. I am informed by the chairman of that committee that he anticipates the report will be ready very shortly. As soon as it is brought down the Government will be in a position to make a statement as to its policy.

PRIVILEGE—MR. CRERAR

On the Orders of the Day:

Hon. T. A. CRERAR (Marquette): Mr. Speaker, I wish to rise to a question of privilege in regard to some remarks made by my hon. friend from Lincoln (Mr. Chaplin) last night when addressing the House.

He brought into question some figures that I had used when I addressed the House last Monday as to the character of our exports.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): I rise to a point of order, Mr. Speaker. I do not think the hon. member has a right to any special privilege on the Orders of the Day in relation to the budget debate.

Mr. CRERAR: I submit, Mr. Speaker, that I have a right to correct a wrong impression that my hon. friend from Lincoln, unwittingly, I believe, gave the House.

Mr. SPEAKER: I think the hon. gentleman is in order. If he was misquoted or misrepresented, he has a right as member of the House to state the facts as he understands them.

Mr. MEIGHEN: If an hon. member has a right on the Orders of the Day to correct impressions that he believes are erroneous coming from another speaker in a current debate, I think I could occupy the Orders of the Day for several hours each day.

Mr. CRERAR: My hon. friend from Lincoln last night said that in the statement I had made I had padded the returns; and in another part of his speech he made use of the following language: "I think hon. members would like to know what the object is in deceiving the House." I submit, Mr. Speaker, that I have a right to draw the attention of the House to these remarks, and to state that the figures I gave were supplied me by the Bureau of Statistics. I think it probable that in those figures, under the title "vegetable products" some of the articles my hon. friend mentioned were included.

Mr. CHAPLIN: All of them.

Mr. CRERAR: No, my hon. friend is not quite correct. But aside from that, I merely wish to assure the House, Mr. Speaker, that nothing was further from my mind than to convey a wrong impression, and therefore I give the House the authority for the statement I made.

Mr. SPEAKER: In answer to the right hon. leader of the Opposition with regard to my ruling on the question of privilege, I may point out that rule 47 reads as follows:

> Whenever any matter of privilege arises, it shall be taken into consideration immediately.

I find the following at page 302 of Bourinot, fourth edition:

> Questions of privilege may be always considered without the notice necessary in the case of motions generally. It is the practice in the House of Commons to bring up a question of privilege after prayers, and before the House has taken up the Orders of the Day.

Mr. MEIGHEN: I do not dispute that at all, Mr Speaker. What I urged was that an objection to an argument made in a current debate does not constitute a question of privilege; it is merely a matter to be taken up in the debate itself.

Mr. FIELDING: The correction of an error would be a legitimate question of privilege. It would not be a matter for argument, but it would be justifiable on the part of an hon. member to state that he had been misrepresented in a statement that had been made, and to do so as a question of privilege.

Mr. MEIGHEN: If a question of error or alleged misrepresentation in a debate is to become a question of privilege, then I do not know where the Orders of the Day are going to end. I could now rise to about fifty questions of privilege that are in my mind at the moment.

Some hon. MEMBERS: Go ahead.

Mr. SPEAKER: On further reference I find that Bourinot, fourth edition, page 354, says:

> It is a practice, sanctioned by usage but not by any positive rule, for members in both houses of the Canadian parliament to make personal explanations or ask questions of the Government when the Orders of the Day are called. They make them in reference to an inaccurate report of their speeches in the official record, or in the newspapers.

Mr. MEIGHEN: That is my view.

Mr. SPEAKER: I take it that we may consider this incident as disposed of.

Mr. MEIGHEN: The hon. member did not allege any inaccurate report of his speech in a newspaper or in the official record. He did not allege an inaccurate report of his speech at all.

CHILDREN OF RETURNED SOLDIERS

On the Orders of the Day:

Hon. R. J. MANION (Fort William and Rainy River): Mr. Speaker, before the Orders of the Day are proceeded with, I wish to draw the attention of the hon. Minister of Soldiers' Civil Re-establishment (Mr. Beland) to a news item that appeared in the Ottawa Journal this morning, in order that he may have an investigation made. The item deals with the ill-treatment of two children, aged ten years

and eleven years respectively, whose father was killed at the front, and whose mother it is stated is also dead. These little children were taken charge of by a farmer's wife, who severely ill-treated them. If the facts are correctly stated, these children should be entitled to a pension sufficient for them to be properly looked after. I ask that this very atrocious case be investigated by my hon. friend's department in the interests of the children of returned soldiers and of those who fell at the front. My hon. friend will understand that I am not making this request by way of criticism.

Hon. H S. BELAND (Minister of Soldiers' Civil Re-establishment): If the children's father was killed at the front, they undoubtedly are receiving a pension. I will take congizance of the article to which my hon. friend refers, and instruct my officials to have an investigation made immediately.

BUSINESS OF THE HOUSE

BUDGET DEBATE—DIVISION

On the Orders of the Day:

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, if the House will so permit, I would like to make a reference to the budget debate, which is now proceeding. As hon. members are aware, we had all hoped that the debate would be concluded this evening. I am informed, however, that there are still a number of members who would like to speak, and it is quite apparent that unless they are to be deprived of that privilege it will be impossible to have a division to-night. Indeed, it is very doubtful if it would come by the morning if we sat through the whole night. Under the circumstances the Government deems it wise not to endeavour to curtail the debate in any way, but to permit it to run on. It hardly suits the convenience of hon. members—indeed, it has not been the custom—to have a division on a Friday night or on a Saturday; it is therefore desirable that there should be a definite understanding on that point. If it meets with the approval of hon. members, what the Government would suggest is this: that the debate be continued to-morrow with the understanding that on Saturday, instead of continuing the debate, we take up such estimates as have not yet been passed or some of the non-contentious items appearing among the Government orders. We may then resume the debate on Monday with the expectation of having a division some time on Tuesday.

Some hon. MEMBERS: No.

Mr. MACKENZIE KING: I would like to add, Mr. Speaker, that before the debate concludes, the hon. Minister of Finance (Mr. Fielding) will doubtless wish to make a statement to the House in the light of the discussion that has been had here and of representations that have been made to him, and may possibly suggest some modifications in the proposals that are now before the House.

Mr. MEIGHEN: The procedure is rather unusual—for the Government to suggest a deviation from its own programme in the conduct of the budget debate, looking to an extension of the debate. It is something that naturally I could not give an answer to at the present moment; the matter has not been mentioned to me before. I would suggest that the debate go on. The whips are doubtless aware of how many more hon. members desire to speak, and they may confer on the matter as the debate proceeds.

Mr. MACKENZIE KING: Of course, we have not made the statement without conference with the chief whip, who, I think, has already conferred with the other whips. Certainly the matter would be dealt with by conference between the whips.

Mr. MACLEAN (York): I would make the suggestion that we ought to try to have the division to-night.

Some hon. MEMBERS: Hear, hear.

Mr. MACLEAN (York): Furthermore, if the whips have not come to an arrangement, that being the view of the House, it is their duty to see if they cannot make that arrangement, and to let us know as soon as they can.

Mr. MARCIL (Bonaventure): Hon. members should not forget that many opportunities of discussing these resolutions in detail will be afforded to them when the House goes into committee. This debate is merely preliminary to the work that has to be done.

Mr. BOYS: I may say that the original understanding was that the debate should close on Tuesday last. It was found impossible to carry that arrangement out, owing to the number of members who desired to speak and had not been given an opportunity to do so. We then felt that it could be arranged with certainty to close

the debate to-night, and up to a few moments ago the understanding, made in perfect good faith—I am not asserting anything but that—was that two Liberals were going to speak and two Conservatives, and that the remainder of this afternoon and to-night should be given to Progressives, twelve of whom, I understood, wanted to speak. I may say that there is a very honest desire on the part of hon. members on this side to come to a vote at this sitting, even if it takes place at three or four o'clock to-morrow morning.

Mr. CRERAR: If I may be permitted, I would suggest that the debate proceed this afternoon, and possibly an understanding might be reached at eight o'clock to-night. If the debate is to go on to-morrow, then I am quite willing to support the suggestion made by the Prime Minister that the other business be taken up and a division be taken later.

Mr. MACLEAN (York): When—this week, or next week?

An hon. MEMBER: Next month.

THE BUDGET

CONTINUATION OF THE DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Wednesday, June 7, the debate on the motion of Hon. W. S. Fielding (Minister of Finance) that Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means, and the proposed amendment thereto of Hon. Sir Henry Drayton.

Hon. H. H. STEVENS (Vancouver Centre): Mr. Speaker, the occasion of the presentation of the annual budget to Parliament by the Minister of Finance (Mr. Fielding) is always one of great interest not only to hon. members of the House but to the business concerns of the country and to the people at large. This is more particularly the case upon the coming into office of a new government, especially, Sir, when the attainment of office has been preceded by indications and suggestions and statements that the public might expect some very important changes in the fiscal policy of the country. So that on this occasion, I say, the pronouncement of the Minister of Finance was followed with great interest by hon. members and with great keenness by the people generally.

I am forced to state this to my hon. friend the Minister of Finance: that his utterances in connection with the budget, having reference more particularly to amendments to the tariff, will, I believe, tend at least to allay any alarm which may have been felt by the manufacturing interests who would have been seriously affected by the carrying out of any such radical changes as were indicated in the platform upon which he and his colleagues attained office. On the other hand, there are some things in the budget to which I feel it is my duty to offer very serious and pronounced objection. As a matter of fact, there is one particular item in the budget to which I intend to give special attention this afternoon, and which I shall come to in a moment, but first I would like to refer to one or two other matters.

There is the question of the stamp tax on cheques. I do not wish to labour this, I merely wish to say one or two things just in a general way. In the first place, I would point out to the House that the issuance of cheques has become a very important part of accountancy in the carrying on of business. It is a system of record more than a system for the payment of funds. In this regard the tax which my hon. friend proposes will, I think, very seriously interfere with the method of doing business to-day as it has grown out of the experience of recent years. I might give one illustration. Many firms, and particularly the best organized firms, attach a voucher to the cheque, which becomes a legal receipt for the transaction it covers.

Mr. SPEAKER: Order. I would ask hon. members on both sides of the House not to conduct private conversations in the Chamber. It is not conductive to the decorum of the House, and furthermore, it is not fair to the speaker who is addressing the House.

Mr. STEVENS: I thank you, Mr. Speaker. I quite appreciate that the hot weather and the prolonged debate make it perhaps somewhat unpopular for one to be on his feet. However, without desiring to be vain, I think I have something to say which may contribute in a small measure to the debate.

Mr. SPEAKER: Conversation may also be coming from the lobbies. For the last two or three days we have been obliged to keep the doors leading to the lobbies open, in order to ventilate the

Chamber and prevent it becoming too stuffy. I will ask the Sergeant-at-arms to see that no conversation from the lobbies reaches the Chamber during the debate.

Mr. STEVENS: I will simply add that I shall try and be as brief as I think the importance of the subject will permit. Many firms, I say, have adopted this system of attaching a voucher to the cheque. It has therefore become a very important part of the system of keeping accounts, and I submit to the Minister of Finance that the cheque tax he now proposes is too onerous, and will seriously interfere with the legitimate and proper carrying on of business.

The tax on confectionery I consider to be of a discriminatory character and on that ground I object to it. I am not objecting to a tax on confectionery as part of a general tax upon other things, such as the sales tax, for instance, but to single out confectionery and put a tax on it seems to be unfair. However, we will discuss that further in committee. Now I merely cite these things and express my general objection.

There are three clauses repealed by this budget to which I wish to make special reference. One of those clauses is what is known as the anti-dumping clause. This was a clause passed, I think, last year, and I would call my hon. friend's attention to the fact that it was a clause passed merely to give proper effect to his own doctrine, in the anti-dumping clause of 1907, in his own tariff of that time. In 1907 an anti-dumping clause was included in the Customs Act. It is a good clause; it has been accepted as a sound doctrine, but it was found that certain commodities were of such a character that it was possible to evade the terms of that clause, and this practice grew up during the years. One of the articles to which I make particular reference is fruit, another is vegetables. The principle underlying the original anti-dumping clause is, that goods shall not be shipped into Canada and entered for duty at a valuation less than a fair selling price in the country of origin. But there are some goods the fair selling price of which in the country of origin it is difficult to ascertain. The price of fruit, for instance, fluctuates from day to day, and fluctuates very seriously. Local markets such as Buffalo, Seattle, New York, and others along the American line, might have a glut of fruit on one particular day or in a certain week and be anxious to get rid of a surplus. Now, a fair market value on a day when the market is glutted would not be a fair market value on normal occasions. So, last year, another clause was inserted which provided in general terms that instead of taking the fair market value in the country of origin it was possible also to apply this principle, namely, the cost of production in the country of origin. In other words the two were interchangeable; either was optional. I may not be giving it exactly right, but I think the main principle I am giving is sound. We appeal to my hon. friend the Minister of Finance not to repeal that clause, or if he does, to amend his own original clause, of his own drafting—the idea originated with him, I believe—so that there cannot be the evasions which have occurred during recent years. If he will do that, it will be satisfactory, but if he merely repeals the anti-dumping clause as he stated in his budget speech he would do, I wish to say to him now that it will work very serious hardship,—no, not hardship, but ruin. My hon. friend smiles. He would not smile if he realized that it takes from ten to fifteen years to make an orchard a producing thing, something that will give a return. It is not at all comparable to a piece of land which can be ploughed in the spring and cropped in the fall. The investment in an orchard is heavy and the period of time the grower must wait is long, and there are many things entering into the business which are intricate, difficult, expensive. So I say to my hon. friend that it should be his object to safeguard an industry of that kind against utterly unfair competition.

Now I turn to what is to my mind the most important proposal in this budget, and that is the repeal of the Marking Act and the repeal of the Depreciated Currency clause of last year. The two go together.

I am not going to spend very much time on the repeal of the Marking Act. I think it is unwise to repeal it. I admit frankly that in the working out of that act the department officials have run up against difficulties; there is no question about that, but it was the duty of the government, of the old government and of this Government, to seek to overcome those difficulties, and not simply, because difficulties were met, to toss the whole thing overboard and say, "We will not bother our

heads any more about it." The main difficulties, I think, could quite readily have been overcome. There are many articles that you cannot mark without great inconvenience and difficulty. There are certain citizens who object to the marking of goods. Who are they? The importer, the merchant, the jobber, the wholesaler, and men of that kind. And no criticism is to be offered because they object to it; their business is simply to deal in the transfer of goods, they have no direct interest, for instance, in the manufacturing of goods; they do not feel the competition with the local market; their gain lies simply in the interchange of goods between different buyers. May I refer to that class of business—and I do it with all respect because I am in this business slightly myself—the brokerage business. In regard to that class there is very little capital investment, comparatively speaking, as against the amount invested by, for instance, manufacturers. The manufacturer is keenly interested, very keenly interested, in the competition that he meets with from foreign countries. I shall, in a moment, refer to the unfairness of the competition; but I am not doing that just at present. Now then, in order to overcome that we passed last year what is known as the Markings Act, calling for the country of origin to be marked upon the goods which were imported. Now, I want to say that while a power by Order in Council to continue that is provided, I think that to carry out the doctrine which my right hon. friend the Prime Minister so often insinuates, that power should be in the act—it should be a statute rather than an Order in Council. What I think my hon. friend should do is to address himself—or the officials of the department and the Department of Customs should do so—to the task of meeting the difficulties which have arisen by experience in the application of the Act, rather than that the Government should take the obscure and rather nebulous power to themselves and say what shall or shall not be marked. There is a decided objection to the proposal now before the House. I do not wish to say this in any spirit of recrimination at all, but there is this objection: That it gives into the hands of the minister—or, referring further back, into the hands of the officials who advise the minister—the power which I do not think parliament should give, namely, of saying with respect to this class of goods that it shall be marked, and regarding another class of goods that it shall not be marked. Therefore, I say it would be far better to maintain the Act as passed last year, amending it if necessary in the light of the experience of the year, and seeking to overcome the difficulties that have arisen.

Now, I come to the next point, and that is the depreciated currency clause passed in amendment to the Customs Act last year. It is not necessary for me to go into the details of what it was; it was in effect simply this: That in any country where the currency had depreciated below a point of fifty per cent of par, the valuation for duty purposes upon goods imported from that country should be figured at a rate not less than fifty per cent of par. Now, I am going to deal directly with the German situation, because unquestionably that is where this clause applies most extensively, although, Sir, I would pause to say this: The idea must not be too readily accepted that the Germans, or the German people, are the only ones against whom this is directed, or who would be affected. Now let me review—and I confess, Sir, that it is fairly complicated and perhaps dry and uninteresting on an occasion of this kind, but to me it is the crux of this whole budget, it is the most fatal thing in the budget, and I believe once fully realized by the House will make members pause before allowing it to pass into law—let me review briefly the situation as it is regarding Germany. Germany plunged this world into war. That is the first point I wish to lay down. Germany was defeated. Immediately after the defeat of Germany she began to scheme—and I do not blame her for doing it—how she could evade paying reparation and to seize the fruits of victory which properly belonged to those who had defeated her.

Mr. MARCIL (Bonaventure): She has succeeded, too.

Mr. STEVENS: She has succeeded, too, my hon. friend from Bonaventure says, and I will demonstrate that in a few moments. I make this statement, and I think advisedly, in the face of contradiction by eminent authorities, that she encouraged, actually encouraged, the depreciation of her own currency, and that I think I can demonstrate in a moment. As a matter of fact she was immune during the war;—I want the House to remember this—Germany was immune during the war, and she suffered no destruction, physical destruction, of her machinery, her factories, her plants, and so forth; as a matter of fact, her industrial life was stimulated. But

France and Belgium had hundreds of thousands of square miles of territory, and thousands of villages and towns, devastated; and hundreds of thousands—yes, I guess millions—of workmen thrown out of employment because of the absolute destruction of their implements of production—their factories,—their machines, and so forth—and their mines. Now France suffered that; keep that in mind. Since the war Germany has developed during the last two years—in particular in the industrial and in the commercial realm. She has contributed very, very little to the reparation of France and Belgium—she has contributed a little, but very little—and in the meantime France is bearing a terrific burden. Now, I know that sometimes we think that France is actuated by passion, and revenge and resentment; but let us look at the simple facts. Here is a territory devastated and not yet renewed, belonging to those who resisted and conquered. On the other hand, here is a territory stimulated into greater activity than ever, the territory of a people who caused the war and who were defeated. It is an anomalous position that I do not think any logic can justify. Now, that is not all. If you look over the press from day to day, you will find that the great German capitalists, particularly that eminent gentleman Hugo Stinnes, are displaying remarkable activity. Stinnes is in Mexico, and his agents are in Russia, and all over the world. Doing what? Seeking trade, some one will say. That is true;—not only seeking trade but seeking the investment of German capital in foreign investments; seeking to invest German capital in Mexico, in Moscow, and in various parts of the world. Is not the situation monstrous? Germany protesting to the world at large that she cannot afford to pay any reparation to France, and at the same time sending millions upon millions of dollars in value out of the country for foreign investment?

Now I wish to go into the matter in a more statistical form—

Mr. BROWN: Before you pass from that point—the difference between Germany and France as regards physical suffering. Do you regard that as an essential factor in the discussion of the problem? For we must remember that some of the allied countries did not suffer any more than Germany.

Mr. STEVENS: I consider it as a very vital factor; not the whole basis of my argument, as my hon. friend will see in a moment, but I say it is a situation that is utterly illogical, and I say this further: That we—who are after all participating in these conferences, who have our representative over there at the present time, I do not think he has yet returned—as a parliament ought to express ourselves in regard to this matter, ought to express ourselves, I think, more in sympathy with the French view than the German view at this time. Let me engage the attention of the House, if I dare do so, by some statistics. I do this for the purpose of laying a firm foundation for my subsequent argument. Germany has a deficit loudly talked about daily. There is not a day passes but what one sees, when he picks up the press, the discussion going on in Europe; and this question of the deficit that Germany is constantly faced with and her inability to meet the reparation claims is seized upon by many, for some reason or other, as an excuse why we should not press Germany for reparation. Now I propose looking briefly into that situation. Germany's budget deficits are caused by certain things. They are caused first by subsidies paid by Germany to industries within her own boundaries, and for wheat in particular; they are caused by themselves artificially keeping down the cost of living which I shall prove in a moment, definitely I think; they are caused by the issue of paper currency. During the last three years Germany has encouraged the creation of deficits by these methods I have mentioned. At the end of the year she made good that deficit by putting out another issue of paper currency, with the result that her gold mark, originally worth 23.8 cents, declined, and continually declined until to-day, it is worth about a third of a cent. These are facts I wish the House to remember. During last fall Great Britain had unemployment to the extent of 2,000,000 people, the United States 5,000,000, Canada 200,000. Germany had 150,000, which was below normal for Germany. Germany, with a population of 60,000,000, had only 150,000 to 200,000 unemployed, stated by their economists to be lower than normal; Canada with 8,000,000 people, had 200,000 and over unemployed. Now, we take another step. I want to make a comparison between 1913 and 1921, in order that the House may realize the situation in Germany and the political thesis of her position. In 1913 Germany had an adverse trade balance of 700,000,000 gold marks.

Mr. MACLEAN (Halifax): Can the hon. member give the exports of Germany for the period prior to the war, and the exports in the recent two years?

Mr. STEVENS: I can give my hon. friend some of the information asked for, but I am not quite certain that I can give it all. I think, however, that my argument will answer the question. In 1913 Germany had an adverse trade balance of 700,000,000 gold marks. That looked serious, but it was not a serious thing at all; there were invisible exports and imports which covered this difference. Let me give these to the House. The invisible imports consisted of 1,250,000,000 gold marks on foreign investment, which was not shown in the trade returns. It was cash to hand, or goods in lieu of cash. There was also the international freight traffic: that is not for carrying German goods for German merchants, but her services rendered to other nations all over the world with her mercantile marine, estimated at over 1,000,000,000 gold marks. Then, from tourists she secured a revenue estimated by this gentleman at 750,000,000 gold marks, or a total of 3,000,000,000 gold marks. Against that, there were foreign labourers who left Germany and took funds with them—and there were a great many of them—and banking exchange, making up about 1,750,000 marks, leaving a profit to Germany, after taking into consideration the imports over exports in actual trade, of 1,250,000,000 gold marks. I am giving these figures from Germany's own statistics. I will take 1921, and I can now give my hon. friend some information, perhaps, directly bearing on his question. In 1921 German imports amounted to 118,000,000,000 marks, paper; and her exports were 96,000,000,000 marks paper, leaving 22,000,000,000 marks, paper, of imports over exports, or an adverse balance of trade. That sounds very ominous—22,000,000,000 marks; but when you reduce it, at present exchange, to a gold basis, it amounts to from $60,000,000 to $90,000,000, so that it was not so very serious after all. But that was her deficit. Germany's mercantile marine has been taken away and her foreign investments have disappeared. She cannot make up the deficit in the old way by services to the world with her mercantile marine, or by interest on the investments abroad, the only way she can make it up is by selling goods abroad. I want to make it perfectly clear that I am not one of those who feel any malice towards Germany, or desire to put undue obstructions in her way at all. That is not my attitude on this question. I think Germany should have an opportunity to sell her goods abroad, if she can do so, but only to do so on a fair basis, and not at the expense of the allied countries. Now she can only make up that deficit of $60,000,000 by selling goods abroad. Canada imported from Germany last year, in spite of the obstacles placed in the way of that trade by this clause to which my hon. friend takes such objection, about one and a half million dollars' worth of goods, but there came into Canada by other ways a much larger amount of goods than that, to which I am going to refer in a moment. Before doing so, however, let me take the House a step further; this, Sir, is the crux of the whole business. First I make this assertion, and then I shall demonstrate it beyond, I think, all possibility of question. The difficulty in determining our relations to Germany in trade matters is increased because the international purchasing power of the mark in Germany is three times its exchange or international value. That may seem extraordinary, but I think I can demonstrate it. I will first give two sets of figures, and then quote certain authorities which, I think, no one will question. And I submit this to the Minister of Finance (Mr. Fielding): if what I say on this point can be accepted as accurate and true, I claim the minister must revise his decision in regard to this depreciated currency, and I most earnestly ask him to endeavour to follow me in this matter. I have simply the one earnest desire, to get at the root and the truth of this matter, because I believe it is going to be a serious thing. I am going to give the House further figures, taken from Dr. Elsas of Frankfurt, a recognized authority on economic subjects in Germany. On September 1, 1921, the internal value of the mark was eight pfennings and the external value five pfennings, a ratio of 8 to 5. November 1, 1921, this had changed to 7 pfennings internal and 2 pfennings external—three and a half times. January, 1922, it was 6 to 2½. March 1, it was four to one and three-quarters, May 1—only a few days ago—it was 3.19 to 1.44. That was the ratio or the difference between the internal and the external value of the mark. But I can give another illustration from figures, also from the same authority. I will give first the bald statement; the depreciation of German currency, from December 4, 1914, to December, 1921, was 4,735 per cent. The cost of living in Ger-

many, covering exactly the same period, was increased 1,638 per cent, or only one-third of the depreciated currency. Here are the actual figures: in 1914 one pound sterling equalled 20 marks; 1921 one pound equalled 947 marks, and that has increased enormously since December, 1921, which is the last figure I am giving in the comparison. The cost of living in 1914, the index figure, was 26.5 marks, but in December, 1921, the figure was 439 marks. In other words, currency had depreciated on the international exchange 4,735 per cent, while the purchasing power of the mark in Germany has depreciated only 1,638 per cent, or only one-third of its exchange value. Now I wish to quote an authority which the hon. member from Brome (Mr. McMaster), if he were here, would at once accept, Mr. Maynard Keynes. He is perhaps one of our most outstanding economists in the British Empire. I do not agree with all the conclusions at which he arrives; but his aim at the present time is to secure a revision of the Versailles treaty in order to make the figure of reparation possible for Germany. That is his general argument and object. With that, I am not concerned at the moment, I refer to it merely so that the House may know that when I quote him, I am not quoting a prejudiced person. At page 82, of his "Revision of the Treaty", a book recently published, he makes this statement:

> During the summer of 1921 the mark gold equalled 20 marks paper. The internal purchasing power of the paper mark for the purposes of consumption was still nearly double its corresponding value abroad.

That was in the summer of 1921, a year ago. He goes on:

> In December 1921 it was between 45 and 60 paper marks to one gold mark, while its purchasing power in Germany is three times what it is outside.

I give another authority, and that is Dr. Melchior, who was the chief of the German economic staff at Versailles, when the treaty was signed. Surely no one will question that authority as regards prejudicing the case of Germany. Dr. Melchior is recognized as one of the leading philosophers on economic questions in Germany, and indeed, in the world. Before reading what he says, let me refer to a statement made by the hon. member for West York (Sir Henry Drayton), that this constituted free trade with Germany. I want to say to the House that it does not constitute free trade with Germany; it constitutes paying a premium on Germany imports. The statement which I am about to quote was made by Dr. Melchior in the Manchester Guardian which, I am sure, would be endorsed by every hon. gentleman opposite, a paper which, I think, is one of the best papers in the world on general economic subjects as regards the assembling of information. I do not always agree with its deductions; but I must pay a high tribute to the Manchester Guardian as being one of the finest periodicals on commercial questions in the world. Dr. Melchior, in a special article in the Manchester Guardian, makes this statement:

> The international value of the mark has a natural connection with its purchasing power in Germany, which in turn depends on inflation. The internal purchasing power of the mark . . . . is at present (April 1922) between two and three times its international value. . . .

I want the House to follow very closely these last few words:

> The falling currency has, it is true, brought apparent prosperity to German industry by means of a premium on exports—

Then he goes on:

> —which at the same time cripples the industries of the competing countries.

This is not my statement; this is not the statement of some wild-eyed, prejudiced person seeking vengeance on Germany; this is the statement of the highest economic authority in Germany who was at Versailles, who was the head of their economic agents and experts, and who has been at the head of almost every one of their conferences. Let me emphasize the words of Dr. Melchior—"Which at the same time cripples the industries of competing countries." I turn from that for a moment to another picture, and I use France in direct comparison for the purpose of impressing upon the House the seriousness of this situation. I am not going to go into any great details; I want to visualize, if I can in a few words, the situation in France. We must remember the prosperity, the activity of Germany; the fact that there is practically no unemployment there; the extension of her trade; the upbuilding of her industries; the safe, sure and preserved position of all her industrial life during the war. France's budget for 1923 shows an estimated deficit of 4,000,000,000 francs. I

will translate that into Canadian currency as $360,000,000. To this must be added four or five times as large a sum for pensions, for reconstruction charges. France, for the year 1923, must find $1,860,000,000. That is what France is faced with, in addition to the ordinary expenditures of the country. Germany, however, says that she cannot afford to pay France reparation. Why does Germany say that? "Because," she says, "we have an annual deficit, and if you crowd us, our mark will go lower and lower, and we shall have economic ruin in Europe." This is her whole argument. But if we pay any attention to France with $1,860,000,000 to find for reparations, pensions, and to make up her internal deficits, the situation is appalling. The question I ask of the House is this: To whom is our duty due? Is it our duty to help Germany out of her hole and to plunge France into a worse condition; or is it our first duty to be at least neutral in the situation? I am not at the moment asking the minister to lend any special assistance to France; but I say: Be neutral; do not pay a premium on German goods and thus force France deeper into the mire than she is at the present time.

Austria is also affected deeply by this clause. I am not going into any details; I am going to say only this: Recently, Austria has placed her customs on a gold basis. What does this mean? Hon. gentlemen will know something about what it means when I tell them that at par on a gold basis, the Austrian crown is 24 to the pound sterling, and that is the basis upon which she admits goods to her country. What is the exchange value of the Austrian crown to-day? The other day, May 16, it was 42,600 crowns to the pound. What is Austria doing? Austria says: For customs purposes, the gold basis will rule. Why, she has increased many of her customs charges in addition to that, 1,000 per cent in the last couple of months, and then we, forsooth, are going to throw away this bit of a safeguard that we have and admit German and Austrian goods in competition with our own. In Hungary, the other part of the old Empire of Austria-Hungary, hundreds of articles are absolutely prohibited. I do not need to give the House the particulars; let hon. members turn to the speech of the hon. member for East Quebec (Mr. Lapointe). That hon. gentleman read from records the actions of many European countries in regard to this matter.

4 p.m.

I wish to go into another phase of this question. Let me take a specific case. that of knives—and I am using this one illustration, because I think it conveys clearly the whole situation. The figures which I am going to give are absolutely authentic and accurate and may be verified. Germany is exporting to Canada all sorts of stuff, and while I have in my possession a list of the articles, I am not going to go into that, because to do so would only confuse the issue; I will take the one article to which I have just referred. A certain standard pocket-knife is recognized in connection with all manufacturers of cutlery and knives; it is what is known as a pocket-knife, and it may be taken as a sample article. That pocket-knife can be landed in Canada by Germany for 70 cents a dozen, including duty. I want to give my hon. friends who argue that we ought to be privileged to buy in the cheapest market, a few facts and let them come to their own conclusions. This is what will occur, if this clause is removed, that Germany can land pocket-knives in Canada at 55 cents, plus a duty of 16 cents, or 71 cents a dozen. Let me figure this out on the basis of the depreciated currency clause now in the act. This 55 cents is equivalent to 165 marks, and the duty at 50 per cent depreciation would be as follows: 165 marks valued at 11½ cents to the mark, $18.98; the duty at 30 per cent amounts to $5.69 which, plus the 55 cents, would mean $6.24 a dozen for this particular kind of knife. Now, then, I admit at this point that it would appear that this figure of 50 per cent depreciation is perhaps high. I would suggest to my hon. friend, if that were considered to be so, that he reduce it to, say, 35 per cent—there is no particular objection to that—or do as the Americans are doing, make the market value in Canada the basis on which to assess the duty.

But let me take the depreciation of 30 per cent, and then you will see the significance. Suppose we enact that the depreciation be put at 30 per cent instead of 50 per cent. Then we find the duty would be $3.45, and the value of this knife per dozen would be $4. The British knife, exactly the same as the German knife, is laid down at $5 a dozen; the American knife is laid down at $4.75 a dozen; the Canadian knife can be laid down and is sold at $4.50 a dozen.

Now, this is what I want to emphasize. The Canadian manufacturer to-day is manufacturing at a lower cost and underselling both the British and the American manufacturer of this particular article. Why should we ask him, however, to compete with such utterly unfair competition as that to which I have referred with this depreciated currency? I might give a few interesting figures regarding the importations of this German knife, but I shall not do so at the moment.

What I wish to point out particularly to the Minister of Finance (Mr. Fielding) is that by the present system of valuation that knife is shipped into Canada at one-third what it can be produced for in Germany; that is, when you take the depreciated value of the mark as the value upon which the knife is entered, and the value of the mark for domestic purposes in Germany, which is three times its value abroad. That, I submit, is utterly unfair competition to which to subject our Canadian industries.

Now, in case there may be those who question the wisdom of this suggestion, let me show what Great Britain and Australia are doing. I shall also, if necessary, refer to what the United States is doing. But first let me refer to this point, and I invite the attention of both the Minister of Finance and the Prime Minister to what I am about to say. In the first ultimatum to Germany which was issued from London in March last, and to which Canada is a party, it was agreed that the various powers interested would pass an act imposing upon German goods coming into their respective countries a special duty up to 50 per cent, which special duty would be set aside and credited to the German reparations account. The British Parliament passed that measure. Why should we not do so? There is owing to us on reparations 4.35 per cent of the 22 per cent due to the British Empire, but apparently we have small chance of ever getting it.

Now, let me bring the House back to the pocket knife and show where the profit is going. As my hon. friend said, the Germans ship that knife to Canada through Great Britain, Holland and the United States. That is true to a certain extent. But how do they ship it? That knife is shipped to an agent of the manufacturer in London, who receives 5 per cent commission. He is virtually a member of the German firm. It is then reshipped to a firm in Montreal—Durkin, I think, is the name, who also are agents of the manufacturers. That firm enters the knife for duty purposes at the figure which I mentioned, 55 cents. I wish the House would follow me closely in this, because I think it amply justifies the position I am taking. That agent in Montreal, representing the manufacturer in Germany, enters the knife at 55 cents, and pays, of course, a low duty. Do the Canadian public get that knife at 70 cents, or with a small profit added? No. That agent distributes this particular kind of knife to the wholesalers at $3.75. Now, do my hon. friends get the point? In other words, there is a differential between 70 cents, the landing price to the agent, and $3.75, the distribution price to the wholesaler, of $3.05. Where does it go? To the German manufacturer; it does not go to the Canadian people at all. Do my hon. friends, the Minister of Finance and the Prime Minister realize this?

Let me repeat this at the risk of being monotonous. That German manufacturing firm—and this applies to all the goods they ship—ship their goods into New York or Montreal, or wherever it may be, in this case Montreal to a special agent, who in turn distributes those goods at a price just low enough to undersell the Canadian made article, in this particular instance at $3.75. The $3.05, the difference between the cost laid down and the distribution cost, goes to the German manufacturer in Germany.

Now, my point is this. We ought to have that $3.75 in the treasury, it ought to go into the funds of Canada, to be credited, if you like, to German reparations account, but I do not think that is necessary, I think it ought to go into the general revenue of Canada. Even then we are allowing those German goods to enter at a figure of 75 cents under the Canadian manufacturer's price.

Mr. ROBB: If I may interrupt my hon. friend—does he argue that these pocket knives have been coming in during the past year, or that they can come in under the proposed changes?

Mr. STEVENS: I know what my hon. friend refers to, and I am not seeking to evade any point in this discussion. These knives have been coming in through the mediums mentioned by the hon. Minister of Finance through Great Britain, Holland and the United States. I reiterate what I said a moment ago, that these agents established in England, Holland, New York

and elsewhere are agents of the German manufacturers, not bona fide local jobbers. Do not forget that. The British jobber does not make a profit, the United States jobber does not make a profit. Bokers are the greatest cutlery manufacturers in the world. They ship to their agent in New York who in turn distributes the goods in the United States. I have the figures for the United States: 75,000 dozen pocket knives at 70 cents a dozen; 38,000 dozen razors at 71 cents per dozen; 44,000 shears at 95 cents a dozen—all of which were cleared to the agent of the manufacturer. He paid the duty on the low exchange value of the mark, then he distributed the goods to the American wholesalers at the increased high price, making a tremendous profit of four hundred to six hundred per cent for the German Manufacturer. The Canadian government, the British government, the United States government, in these cases, get nothing, the profit goes into the pocket of Mr. Stinnes, whom I mentioned a moment ago, and the other German manufacturers, who, instead of having those funds remitted to them in Germany keep them in New York for use in invading the Mexican market and other markets in competition with this and other countries. And we are feeding them with the wherewithal to compete with us, without getting for the Canadian purchaser one cent of value. That is the point of the whole business. And now the hon. member for Bonaventure (Mr. Marcil) says they are turning round like rats cornered in a trench and saying: Make us a loan of a billion dollars. I hesitate to express any opinion upon that, because it is a complicated question, but as I study the matter I am more and more inclined to think that France is justified in saying to the Germans: It is about time you mended your own internal affairs; it is about time you put yourself on an economic basis comparable with that of other nations, instead of refusing to recognize your obligations in the way of reparations to the Allied powers and instead of building up an artificial credit by issuing new currency and depreciating the value of your own mark accordingly.

Now, let me refer to our sister dominion of Australia. I pause here—I had forgotten to do so hitherto, and my right hon. friend will forgive me—to congratulate him (Mr. Mackenzie King) upon the honour recently bestowed upon him. I would like to hear him use these words uttered by Premier Hughes of Australia:

> If you think I will vote in favour of trade with Germany, my life has been lived in vain.

What prompted Premier Hughes to say that? It was brought to his attention that German sewing machines had been offered in Capetown and sold there at 18 shillings, umbrellas at 3 shillings, safety razors at 4 pence, silk neckties at 4½ pence, and so on. And what did Australia do? Australia passed an act, which they call the Preservation of Industries Act—under which the value of all goods landed in Australia from Germany was raised to the cost of a similar article made in Australia. What I say to the Minister of Finance and to the Prime Minister is this: Either take the basis of valuing goods for import at the Canadian value of the article imported, or—and this is what we believe is the right thing to do—value them at 50 per cent depreciation, or not less than 35 per cent depreciation. I may say—and I say it advisedly, after a good deal of thought—that I would not object to dropping the depreciation to 35 per cent; I would object, though, to going below that. It is surely unfair competition; it is a competition that does not contribute anything to the public treasury or anything to the saving of the purchaser in Canada. I leave that question, Mr. Speaker, with the Minister of Finance; I hope that when he makes the announcement which is promised he will include in it some change in respect to this matter.

We have heard a great deal in this debate about the alleged unfairness of our taxation system. I want to appeal to those who offer that criticism to consider the figures and to revise this oft-repeated—I do not wish to use a harsh word—fallacy, for I think it is a fallacy, which I believe many begin to look upon as an established fact because it is so often asserted. My hon. friend—I have forgotten his constituency—in speaking on this subject the other night used this same argument. I hold in my hand a pamphlet issued by the Council of Agriculture, an institution that ought to know better, in which they say—the same thing has been heard all over the prairies and has been reiterated here—that we raise only 6 per cent of our taxes by direct taxation. Now, that is a statement which is accepted by countless thousands of people in Canada.

If indirect taxation, which chiefly consists of customs duties, accounted for 94 per cent of our revenues, well might my friends be alarmed; well might they sing the doleful dirge that we have heard in this House. But what are the facts?

Mr. HOEY: Will my hon. friend permit a question?

Mr. STEVENS: Certainly.

Mr. HOEY: Could he tell me what is the date of that pamphlet of the Canadian Council of Agriculture? I think it is an old one.

Mr. STEVENS: I will tell the hon. member when it was used and where I got it. The hon. member for Medicine Hat (Mr. Gardiner) in his election last year had these distributed all over his riding, and I was extended the extreme courtesy of having one handed to me.

Mr. HOEY: I think it is only fair that the hon. member should state that that is an old pamphlet.

Mr. STEVENS: All I can say is that it has on the face of it: "Issued by the Canadian Council of Agriculture." There is no date on it, so far as I am able to see. What I am particularly concerned about, however, is that two references have been made to the matter in this debate, and when I asked my hon. friend where he got his figures he said he got them from the Grain Growers' Guide. Be that as it may, here are the facts : In 1920 we raised 48 per cent of our revenue by indirect taxation and the balance by direct taxation; in 1921 we raised 37½ per cent by indirect taxation and in 1922, for the fiscal year ending March 31, 27½ per cent. Let me give some figures of taxation receipts by way of illustration. Last year we received $105,000,000 from customs; $36,000,000 from excise; $73,000,000 from inland revenue—that would be sales tax—$78,000,000 from income tax and $22,000,000 from business profits tax.

Mr. FORKE: The hon. member will recognize that that $78,000,000 from income tax would not be included in that pamphlet.

Mr. STEVENS: All right; my hon. friend wants me to go back to that pamphlet. The pamphlet gives these figures: it says that in 1916-17 the figure for customs was $134,000,000; excise, $24,000,000, business profits tax $12,000,000, and so on; 1917-18, customs, $146,000,000; excise, $27,000,000; business profits tax, $21,000,000; others, $4,000,000. Yet they say that $146,000,000 is 94 per cent of $27,000,000 plus $26,000,000, or, $53,000,000. And they did not give the other sources of revenue; they do not give all the revenue. My point is this: my hon. friends base their arguments upon inadequate and unfair figures. The hon. member for Marquette (Mr. Crerar) —I wish he were in his seat—took the time of the House to-day to question the accuracy of figures used. My hon. friend is the leader of a great party.

An hon. MEMBER: Hear, hear.

Mr. STEVENS: They are a great party; some of them are over six feet tall. The leader of that party has for some years posed in this House as an economist; he has based all his arguments on economic principles. They may be sound principles, but there are other considerations in the national life besides economic principles; moral, ethical and many other questions have to be considered. You cannot by the use of a two-foot rule set out the bounds of a man's activities: he will be, and has a right to be, moved by this, that and the other influence. Now, the hon. member for Marquette said this during the course of the debate:

> As I say, we exported goods to the value of $740,000,000 last year. But where did those exports come from? Last year was a year of trade depression, a very trying year throughout the world. Of this total, vegetable products accounted for $318,000,000, and animal products, $135,000,000; in other words, $453,000,000 of the $740,000,000—

Came from where? He does not say from vegetable products or from animal products, but,

> —$453,000,000 of the $740,000,000 of exports last year had their origin in the farms of Canada.

I have in my hand the very document from which my hon. friend must have got his figures. Certainly it gives vegetable products as $317,814,000, and animal products $135,000,000, but surely to goodness a man ought to check up what animal and vegetable products are included there. All vegetable products do not belong to the specific business of agriculture. In this blue book I have in my hand you will find every article that was referred to by my hon. friend set forth—whisky, furs, leather and every other conceivable thing. Boots and shoes are an animal product certainly, because the hide is tanned into leather. He includes all these various processes of manufacture and says of all these things:

What we quarrel with is that these are a part of the products of the farm, and we exported this huge amount.

I am going to examine the figures. My right hon. friend the leader of the Opposition (Mr. Meighen) says we shall be having the hon. member for Marquette up again on the Orders of the Day to-morrow. Perhaps so, I wish he were here to listen. You will remember when the hon. member for Marquette was speaking the other evening, that he dilated for some time on this alleged iniquitous rubber business in Canada. What need have we of a rubber business? he asked; it was not indigenous to this country, we need not bother with it. But he took good care to include rubber in his products of the farm—something over $3,000,000 worth of rubber tires manufactured in Canada included as a "vegetable product." Of course, it is a vegetable product, and so are boots and shoes an animal product; so is sugar a vegetable product, most of it was cane sugar, some $11,000,000 worth of sugar was included, as well as canned goods, shredded wheat, rolled oats, and all the rest of the cereals; $59,000,000 worth of flour exported and credited direct to the farm! Where is the Agricultural Committee? Where is the chairman of that committee? Does not he and all the members of the committee remember how the followers of the hon. member for Marquette went after the millers before that committee? Why, you would have thought the millers were a sort of curse to the country to hear some of the hon. gentlemen. But the hon. member for Marquette includes this $50,000,000 odd in his figures. Let us look at the figures. First I will give the figures my hon. friend used. He said that $453,000,000 worth of goods out of the $740,000,000 of exports were from the farm. That is not correct. There was some $70,000,000 too much, and there was about $50,00,000 more of manufactured articles credited to the farm which should have been deducted. But that was not the unfairness of his argument at all. The unfairness of his argument rests in this. Agricultural products were roughly $1,400,000,000. Imports of agricultural products, animal and vegetable, aggregating $200,000,000, added to that $1,400,000,000 make a total of $1,600,000,000. Deduct from that even his own figures of exportation, which were exorbitant, and you have left some $1,167,000,000 worth of farm or agricultural products that were consumed in Canada. The point we have been trying to make clear to my hon. friends is this, that the great bulk of the products of the farm are consumed in Canada. There is your market. Are these figures not clear? My hon. friends laugh in derision. That is the thing that embarrasses anybody who seeks to get at the facts. You could not penetrate the minds of some hon. gentlemen, no matter what you did. If the Archangel Gabriel himself stood on the table of this House and gave hon. gentlemen these figures they would not believe him.

Here are the percentages for last year. Taking the false figures—the inaccurate figures, I mean; I will use the more moderate term—taking the figures inaccurate by $125,000,000, that my hon. friend from Marquette gave, and you have this result, that 28 per cent of the products of Canada were exported and 72 per cent consumed in Canada. But the correct figures are these: For the year 1919-1920, 79 per cent were consumed in Canada and 21 per cent exported; and in 1920-1921, 80 per cent were consumed in Canada and 20 per cent exported. The figures for last year, if the accurate figures were given, would show approximately the same amount consumed in Canada, if not a little more.

Mr. FORKE: Does the hon. member realize that if the figures were reversed we would soon pay off the national debt?

Mr. STEVENS: If the figures were reversed we would soon pay off the national debt, the hon. gentleman says. That is what I complain of. What would my hon. friends do? They would take the rubber industry, the boot and shoe industry, the cotton goods industry, the farm implements industry, they would take industry after industry and scrap them because they could not compete with foreign competition. Then where would the local market be?

Mr. GOULD: No.

Mr. STEVENS: That is always the answer when they are cornered. But turn them loose on the broad prairies, and they never say, No. My hon. friend would not say No before his constituents. What I say is mild compared with what my hon. friend said in the Fredericton constituency a year ago. The raging inaccuracies of my hon. friend there were simply appalling. What I want to say is this: I care not what my hon. friends' conclusions may be if they are based upon a sound premise and are reasoned from that premise; but when the figures they accept are

wholly inaccurate, and the conclusions they arrive at are so wide of the mark, it is very difficult for us to give credence to their sincerity at times.

Mr. BIRD: May I ask a question?

Mr. STEVENS: My hon. friend is a dandy questioner, I notice.

Mr. BIRD: Does he attribute that inaccuracy to all the members of the Progressive party?

Mr. STEVENS: I was on the point of saying, when I was interrupted, that I believe the great bulk of the hon. members of the Progressive party in this House have been wholly misled by just such literature as I brought before the House a moment ago and which was placed in their hands by men who knew better.

Mr. GOOD: Is the hon. member not aware that in the figures he has given, there is included a very large amount of agricultural products consumed on the farm, some of it fed to animals to produce beef and dairy products?

Mr. STEVENS: Of course, anybody would know that.

Mr. GOOD: If so, is not the hon. member's reasoning entirely erroneous?

Mr. STEVENS: It must be erroneous to my hon. friend; there is no other conclusion to be arrived at.

My hon. friends talk about taxation. I have in my hand the statement that was given some months ago to the press of the country. I am not going into details, but I want to say this in regard to it: The statement is frequently made—my hon. friend from Battle River (Mr. Spencer) made it—let us assess capital—why not take more from those who have it? Now, who are paying the taxes to-day? That is a question that ought to be asked and answered in this House. Let me say that I have never been, and am not now, interested in manufacturing or anything of that kind. Why everlastingly picture the manufacturer as some horned rascal who is seeking to take from his fellow-Canadians that which does not belong to him? That is the common picture drawn by almost every hon. gentleman who speaks. I have been all over Canada many times and into our cities and towns. I worked when I was a boy in the city of Peterborough, as you know, Mr. Speaker, for a firm that represents three generations. They built up their business by attending to it, starting with a blacksmith shop and making plough-shares seventy years ago, until to-day they have a moderately large agricultural implement business. How? By working and toiling for seventy years and turning their profits back into the business. Now let me ask my hon. friends, is it wise, is it good economic policy when you see a firm making a profit above 7 per cent to take the excess for the state? Will the state make better use of that money than the individual who has it and puts it back into his business? Go over Ontario and Quebec, go over the older provinces of Canada, and you will find everywhere institutions that have been there for two, three or four generations —they are the very backbone of the industrial life of this country. Do my hon. friends know that the average number of employees in industrial concerns in Canada is only eighteen, and that in the United States the average is fifty? Why, these huge concerns are the exception, just an odd one here and there; the great bulk of the manufacturing industries of Canada are small institutions controlled by some of the best citizens in the country who serve Canada in a very excellent and a very admirable way. Let me give one illustration. In the year 1921, the last year for which we have records and figures, the rural population of Canada, according to the census, was 4,441,000. For villages, towns and cities the urban population was 4,347,000—just about a fifty-fifty break. Now let us take the business profits tax and the income tax. Who paid those taxes? My worthy friends the Agrarians paid $611,736, and the other classes, the urbans, paid $87,222,000. Now, my hon. friends will say, as one of them said last night, that the farmers do not have the income wherewith to pay income tax. True, but the point I am getting at is simply this: Hon. gentlemen say "We are overtaxed; the people we represent are burdened with taxation." Well, I have given the figures as to one branch of taxation alone. My hon. friends do this: They take the customs revenue and divide it by the population of Canada, and then they say "We are paying so much per capita." My hon. friends are altogether erroneous in that. They must know, if they know anything at all, that the great manufacturing centres of Canada, and the great and the small industries of Canada, certainly pay a higher per capita share of the customs duties than the farmer or the person living in private life does. It is utterly

unfair and false to base your economic estimates on simply an average of a general tax collected.

Now let me turn from that feature of the subject. We had a most eloquent speech —I think perhaps the most eloquent of the session from many standpoints,—given in this debate by the hon. member for Springfield (Mr. Hoey), and I want to say I was delighted to hear him address the House in the eloquent way in which he did. His diction was good, as was his assembly of arguments, and I have no complaint to make of those arguments except one. I will demonstrate what that is. My complaint against his arguments and his purpose is this: The remedy which he mentioned—and the only remedy I could find in reading his speech; I heard his speech as well as read it—was "the complete reversal," I quote his own words, "of the fiscal policy of Canada" and, he said, "increasing the purchasing power of the dollar."

Mr. HOEY: Will my hon. friend permit me to make a correction; I feel persuaded he does not want to misquote me. I said "A complete reversal of policy," and I had in mind our methods of farming in the West, our extravagances there and our entire method of doing things. If the hon. member got the impression which he states I certainly did not intend to convey it.

Mr. STEVENS: I am very glad to have my hon. friend's statement. I will not quibble over the matter, I will accept his statement absolutely. My hon. friend now says "A complete reversal of policy." That is a statement under which anybody could crawl. I submit to him that it is so broad that no person could pin him down to anything. I do not know what policy he refers to unless he refers to the policy of my right hon. friend the Prime Minister—and that has been scrapped.

Mr. HOEY: I tried to make my argument clear. I said that I was in favour of a low tariff; that in my opinion the reductions in the tariff were wholly inadequate. I think I made that statement.

Mr. STEVENS: Well, I am very glad my hon. friend has made his explanation, because it certainly clarifies the atmosphere somewhat. As I said a moment ago he made a very eloquent speech. What did he present to the House? He presented to the House a certain picture, which was a list of the grievances of the farmers of the west. Let me run over some of them and then view them in the light of the general argument of my hon. friends to my left. He pointed out that "the average yield of wheat in Manitoba has dropped from 19 to 15 bushels per acre"; and he added to this, "that there were only three crops out of four, which reduces the average to 11 bushels per acre." He also made a statement respecting the character of the land. He said that the "nitrogen of the soil had been reduced 20 to 30 per cent"; that the phosphorous content had been reduced by a similar amount; that the organic had been reduced by 20 to 50 tons per acre. He further said that stem rust caused a loss of 5,000,000 bushels in 1916; and the wheat stem saw fly a loss of 3,500,000 bushels in 1921; that "every forty million bushels of wheat took plant food costing $12,000,000 to replace", and that in southern Manitoba lands produce only 10 bushels of wheat per acre; in northern Manitoba 35 bushels per acre. I will admit that every one of these complaints is correct, and I think my hon. friend gave a very clear enunciation of them. But I ask him, is there one of all that list that is affected by the fiscal policy of this country? Are they not all technical agricultural problems? Has not every problem presented there been under the consideration of the Minister of Agriculture of the previous government,—under the consideration of his own leader when he was Minister of Agriculture—under the consideration of the present head of that department? Every one of them is a technical problem. But the trouble is this: My hon. friend presented these grievances to the House as if they were related to the fiscal policy of the government or, if you like, the fiscal policy of the country. He says the policy of the country, the general policy, is to blame. But these are technical questions that can only be dealt with by experts; and I know of no group of men who know more about the remedy for these things than my hon. friends who suffer from them. Yet I do not recall, during this whole debate, or during the entire session, one single concrete suggestion for dealing with these problems was advanced by any hon. member sitting to my left—not one.

Mr. FORKE: I am very sorry; I thought I had delivered a very good speech explaining them. However, it does not seem to have done any good.

Mr. STEVENS: My hon. friend, no doubt, delivered an eloquent speech, but I

do not recall that he ever dealt with these particular questions.

Mr. FORKE: My hon. friend will come to a different conclusion if he refers to Hansard.

Mr. STEVENS: Now Mr. Speaker, I must hasten to close. There was one thing I wished to refer to before we get away from the manufacturing question and the subject of the tariff. My hon. friends on my left are very fond of declaring economic principles. My hon. friend from Battle River (Mr. Spencer) yesterday made the statement that we ought to assess capital. He said that when the war was on and the manufacturers were prosperous we should have taxed their profits. Well, we did do that; we taxed them pretty heavily. I would ask the hon. member for Marquette (Mr. Crerar), who does not grace the Chamber with his presence just now, this question: Will he move in the House to increase the income tax? Will he move to reinstate the business profits tax? Why has he not done so? If the income tax is too low, why go out through the country and say it is not high enough and then come to the House for one, two, three, four, five years—it is his sixth session now—and never once propose that the income tax should be increased in any particular way and never once move the adoption of the Farmers' platform? But I am speaking of the income tax and the business profits tax and I would like to put a question to my hon. friends to the left collectively. The question is: Is it sound business policy in periods of prosperity for a manufacturing concern to reserve and hold some of its profits against a decline of the market? Is that not sound? Will any hon. member object to that? Let me tell hon. members that the basis of their whole criticism of the business system of to-day is on that point. They infer and insinuate that, if a business concern makes a profit beyond 7 or 8 or 9 per cent, that profit should be sequestered for the good, as one hon. member said yesterday, of the community. I want to tell them that that is a false doctrine and that it never has and never will lend itself to the prosperity of any country. I notice my hon. friends are very careful about not giving expression to their views now. I hold in my hand the last report of the business end of their institution. Here is the political end which you see here before you, and the business end is the United Grain Growers. I have their annual report.

Mr. GOULD: In the figures you quoted, mentioning the 7 per cent, I suppose you include the watered stock of the companies?

Mr. STEVENS: If the time would permit I could give my hon. friend a very interesting talk on that. As an auditor and accountant, it has been my business, scores of times to liquidate companies and audit their books, but it would take some time to go into that question now. There are comparatively few institutions that have unduly watered stock. That is a stock phrase that my hon. friend and others like him who seek to stir up the passion, and hatred and the envy of persons who are not so well informed as he is. It is about 90 per cent false, and, here and there, about 10 per cent accurate. Here is what the business end of their institution says—

Mr. WARNER: The hon. member speaks about unduly watered stock. I want to know if he considers that watered stock should be protected, and what he considers "unduly" watered stock?

Mr. STEVENS: If hon members must have an answer, I will say this: hon. members have no right to stand in this House, as individual members of this House, and recklessly acclaim to the public that there is wholesale watering of stock, undue, due or any other kind. I say to them, if you know of any case where a company has unduly watered stock, state the name of the company, give the facts, let the country judge it, and let the hon. Minister of Labour, (Mr. Murdock) who has made some very strong statements on the subject, take up the case. I pay no attention to the argument that companies should not water their stock. I think, speaking generally, it is not a sound position. But what I object to is the reckless insinuations, made not in mental ignorance but in ignorance of the facts. When my hon. friends talk about watered stock, they always cite one or two cases from the cost of living committee. They were brought to the attention of the committee by myself, as hon. members will see if they read the evidence. The one main stock cry of the leader of the party throughout Ontario was quoted from the evidence extracted from a witness before the Cost of Living Committee by myself. However, I want to read from the Annual Report of the Grain Growers Limited, of Winnipeg, with which is affiliated seven or eight other companies, including the Grain Growers' Export Company, incorporated,

of New York, the Grain Growers' Export Company of Canada, and others. I will quote from this report as the very essence of the wisdom of their own leader. This report reads:

> We have here a lesson in what would have been the proper course to have taken during the tremendous and rapid increases in prices during the war. All stocks—

That is, stocks on hand.

> —should have been marked up as the prices went up, irrespective of what the goods cost and the profits taken and set aside to care for these losses when the prices came down.

That is the doctrine. Are there not dozens of hon. members in this House who have, time after time, declaimed against the companies and the business corporations. And why? Because when there was a buoyancy in the market they took profit, and then when you point out to them that they must absorb their losses, there is an absolute barrenness of sympathy for them. But here is what is said in the last annual report of this institution, signed by their own leader as president of the institution:

> We do not consider it wise to secure machinery from any plants that are not established on what may reasonably be considered a secure and permanent basis, as the difficulty of securing repairs in case they should go out of business has already been experienced.

How could they secure themselves? By adopting the wise economic policy mentioned in the previous clause and reaffirmed in this statement. The report further says:

> There has been a good deal of agitation during the past few years for the company to either purchase or secure the controlling interests in a machinery manufacturing plant.

How often we have heard that sort of thing—"Oh look at the profits made by these institutions, profits to which they are not entitled". Is not the obvious answer echoed back? Has not the hon. member from Assiniboia (Mr. Gould) uttered in his stentorian tones all over the country the answer, which is given by the locals, "Why do you not go into the business?" That is what the locals are saying all over the country. This report says:

> There has been a good deal of agitation during the past few years for the company to either purchase or secure the controlling interest in a machinery manufacturing plant. After a study of the situation which exists in the manufacturing of machinery in United States and Canada over a period of between two and three years, we are of the opinion that it would be a mistake for the company to consider putting any money into a plant for the manufacture of farm machinery.

[Mr. Stevens.]

If I wanted to sum up in one or two paragraphs a complete answer to the economic arguments and dissertations uttered from one end of the country to the other by my hon. friends to my left, I find it in the annual report of their business institution.

I intended to pay my respects to the hon. members opposite, but I shall have to desist at this time. I shall do that by a very vigorous vote against the budget, unless it is adjusted very materially on some points to which I have referred. In closing I simply say to my hon. friend the Minister of Finance (Mr Fielding) that I trust the argument I advanced in connection with the depreciation currency clause will receive very great consideration, because I believe if it is allowed to go as it is at the present time it will wreck many of the manufacturing concerns of Canada and the people of Canada as a whole will receive no benefit, nor will the treasury of Canada receive any benefit.

Hon. Sir LOMER GOUIN (Minister of Justice and Attorney General): May I be permitted Mr. Speaker to add a few remarks to this very interesting debate which has been going on for several days, and which I feel I cannot allow to close without expressing my views on the fiscal policy of our country—views which, during the last electoral campaign I placed before the electors of my constituency and before the electors of the province of Quebec.

Two questions are before us for our consideration. We have first the proposals submitted by the Minister of Finance (Mr. Fielding) in presenting his budget. Then we have the amendment moved by the ex-Minister of Finance (Sir Henry Drayton), asking that the Government be censured, because, it is claimed, it did not carry out the promises contained in a resolution of the Liberal Convention of 1919 with regard to the fiscal policy of Canada. Many speeches have been made, many very eloquent, every one very interesting, all, in the main, in continuance of a discussion which has been going on in this country for over forty years, on the merits of the respective policies of protection and free trade. The leader of the Opposition (Mr. Meighen), in a speech delivered at Sherbrooke, in September, 1920, stated that the opposition to the Government of that day was composed, in the majority, of free traders.

And in another speech delivered at London, when he made public that he had decided to ask for dissolution of Parliament, he stated that the main issue, if not the only issue, of the future campaign was to be the tariff. During that very same campaign, indeed, all through that campaign, I constantly maintained that the issue was not between protection and free trade; that the Liberals of this country, as a party, were not free traders; that they had always been in favour of a tariff. And it is to refute contrary and unjust contentions, too often repeated, that I seek permission to say a few words.

Mr. MEIGHEN: Will the hon. gentleman not be fair enough to make clear that, in my references, at Sherbrooke and subsequently, to the fact that the majority of those opposed to the Government claimed allegiance to the gospel of free trade, I included all, including the present Progressive party?

Sir LOMER GOUIN: When I speak of the Liberal party, I speak of the Liberal party. At that time it is possible that some of the hon. members of the Progressive party were supposed, by the leader of the Opposition, to be members of the Liberal party; but I have always thought that the Liberal party, as we have it to-day, as we have had it since Confederation, is the Liberal party which sits to your right, Mr. Speaker, and it is for that party that I speak.

As you know, Mr. Speaker, we have had a tariff since the very first days of Confederation. When the Liberal party came into power for the first time in 1873, we had, as our leader, a man who believed in Liberal principles. Under his administration, the Liberal party, of its own volition, decided to increase the customs duty. The Hon. Mr. Mackenzie declared, not once, but time and time again, that there could not be in Canada any issue between protection and free trade. After him, the Hon. Edward Blake, one of the greatest statesmen that Canada has produced, during the whole of his career, while he was Prime Minister of Ontario, while he was Minister in the Cabinet at Ottawa, while he was leader of the Liberal party, always maintained that the contention of the Conservative party that the tariff was the issue between the two parties was unreasonable and unjustified. To dispel any doubt to which my statements might give rise, and, perhaps, for the good of the electors of this country, I would ask permission to read some extracts from a speech delivered by the Hon. Mr. Blake, at Malvern in 1886. That speech is, I would say, historical, and it sums up the Liberal programme on the fiscal policy at that time. This is what the Hon. Edward Blake said then:

5 p.m.

> You know well that I do not approve of needless restrictions on our liberty of exchanging what we have for what we want, and do not see that any substantial application of the restrictive principle has been or can be, made in favour of the great interests of the mechanic, the labourer, the farmer, the lumberman, the ship-builder or the fisherman. But you know also that I have fully recognized the fact that we are obliged to raise yearly a great sum made greater by the obligations imposed on us by this Government; and that we must continue to provide this yearly sum mainly by import duties, laid to a great extent on goods similar to those which can be manufactured here; and that it results as a necessary incident of our settled fiscal system that there must be a large, and, as I believe, in the view of moderate protectionists, an ample advantage to the home manufacturer.
>
> Our adversaries wish to present to you an issue as between the present tariff and absolute free trade. That is not the true issue. Free trade is, as I have repeatedly explained, for us impossible; and the issue is whether the present tariff is perfect, or defective and unjust. . . . . My reference there to the fiscal and financial limitations of our condition has increased force to-day, for since that time enormous sums have been added to the public debt; enormous sums have been added to the annual charge; and notwithstanding the great taxation, a larger deficit than we have ever know since Confederation has signalized the last financial year. Therefore the execution even of those measures of readjustment which I suggested in that address, and which had proposed in Parliament in the preceding session, would be found much more difficult to-day by reason of the changed condition of affairs. We have no longer a large surplus to dispose of—we have a large deficit and a greatly increased scale of expenditure to meet. And it is clearer than ever that a very high scale of taxation must be retained, and that manufacturers have nothing to fear.

Mr. MACLEAN (York): Was not that very speech made the issue between Mr. Blake and the Liberal party at that time, practically ending in his withdrawal from the leadership? And was not the Globe newspaper his adversary in connection with that very question as much as the then Conservative party?

Sir LOMER GOUIN: In reply to my hon. friend, I may inform him that hon. Mr. Blake continued to be the leader of the Liberal party.

Mr. MACLEAN (York): No, the Liberal party deposed him.

Sir LOMER GOUIN: At that time, Mr. Speaker, as in 1896, 1911, 1920 and 1921 the Conservatives, to scare the electors in general and the manufacturers in particular, informed the country that if the Liberal party was returned to power it would lower the tariff to a point which would spell ruin to our manufacturing industries; and Mr. Blake, speaking for all the Liberals of Canada from the Atlantic to the Pacific, then said, with the full authority of his leadership, what I am now going to read:

> There remains the duties of customs on other commodities, and the conditions demonstrate the impossibility of diminishing to any large extent this fund. We have no longer a surplus to dispose of; we have a deficit to overcome; and, that done, we have a tremendous yearly charge to overtake. "Oh, but," say some Tories, "you can yet do this and make a free trade or non-protective tariff." The statement is dishonest and absurd. Even in Mr. Mackenzie's time, with his fiscal views, with his moderate expenditure, it would have been absurd. . . .
>
> I invite the most ardent free trader in public to present a plausible solution of this problem; and I contend that he is bound to do so before he talks of free trade as practicable in Canada. I have not believed it soluble in my day, and any chance of its solubility, if any chance there were, has been destroyed by the vast increase of our yearly charge, and by the other conditions which have been created. The thing is removed from the domain of practical politics. In their discussions the Tories say that Mr. Mackenzie's was a free trade tariff. I will give you high authorities to the contrary. As a fact, substantial duties were laid on almost everything which we could make at home; and Mr. Mackenzie increased those duties beyond the rate at which they stood when he took office. Sir Richard Cartwright has lately stated that he contemplated a still further increase, and he was right. Subsequent experience has demonstrated the fact that the circumstances required that course.

And in this same speech he emphasized that statement, saying:

> I have only to repeat in the most emphatic language my declaration that there is, in my judgment, no possibility of a change in that system of taxation which I have described, the necessary effect of which is to give a large and ample advantage to the home manufacturer over his competitor abroad.

He also stated in the course of that speech:

> There is nothing there—I could not honestly say anything—as to the removal of the tariff of duties having a protective operation in order to the substitution of free trade. I have shown you that this was not possible before 1873; that it was not possible during Mr. Mackenzie's time; that it was still less possible in 1882; and that it is far, far less possible now even than it was in 1882. That being so, I could not honestly propose to accomplish the impossible.

In the main, Mr. Speaker, those are the principles which have always inspired the Liberal party and its leaders. Those in the main are the principles which Sir Wilfrid Laurier and the hon. Minister of Finance embodied in the revisions of the tariff of 1897 and 1907—revisions which brought the most prosperous era in our national history. And we shall see a return of that prosperity under the present administration, ably led by the right hon. Prime Minister (Mr. Mackenzie King), aided by the experience, the wisdom, the ability and the high patriotism of the hon. Minister of Finance (Mr. Fielding), to whom have been paid such well-deserved compliments by hon. members of all parties, and I beg leave to associate myself most heartily with them.

Mr. Speaker, the policy of the Liberal party on the fiscal question, in the last electoral campaign, is to be found in the speeches of the right hon. Prime Minister and the Minister of Finance delivered in this House during the budget debate last session. I propose to read a few sentences only of a speech by the hon. Minister of Finance to show his attitude on our fiscal policy. Speaking on the budget last year he said:

> I would not have any industry which is at present established in Canada unfairly dealt with; I would not try to strike down any industry that exists to-day, even if it were not wisely established.

And he proceeded:

> There is no issue of free trade in Canada to-day. The Liberal party of Canada has not proposed free trade, did not propose free trade when it was in office, does not propose free trade to-day. And just as we said then to the people that they could trust the Liberal party, if they came into power, to be fair and just while following sound principles, so we say to the people of Canada and the manufacturers of Canada to-day: Do not be misled by the statements made by my right hon. friend about free trade, because it is merely, as I said, a repetition of the old game of 1896; and as it failed in 1896, so it will fail in 1921 or 1922, whenever the election arrives.

The right hon. leader of this House at the same time, in a very eloquent speech, said:

> Let me repeat, Mr. Speaker, the issue is not between protection and free trade. If anyone has any doubhts on that score, let him read the second clause of the amendment which is before the House, and which will be supported unanimously, I believe, by hon. members on this side of the House. What is the first sentence of that clause? It is to the effect that existing financial requirements of the Dominion demand the maintenance of the customs tariff.

Again, in an article published in Maclean's Magazine, under his own name, the right hon. Prime Minister wrote:

> With the Liberal party, the main concern respecting the tariff is not free trade or protec-

tion, it is revenue, and the simultaneous development of industry in such manner as is likely to serve best the interests of the Canadian people. There will be required for purposes of revenue large sums of money which, of necessity, will have to be raised by indirect taxation through a customs tariff.

Are these declarations, Mr. Speaker, a contradiction of the resolution submitted by the hon. Minister of Finance? Whatever may be said by hon. members who sit to your left, how could we do better than what is proposed by the hon. Minister of Finance? From 1873 to 1877 the Hon. Mr. Mackenzie told the electors of this country, both friends and opponents, that absolute free trade was impossible in Canada; that we required a tariff to meet our expenditures. The Hon. Mr. Blake, while he was leader of the Liberal party, always contended that the Liberals were not free traders; that free trade was impossible in our country; that we required a tariff for revenue, and that that tariff, while bringing us revenue to meet part of our expenditure, would enable at the same time the manufacturers of our country to compete with those of other lands. He gave as an argument to justify his position the fact that we had a very large debt; that our expenses had increased in such large measure that it was impossible to secure the necessary revenue for the administration of the public affairs without imposing a tariff for revenue.

Mr. SUTHERLAND: Did Mr. Blake not change his views when he resigned the leadership of the Liberal party, and did he not, in the letters he wrote to his electors in Durham, give that as the reason why he resigned?

Sir LOMER GOUIN: He did not resign on the question of the tariff; I do not know that the Hon. Mr. Blake ever changed his views on the fiscal policy of this country. When we consider that in 1882 our national debt amounted to $153,000,000; that our revenues totalled $35,000,000 and our expenditures $34,600,000; when we consider that our national debt to-day amounts to $2,500,000,000; that it increased by $92,000,000 in 1921 and by $86,000,000 in 1922; that the estimated expenditure for the current year is $466,000,000 and the estimated revenue $332,000,000, a difference of $134,000,000—when we consider these things, and if the views of the Hon. Mr. Mackenzie and the Hon. Mr. Blake were sound; if the Laurier-Fielding tariff was sound, how can any one pretend that we in this country can do without a customs tariff? Do you know, Mr. Speaker, that to-day the percentage of customs revenues in proportion to the whole is less than 50 per cent of what it was in 1871, in 1881, in 1891, in 1901, and in 1911? In support of that statement let me quote the following figures:

REVENUE.

Year	Dutiable	Duty Collected	Total Receipts	Per Cent.
	$	$	$ cts.	
1871.....	60,094,362	11,807,590	19,375,036 79	60·94
1881.....	71,620,725	18,492,645	29,635,297 54	62·40
1891.....	74,536,036	23,416,266	38,579,310 88	60·79
1901.....	105,969,756	29,106,980	52,516,332 76	55·45
1911.....	282,723,812	73,312,368	117,884,328 36	62
1921.....	47,561,406	174,775,787	436,292,184 41	40
1922.....	.....	105,500,000	381,271,000 00	28

The revenue from customs decreased last year by some $57,000,000, as was stated by the hon. Minister of Finance. The minister estimates that the current year will show another decrease of some two millions and a half. The estimated customs revenue for this year is $103,000,000. Compared with the total estimated revenue, and adding to the latter the probable increased revenue which we shall receive from the new taxes, the percentage of customs revenue for this year will be even less than it was last year; in other words, we shall receive this year from customs collections less than 28 per cent of our total revenue, whereas in 1871, 1881 and even as late as 1891 it amounted to 60 per cent of our total revenue. In the United Kingdom, to which reference has been made many times during this debate, and which is cited as a free trade country, we find that the revenue from customs and excise amounts to about 25 per cent of the total revenue. Mr. Speaker, to-day as last year, as in the first days of Confederation, we require the tariff revenue to meet our expenditures.

Some hon. members have contended during this debate that the industrial establishments of the country have not been beneficial to Canada but have rather hindered its development. I must say that none of the speeches I have heard or have read have convinced me that such a contention is justified. On the contrary, I believe to-day, as I believed in the past, that the manufacturers have been a strong factor in the development of Canada. With the majority if not with all the members of this House, I am of opinion that the basic industry of Canada is agriculture. But I am of opinion also that without our

manufactures our country would not have reached the degree of development that it has attained to-day.

Sir Wilfrid Laurier, whose authority we all like so much to cite in this House and outside, before he was entrusted with the administration of affairs in this country, long before, at the very commencement of his brilliant career declared in 1871 in a speech which he made before the House of Quebec that we should not think of remaining a farming country, and he declared in most emphatic terms that we should create national industries in this country. Here is the language used by Sir Wilfrid Laurier on that occasion:

> It is a humiliating confession to make that, after three centuries of existence this country is still unable to supply its own wants and that it is still obliged to have recourse to foreign markets, though nature has lavished upon it all the gifts necessary to render it a manufacturing country. . . .
>
> It is a duty, especially for us Canadians of French origin, to create. . . .
>
> Thus far it seems to me that the Government has been moving in the wrong direction. The Government has devoted itself to recruiting an exclusively agricultural immigration—its efforts will end in nothing. The agricultural population of this country will never be increased from outside. . . .
>
> We can, however, introduce here with good results, I think, an industrial immigration. I do not mean simple workmen, but master mechanics and small capitalists such as are to be found in all the cities of Europe.

I remember the time when we had in this country very few manufacturing establishments, especially in the province of Quebec. I remember the days when many of our farmers had to abandon their farms, where they could no longer find subsistence for their families, and leave their native parish. The farms of Quebec at that time were just as fertile, just as productive, as they are to-day; our farmers of those days were just as robust, just as hard workers and as thrifty as the farmers of to-day. But they had no market in which to sell their products. They had to abandon their farms and leave their parish to seek work in the neighbouring republic where industry was properous. The same thing was happening in all the old provinces of the Confederation, and so we lost annually thousands and thousands of the best of our citizens, not immigrants who were only passing through Canada, but good Canadians whose families had lived for generations in our Canadian land.

You are no doubt aware, Mr. Speaker, of the many compliments which have been paid to the province of Quebec during the last four or five years. I think I know the good old province of Quebec as well as any Canadian, and I say without any hesitation that what has contributed in a very large measure to make our province prosperous and our farmers satisfied with their lot is the fact that our manufactures have supplied our farmers with a market where they can sell their product, and what I say for Quebec must be true, and it is true, of every province of this Dominion where there are manufacturing establishments. If that industrial development is due in a measure, and I say it is in a measure due, to our fiscal policy, whether we call our tariff a tariff for revenue or designate it by any other name, it seems to me we have no reason to regret it.

Mr. MEIGHEN: Hear, hear. What is the difference?

Sir LOMER GOUIN: I have a table before me which shows the progress of our manufactures in Canada since 1870. I find that in that year the value of our manufactured products was $221,617,773; in 1890, $469,847,886; in 1905, $718,352,603; in 1910, $1,165,975,639; in 1917, $3,015,577,940; in 1918, $3,458,036,975 and in 1919, $3,520,724,039. No one can deny that our manufactures have been great contributors to the growth of our large cities. Through the establishment of industries we have prosperous towns, and villages to-day, where less than thirty years ago we could see but a very few houses.

One hon. member who spoke during the course of this debate said that between 1911 and 1921 we had lost over two million good citizens of this country, and we wonder why so many of our citizens who should have found space and place to build their homes in Canada have left us. I may be wrong, Mr. Speaker, but I am of the opinion that if we had had in this country more industries, we would have kept with us many of those who have left us to go elsewhere. Do you not think that those two million citizens we thus lost, if added to our population of nine millions, would have consumed that 27 per cent of exportation of our farm products? Statistics show that England has invested in our country two and a half billions of dollars, and that the United States have invested nearly two billions of dollars. We have, if our statistics are correct, some three billions of dollars invested in industrial establishments.

Do you not think Mr. Speaker, that if the tariff were removed it would have a very bad effect on those investments and do you not think that capital, which is easily driven away, would seek in some other country the return which it could not find in our land? Listening to the members of the Progressive party I could not but conclude that the inhabitants of the prairie provinces are under the impression that the eastern provinces act selfishly towards them. Do our hon. friends suppose that without our manufacturers Canada would have progressed as it has done, even in their own provinces? We know and we regret to know, that the farmers of the West are going through days of difficulty. But this can be only a temporary crisis, and I would ask them whether they think that by cutting down the revenue of approximately $103,000,000 that we receive from our customs, something like $12 per capita, that by dropping that revenue they would remedy the evils from which they suffer and of which they complain? Would they take upon themselves the responsibility of making radical reductions in our tariff and closing down many, if not the most of our manufactures, and throwing on the street the five or six hundred thousand workers who find in those manufactures a living and subsistence for their families? Moreover, Mr. Speaker, if we have to reduce our tariff to such a figure that we would not receive more than ten, or fifteen, or twenty million dollars, with the obligations we have to face we would necessarily have to find some other sources of revenue, and our friends of the prairie provinces would have to contribute their share of the new taxes. The remedy for the conditions under which we suffer, Mr. Speaker, is the increase of our population and strict economy. Abolish the tariff? No government would think of doing it, and no government could do it even if it tried. Strict economy is needed. Drastic economy is easy to preach but very difficult, and at times painful to practice. Nevertheless however painful and difficult the task may be, whatever government is entrusted with responsibilty for the administration of Canada for years to come, it will have to accept and fulfil that task if we look for the salvation of our country.

As to the increase of our population we can have it by a sane immigration policy. We have already spent very large sums to induce immigrants from the older parts of the world to come and settle in our country. I understand that since 1900 we have spent over $20,000,000 upon immigration. Many of those who have come, invited as they were by our agents, have left our country; but we have kept some of them and I believe that in the future we should look for a good class of immigrants, who would come to our land to help us in the development of our natural resources.

With the Minister of Finance I understand the very serious position we are in, as are many countries in the world, as a result of the great conflict which brought mourning, misery, trouble and anxiety in its train, but a conflict which fortunately terminated in the triumph of right and justice. I realize the weight that rests upon the shoulders of our good citizens. I sympathize and fully sympathize with our good farmers whose service is so essential to the very life of our people and who are actually not equitably remunerated. I do not forget, I cannot forget, that we have in this country at this hour too many unemployed. Nevertheless when I consider our immense riches, when I consider our innumerable possibilities, I am confident in the future. I believe that our good people will unite to surmount and to alleviate the sufferings and miseries of the day and that soon, with the help of Providence, we will see in this good land of ours the return of that era of prosperity, of unity, of harmony, of contentment and of hope which we enjoyed before 1914.

I have very few words to add in regard to the amendment proposed by the ex-Minister of Finance. I am confident that the people, the electors of Canada, will not consider this amendment serious any more than did the Canadian press. No, Mr. Speaker, the electors of Canada were not deceived by the Liberal party during the last electoral campaign. Some of the electors were disappointed, bitterly disappointed, but the majority were perfectly satisfied. The electors of Canada voted in favour of the Liberal party because they had confidence in that party, and they voted against the government because they did not want any more of the National Liberal Conservative régime.

Mr. LAPOINTE: Cheer now.

Mr. MEIGHEN: I shall wait for the argument.

Sir LOMER GOUIN: As to our friends of the Progressive party, when I count the number of members who have come from the prairie provinces in support of the Liberal party, I cannot imagine how the electors of those provinces at all events could ever contend that they were deceived by the liberal promises of the last electoral campaign. As to the provinces where the Liberal party secured its majority, the hon. members who support the Government can confidently return to their constituents, rightfully conscious that they have fulfilled their mandate. For, Mr. Speaker, notwithstanding what was said by the hon. members of both oppositions, the budget submitted for our consideration by the hon. Minister of Finance (Mr. Fielding) is in perfect consistency with the promises made to the electors of Canada by the Liberal party during the last election. Speaking for myself, Mr. Speaker, I will go back to my good province of Quebec, to tell the people of Quebec, that they were right and that they were wise when they unanimously on the 6th December last voted confidence in the Liberal party. I will feel proud to tell them that the leader of this House, the right hon. Prime Minister of Canada (Mr. Mackenzie King) has shown by his eloquence, by his broadmindedness, by his courage, by his sincerity and his patriotism, that he is the worthy successor of our great late chief, Sir Wilfrid Laurier.

Mr. T. W. CALDWELL (Victoria and Carleton): Mr. Speaker, before proceeding to discuss the question before the House, I wish to join with the hon. members who have preceded me in this debate in extending sincere congratulations to the hon. Minister of Finance (Mr. Fielding) on having achieved the unequalled distinction of having delivered his sixteenth budget to the Parliament of Canada, as well as the contribution he has been able to make to the advancement of Canada in other respects, not the least of which was his effort in 1911 to bring about the reciprocity agreement between Canada and the United States and his recent efforts along that line.

Before proceeding to discuss the budget, I wish to refer to some remarks made by the hon. Minister of Justice (Sir Lomer Gouin). I noticed when he was expounding his tariff belief a very peculiar thing, that the applause came from the official Opposition, and not from his own supporters in the House, and I noticed that, when he began to speak of the result of the election last fall, his own followers showed the first symptoms of cheering up a bit. Another statement he made was that the manufacturers of Canada had furnished a market for the products of the farm in Canada. I do not like to interrupt an hon. member when he is speaking, although I would have liked to have asked him if he would pretend to tell the House or this country that the wheat, or potatoes, or other farm products grown in Canada, can find a market here, notwithstanding the fact that we have had forty years or upwards of protection. Last year, in my province alone, there were thousands of barrels of potatoes dumped, because there were no markets in Canada for them. The price we could have received for potatoes would not have paid the freight to market. The same condition continues to prevail and the farmers in the present year have received less than 50 per cent of the cost of producing the potato crop in my province, which is the crop we grow for export.

Mr. McQUARRIE: Will the hon. member tell us if any potatoes came into his district from the United States?

Mr. CALDWELL: No. I want to digress a moment. I was willing when I came to this House to believe that the farmers and the people of British Columbia generally were as efficient and as able to take care of themselves, possibly, as the people of New Brunswick. I have been compelled, almost against my will, to reverse my judgment, because I find the people of British Columbia bewailing the fact that they cannot hold their own against the residents of the United States immediately opposite them.

In the province from which I come the farmers are very anxious to have a reciprocity agreement enacted between Canada and the United States. I live immediately next to that great potato belt in the state of Maine, with the imaginary line between us, and the people of the state of Maine are afraid of their lives that we will get reciprocity with United States. They are urging that barriers be placed against Canada. So that I cannot help thinking that we must certainly be far more efficient in New Brunswick than our farmer friends in British Columbia, because I do not think the farmers of either New Brunswick or the state of Maine will admit there are more efficient farmers in the United States, especially potato farmers, than can be found in the state of Maine. They are afraid of competition with the farmers of New Bruns-

wick, while the farmer in British Columbia is afraid of the competition of his neighbour on the United States side. I can hardly understand this unless it be that the British Columbia farmers and the people generally are not on a par with the people in New Brunswick. It is the only way I can account for it.

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

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

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

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

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

I do not agree with that statement of the Prime Minister, and I hardly think he can be sincere in making it, because I am going to quote from his speech in 1920, when this tax was instituted by the party which is now the official Opposition, and I think this quotation will prove that I have a very good right to think that he has not, unlike the hon. member for Lincoln (Mr. Chaplin) given us the same speech that he gave us two years ago, nor is he agreeing with the speech which he made two years ago; absolutely the contrary. I contend, as I did in 1920, that the sales tax imposes a burden on people least able to bear it. When that method of taxation was under discussion, I supported the idea of imposing a luxury tax and also a business or excess profits tax, as did the present Prime Minister. I deplored the fact at that time that the government would put a sales tax on the necessaries of life, which tax, I stated I thought would tend to race suicide in this country. I was ridiculed for making that statement in the House, although I think I proved it very well before I sat down. Let us take the case of the workingman who is working for a small wage. He has a large family and he must find for them the necessaries of life, food, clothing, boots and shoes and so on. They are not all taxable; but many of them are, and I think, when I quote the Prime Minister's speech in 1920, I shall have good proof for the statement that I am making at the present time. I said that this would tend to race suicide because, I asked: How can a poor man provide for a family if this sales tax is imposed on all the necessaries of life? I think the House will agree with me that the tendency is for the poor man to raise the big family; and in the imposition of a sales tax, the revenue is collected, not according to a man's ability to pay, but on the necessities of himself and his family, no matter how poor he may be.

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

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

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

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

> But what have they done? Instead of alleviating the high cost of living as it affects the great mass of consumers they have added to it. They have increased the cost of living and made it more difficult for the people of Canada to live than it has been heretofore. To an invisible tariff they have added a visible tariff on a great multitude of commodities, thereby increasing the cost of living to the vast body of consumers. From one end of Canada to the other, in every home, there has been considerable difficulty in coping with the situation. Go where you will, you will find this the baffling problem that taxes the ingenuity of the great majority of the people. As I say, Mr. Speaker, instead of meeting the high cost of living as it was obviously the duty of the government to have met it, by reducing the tariff on the necessaries of life, they have added this visible tariff in the nature of an excise to the invisible tariff which already exacts its toll from the people in regard to commodities in general use.
>
> But they have done more than that. They have not been satisfied with merely adding one tax but they have heaped tax upon tax on many of the necessaries of life that enter into daily consumption.
>
> So far as this budget affects luxuries we can heartily endorse all that the government proposes. It is proper that luxuries should be taxed, and taxed just as much as they will stand, but, as has been pointed out by one hon. member after another on this side of the House, there are many articles, such as boots and shoes, clothing, the different articles required in the daily food of poor people, canned goods for example, which are taxed and overtaxed. Consider this excise tax in relation to the cost of living.

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

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

I desire to point out a few discrepancies in the statements made by the right hon. Prime Minister, and the absolute failure in the budget of to-day to carry out his ideas of two years ago. Speaking about the tax on goods sent out of the country, the right hon. gentleman on June 1, 1920, used the following language, which will be found at page 2973 of Hansard for that year:

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

The present budget contains the following provision:

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

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

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

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

> Why?

With a big question mark after it.

> Because in that instance it helps the manufacturer. He, not the consumer, is the chief

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

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

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

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

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

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

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

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

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

The hon. member for St. John (Mr. Baxter) early in the session censured my honoured leader for stating that the price of machinery and other commodities was enhanced as the result of the imposition

of duties upon them. The hon. gentleman stated that a certain article of machinery had been purchased in Maine by a New Brunswick man at just the price of the article in Canada plus the duty. He said that this article had been purchased on account of some breach of contract; it was the purchase of one article on one special occasion. Now, I am not going to cite an instance of the purchase of one article on one special occasion. I have a complete list here of the prices charged in the state of Maine and in New Brunswick by one and the same firm. I have the price list on the basis of which their agents are selling; I am not quoting from hearsay or from newspaper reports or anything of that kind. I shall not give the full details, but any hon. gentleman who wishes to obtain them may see these price lists if he wishes to. Well, for a 10-foot hay rake with 32 teeth, the price in Canada is $52.50 and in the state of Maine, $43.75, a difference of $8.75—and this rake is sold on two farms, one alongside the other, one on each side of the imaginary line. I live within six miles of that imaginary line and I know what I am talking about. The ex-Minister of Finance told us the other day that the actual duty paid on the material that went into the manufacture of a horse rake in Canada was 95½ cents; taking that from the difference in price, we still have a difference of $7.79½ which cannot be accounted for by the duty on material. A 6-foot mower costs in Canada $99 and in the state of Maine $83.75, a difference of $15.25. A six-foot binder with bundle carrier complete is $235.50 in New Brunswick, and $200 in the state of Maine. The ex-Minister of Finance told us that the actual duty paid on the material entering into the manufacture of that binder was $2.65, which still leaves a balance of $32.85. The manufacturer is able to take advantage of the duty and mulct the Canadian farmer to the tune of $32.85 over and above all his outlay on this binder and over and above what he charges the farmer in Maine. I may say that I am referring to the prices of a United States firm with a Canadian branch and with agencies on both sides of the line. When I gave a statement to the Tariff Commission in 1920 I was asked where these articles were shipped from. Well, due to the fact that there is no duty on farm machinery entering the United States from Canada, if the Canadian factory is nearer the state of Maine than the American factory the goods can be delivered from the Canadian factory. The same applies to fertilizers, with which I will deal later.

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

I promised to deal with the question of fertilizers; I want to do this briefly. I want to give you the imports of fertilizers into Canada from 1916 to 1921 as taken from the Dominion government statistics. By the way, fertilizer chemicals come into Canada free of duty; mixed fertilizer pays a duty of 10 per cent. I suppose we will be told that that duty is not taken advantage of, either. But I happen to have a price list under my hand—two of them, in fact—issued from an office in my own province. One is the Maine price list for 1921-1922, and the other is the New Brunswick price list for 1921-1922, issued from the very same office, for the very same brand

of fertilizer put up out of the same bin and there is a much longer freight haul to the state of Maine because the fertilizer has to pass over nearly the whole length of New Brunswick to get from the factory to Maine. These price lists show that the same brand and analysis of fertilizer was sold in Maine for $9 per ton less than in New Brunswick right at the factory.

Mr. McMASTER: Where is it manufactured?

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

Mr. McMASTER: That is what it is there for.

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

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

I want to give another illustration, and I shall give last year's prices as I have not the figures on chemicals for this year. Last year the New Brunswick farmer paid $76.03 in cash by the carload for 4-8-6 brand of fertilizer in bags, 4-8-6 representing 4 per cent ammonia, 8 per cent phosphoric acid, and 6 per cent potash. That is the price we had to pay, but our farmers' organizations, knowing that these fertilizer mixers were taking advantage of the tariff, imported their own chemicals, and got them laid down at the station freight paid, the very same materials, mind you, for $50.62, or a difference of $25.41 between the cost of the chemicals brought freight paid to our station, and the cost we had to pay when buying the very same article from the factory freight paid to our station. I will now give the ingredients in that brand:

200 lbs. Nitrate Soda at $81 per ton..	$ 8 10
100 lbs. Sulphate of Ammonia at $92 per ton..	4 60
200 lbs. Tankage at $62 per ton.. ..	6 20
800 lbs. Acid Phosphate at $46..	18 40
240 lbs. Potash (50%) at $111..	13 32
	$50 62

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

Mr. McMASTER: These are not native New Brunswickers, surely?

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

Some one may say: The hon. member for Carleton is just like a lot of other men, pointing out a lot of difficulties and not suggesting any remedy, but before I come to that I just wish to show how many barrels of potatoes are necessary to buy a ton of fertilizer from the fertilizer mixers of New Brunswick at the present time. The hon. member for Saltcoats (Mr. Sales) told us the other evening how many bushels of wheat it cost him to buy a box of apples, and I shall give a like illustration with regard to potatoes and fertilizer. At the present time—and this was given in sworn evidence before the Freight Rates Committee the other day by Mr. Porter, who, by the way, is one of the largest potato exporters we have in eastern Canada, as well as one of its most reliable men—the farmers are getting for a barrel of potatoes less than 50 per cent of the cost of production. For the last two months or the last month and a half, and that is the time when a great many potatoes are sold in our section of the country, our farmers have been getting, not 50 per cent, but only 25 per cent of the cost of production. In New Brunswick last year it cost $2 a barrel to grow potatoes. What price are we getting at the present time? Only 50 cents for a barrel of 165 pounds, and it cost us $2 a barrel to raise those potatoes. That is the sworn evidence of Mr. Porter before the Freight Rates Committee. Since the 1st of February our potatoes have not been above 80 cents a barrel, and most of our crop has been marketed since then. At the rate we are getting for our potatoes to-day, it will take 135 barrels of potatoes to pay for one ton of fertilizer, for the price the mixers are asking is $67.50. The average yield of potatoes in New Brunswick is 80 barrels to the acre, so you will realize what a position the farmer is in who has to buy fertilizer, and the necessity for granting him some relief, especially as that could be done without any material loss in revenue for in the last six years we have only collected about half a million dollars in duty on fertilizer. Yet this item is not mentioned at all in the present budget; no relief is granted. I am convinced that it was an oversight on the part of the Minister of Finance, and I earnestly hope—I was going to say, I firmly believe, but I am not so ready to believe as I was two years ago that legislation needed will be passed—but I sincerely hope that relief will be granted on this very necessary article to our farmers before the budget resolutions are approved.

I said I was going to make some constructive suggestions, because I do not think that a speech which is entirely destitute of constructive criticism is any help either to the House or to the country. However, before I come to that, I had better deal a little more fully with the decrease in the customs duty on farm machines. I am not feeling quite so blue over the fact that there have not been more reductions made in the customs duty on farm implements as I am at the increase in the sales tax. I do not think the decrease in the duty on farm implements has been at all sufficient, but the little shuffle that was made in that matter was made in the right direction, while the move made in regard to the increase in the sales tax is absolutely in the wrong direction—that is my belief. However, I think after listening to the speech of the Minister of Justice (Sir Lomer Gouin) this afternoon, and the statement made by the Finance Minister two days ago I have not quite as much hope as I had at the beginning of the session that the Liberal party ever meant to put the tariff planks in their platform into execution; and in that regard I just want to quote a statement made by the Minister of Finance two days ago in reply to the leader of the Opposition. He said:

I have never voted for the tariff items of the Liberal platform, and never concealed the fact that I did not approve of the platform in that respect.

I think, Mr. Speaker, possibly it is becoming increasingly clear to the members of this House just where the pressure is coming from that is preventing the Liberal party from putting their platform, or moving in the direction to put their platform, into active legislation. I want to say further, Mr. Speaker, that I am not criticizing the Government in any particular because they have not put into effect at once their platform in regard to the duty on farm machinery. I do not think any sane man in this country would advocate taking the duty off any one article all at once, especially when it is as high as it is on some articles of farm machinery, but I think a substantial step should be taken in that direction and not a shuffle. I also think the manufacturers should be warned that the Government did mean to implement their platform by legislation if they continued in power, and for them to put their house in order and get ready for that eventuality which should come by stages so that they will be able to accommodate themselves to the situation.

I want to say right here, Mr. Speaker, that I deplore the fact that different speakers in this House have attempted to attribute the statement to us that we desire free trade right away, that we want to wipe out the tariff over night, and that we want to get rid of the manufacturers of Canada. That is not the fact. I do not think there is an absolute free trader in any group in this House. But we of the Progressives want freer trade, and we want reductions of duty on the tools of production and the necessaries of life. The reason why I am not so concerned about the duty on farm implements as I am about the increase in the sales tax is, that the reduction in the duty on farm implements would, possibly, only affect 50 per cent of the people of Canada, whereas the increase in the sales tax affects 100 per cent of our people. And no party in this House or in this country should take a selfish, or a narrow view even, of the tariff. We must have a tariff for the whole of Canada; we must be willing to give and take; but I do not consider the Government have even taken one short step towards putting their platform into effect. I sincerely hope, therefore, that the statement the Finance Minister is going to make later in regard to the budget, according to the announcement of the Prime Minister this afternoon, will carry out some of the changes to which I have alluded.

I said that I wanted to make some constructive suggestions. Now, I have made a suggestion on more than one occasion in this House that an export duty should be put on pulp wood and on round logs going out of Canada, and I will tell you why. I see the hon. member for Brome (Mr. McMaster) shaking his head.

Mr. McMASTER: A duty is just as unsound one way as the other.

Mr. CALDWELL: We all agree that manufactures are necessary in any country in order to build the nation up. All we ask is that the manufacturer get off our backs and stand on his own feet. However, I want to make a suggestion to the Government in the matter of establishing factories in this country; and I do not need to go outside of Canada to demonstrate the truth of what I am saying as to the necessity of offering some inducement to manufacture pulp and paper in Canada. I want to show why I am advocating an export duty on pulp wood. I hold in my hand a copy of a prospectus issued by the Oxford Paper Company of Rumford Falls, Maine. They are getting out this prospectus in order to sell $300,000 worth of stock to develop a water power and an electric plant at Rumford Falls, and I want to show you what they are presenting as their assets, the justification they are giving to induce the people to put money into their enterprise in order to develop that industry in the United States. They say in this prospectus:

> The Company's available supply of pulp-wood is ample. It holds under lease from the Crown the right to cut and remove pulp-wood and all forest growth from a tract of about 1,015 square miles (approximately 650,000 acres) in Cape Breton, Nova Scotia. This lease runs for a long terms of years in 20 year renewable periods, the last maturity June 19, 1998, at an annual rental of $6,000. This rental is a fixed sum regardless of the amount of wood cut from these lands. The holdings are virgin forests and contain, according to conservative estimates by experts, at least 6,000,000 cords of high grade pulp-wood, sufficient to supply Oxford Paper Co. for more than 100 years at its present rate of consumption of spruce and fir.
>
> In addition, the company owns the right for 12 years to cut spruce and fir from a tract of 55,000 acres in Canada, near the city of Quebec, and also has the right to cut spruce and fir from 125,000 acres additional Crown lands in Canada.

The company has a further large available supply of spruce and fir and pulp through its one-half ownership of Nashwaak Pulp and Paper Co., Ltd. which owns, in New Brunswick, a pulp mill and owns or controls about 359,000 acres of land containing about 1,000,000 cords of spruce and fir timber.

Besides spruce and fir the company uses a large amount of poplar wood, which it is able to buy at reasonable prices in Maine, New Hampshire and New Brunswick. As poplar growth is very rapid a sufficient supply of this wood will, it is believed, always be available.

Mr. McMASTER: May I interject a question here? Would the hon. member consider it wise to have an export duty on potatoes in order that a man who was running a mill in which potato flour was manufactured might get the potatoes and make them up into flour?

Mr. CALDWELL: We have no such mills. I will qualify that by saying that we did have one during the war. During the war there was a demand for this product but not at a price that would enable the factory to use table potatoes. So they took the culls, the small potatoes that were not saleable, and they made them into potato flour and sold it at a price that would pay them for the manufacture. However, even at that time of high prices the demand for potato flour would not warrant the use of table potatoes for the purpose; consequently, since the war, that factory has closed down. Even at fifty cents a barrel a profitable industry cannot be carried on to-day by taking table potatoes, converting them into potato flour, and selling the product at the price they could get.

I have here another clipping which states a certain firm in the United States is buying tracts of land in Nova Scotia, tracts of land such as the Nashwaak Pulp and Paper Company own, and by the way it is expected that the Nashwaak Pulp and Paper Company's mills will close down in New Brunswick in the very near future, and that the pulp wood cut on these lands will be shipped to their American mills. This will also result in the closing down of the mills in Nova Scotia because they can import these raw materials into the United States free of duty, while there is at the present time a bill before the United States Senate to impose an import duty on manufactured pulp and paper and this will be the means of helping to build up the industry in the country to the south instead of our own.

I want to say further, and I know the hon. member for Brome (Mr. McMaster) will agree with me in this. Some people have attributed the prosperity of the province of Quebec to the fact that the sale of liquor is permitted there. I do not agree with that statement. I think it is more attributable to the fact that Quebec has encouraged the manufacture of pulp and paper in that province. I think I am well within the mark, Mr. Speaker, when I say that the province of Quebec to-day manufactures 70 per cent of all the chemical pulp and paper that is manufactured in the Dominion. I think that is correct, but I am speaking from memory, and, of course, subject to correction. Due to that fact Quebec has become prosperous; because possibly there is no industry in Canada so profitable, or has been in the last ten years, than the manufacture of raw pulp into paper.

I want to give more reasons why this should be done, not as an act of retaliation against the United States, but as an act of commonsense for Canada. To-day we have a pest called the spruce bud moth, which is killing the forests of Canada quite rapidly—and I am glad to say I believe it is diminishing very much;—due to the fact that United States corporations are allowed to come in and buy large tracts of land. They are not interested in the conservation of our forests, nor in the condition of the country after the forests are cut, as our own citizens are. They are simply stripping the forests of Canada, and reaping the benefit in their manufactures in the United States. The different provinces of Canada a few years ago pretended to take some action in this matter. However, they have not jurisdiction in international trade, but have jurisdiction over their own Crown lands in the eastern provinces, where these forests are located. They passed an act containing a provision such as this:

That no pulpwood cut on Crown lands shall be exported from Canada.

Mr. ARCHAMBAULT: What is the difference to the consumer between an import duty and an export duty? Is it not a fact that those duties are paid on the principle of protection?

Mr. CALDWELL: I am glad the hon. member asks the question. An import duty is paid by the party in this country who consumes the article imported. The same applies to an export duty. It applies to the people who consume that product in the United States. The citizens of the United States will pay the export duty. I observe

that the hon. member from Brome (Mr. McMaster) shakes his head.

Mr. McMASTER: Is my hon. friend not aware that one of the almost inevitable results of the export duty is to decrease the price which the manufacturer will pay to the producer of the raw material, the market of the producer of the raw material being decreased by the fact that he cannot really export what he has to sell.

Mr. CALDWELL: I am glad the hon. member asked that question. I think, possibly, I would have forgotten that point had he not brought it up by his question. What the hon. member for Brome (Mr. McMaster) states is absolutely correct providing there are unlimited supplies of this commodity that the country that wishes to use the commodity can draw on. That is not the case here. Outside of Canada, I think today, the only country in the world which has an exportable surplus of lumber is Russia.

Mr. McMASTER: Sweden.

Mr. CALDWELL: I think the hon. member will find that Sweden is considering the conservation of her forests. She is at the present time carrying on reafforestation work, something which Canada must come to in the near future. That is an indication that they realize that the end is in sight, as far as the supply is concerned. We have a monopoly of the supply of pulpwood on this continent. There is no question about that.

Mr. McMASTER: Newfoundland has a quantity of lumber.

Mr. CALDWELL: How long would they supply the United States? I have an estimate of it, but I do not wish to weary the House with it. The provincial government of New Brunswick passed an order, providing that pulpwood cut on Crown lands should not be exported. That means pulpwood cut into four foot lengths. Then what happened? At that time the size of the saw log was 10 inches, I think. Immediately after this our provincial government reduced the size of the saw log to 6 inches, and, in fact, I think, you will find lots of them go below that. The United States' pulp manufacturer goes upon Crown lands, cuts logs into 16 foot lengths, puts them on the train, ships them into the United States, cuts them into different lengths and grinds them into pulpwood. So that the provision of the provincial government is a joke. However, an export duty would control the situation. For fear condemnation will be meted out to members who speak at too great length, I will leave that point although I would like to elucidate it further.

I have given the House my criticism of the budget and my suggestion as to a good source of revenue, which would also develop the manufacturing industries of Canada, and would be more beneficial than any other method, because it means manufacturing our own raw materials into the finished product by our own people.

I come to the consideration of the amendment offered by the official Opposition. That amendment is rather peculiar, in view of the arguments put forth in support of it. The amendment declares one thing, and the argument in support of it exactly the opposite. In the argument they condemn the Government because they have made a few reductions in the tariff, and in the amendment they condemn them because they have not made more reductions in the tariff, and state that this failure will result in a lowering of the public morality of Canada, because it is the breaking of a promise. I think, as far as that goes, I will have to agree with the official Opposition, that the breaking of promises, in any case, is a lowering of political or personal morality. However, as this amendment is not moved by a party who have never broken any promises, is it not the case of the pot calling the kettle black, and the pot being blacker than the kettle?

Then take the argument in regard to the tariff. In 1919 Sir Thomas White said there should be a revision of the tariff. The government were very careful not to say whether they would revise it up or down, but said it was long overdue. I have no doubt they received some support by making that statement at the time—western as well as eastern support. We are just as anxious in the East for a reduction in the tariff as they are in the West, and I do not want that fact to escape the attention of the House. In 1920 when the present ex-Finance Minister (Sir Henry Drayton) delivered his budget speech, you will find at page 2491 of Hansard of 1920 that he said:

> Our policy calls for a thorough revision of the tariff.

And he said further.

> The tariff investigation has commenced and public sittings will be held throughout Canada after prorogation.

The investigation was carried on. When the House met in 1921 the Speech

from the Throne stated that this investigation had been held and information had been collected to enable the government to intelligently revise the tariff, and that the result would be put before the House at that session. At least, I take it that the Speech from the Throne indicated that legislation would be put before the House. The Speech used the words "Will be put before you in due time" which, I take it, meant during that session. That was not carried out. Here we have promise after promise in regard to the tariff broken by the last government. Therefore, I do not see how a man is going to make a choice between the two parties. I think both have lowered the public morality of the country by breaking promises.

Further, Mr. Speaker, I do not consider the present official Opposition have added much to their political morality by some of the late additions to that party. I want to explain what I mean and I desire to be fairly definite. The late addition, that I refer to consist of men who were read out of the old Conservative party by Sir Robert Borden, because they secured war contracts under very suspicious circumstances. It also contains men who were the remnants of provincial governments, who were notorious for having received rake-offs on railway contracts, on timber lands, and, even, on patriotic gifts to the mother country in time of war. I do not propose to let an aggregation like that use me as a whip or scourge to scourge anybody. I am speaking for myself when I say this, Mr. Speaker. I presume I can find a way of chastising the Government or of reasoning with them, without being made a tool of by anybody. I will be just as unready to be made a tool of by the present Government to scourge the present Opposition. I take that independent stand which I have always taken in this House to judge every question on its merits. I do not want anybody to think they can pull the wool over my eyes and make me believe black is white.

Mr. PIERRE F. CASGRAIN (Charlevoix-Montmorency) (Translation): Mr. Speaker. Before submitting to this House, the few remarks which I intend to make on the budget, allow me to offer to the Prime Minister who so ably presides, ever since last December, over the destinies of this country, my most sincere congratulations for the great honour which was bestowed on him by His Majesty the King in granting him the title of an Imperial Privy Councillor and, by that acknowledgment, placing him in the rank of all the great statesmen who have presided over the destinies of this country. I wish to offer him my respects and sincere congratulations, together with those of the people of Charlevoix-Montmorency, whom he has had the pleasure of meeting and whom I have the honour to represent in this House.

Mr Speaker, if the hon. members will grant me a few more minutes, I shall take the liberty of joining those who in the course of the debate on the address, sincerely congratulated you on the occasion of your elevation to the speakership of this House. Well deserved praise was then showered upon you. I should have liked to have raised my voice in such a chorus, but I was not perhaps so well qualified as others to do so. I shall content myself with endorsing all that was said on that occasion and tell you that you deserved them all. For many reasons do I wish to endorse the sentiments expressed by those hon. gentlemen; first, because on certain occasions, you were like a mentor to me in my first political efforts which I made in our province, later I might even add that you acted as sponsor to my political baptism. Another good reason, is that you are somewhat one of us, considering that the people of Charlevoix have the signal honour, the great favour and the pleasure of counting you amongst them during the beautiful summer season, when you come down to Murray Bay and take up your residence at Pointe-au-Pic, in the county of Charlevoix, the most picturesque of the Province of Quebec.

Mr. Speaker, when we examine the budget which was brought down by the hon. Minister of Finance (Mr. Fielding), whom everybody honours and respects and who was the right arm of Sir Wilfrid Laurier and had the overseeing of his fiscal policy during the fifteen years, which gave this country its greatest prosperity, we are well aware that the conditions, under which the hon. minister had to labour, were most abnormal. If we consider the economic state of our country, together with all the causes which brought on this state, I think that all unprejudiced public men must admit that the hon. Minister of Finance accomplished a gigantic task when he prepared his budget, which, I frankly admit without being absolutely perfect, without being very satisfactory to the members who sit nearest to your left, Sir, nor to their neighbours, without pleasing everybody,

nevertheless solves sufficiently, and very well indeed owing to the circumstances, the complex economic problems of our country. I understand that the minister tried by all possible means to spread in the most equitable manner the obligations which will have to be met by the ratepayers of the country through the great crisis we are undergoing.

The official Opposition, through the former Minister of Finance (Sir Henry Drayton) acting as their mouthpiece, simply contend that the Liberal party has cast aside the principles enunciated at its great convention, in 1919. A good friend of mine whispers to me that there are only fools that never change their mind. I do not wish to say we should apply that sentence or proverb to those who make us such reproaches to-day. Let me only say that if the Government does not carry out immediately all those reforms which we advocated in the great convention of 1919, it is because circumstances do not lend themselves perhaps as much now as they might have done at the time and it is also perhaps on account of the Fordney tariff, a new wall which prevents us from communicating, from trading and from doing business with the United States as easily as we might have been able to do. However, Sir, there is one thing which we must not lose sight of, when the official Opposition reproach us with not putting into practice the platform of the convention of 1919. It is one of the weakest reproaches that I have ever heard for, as the press of the whole country has testified, if we carried out immediately the changes which we are reproached for withholding, these same gentlemen would be the first to tell us that we are going too far and that we are bringing ruin and desolation upon the country. This we must avoid. The amendment moved by the official Opposition must not be taken very seriously It is simply an amendment moved by gentlemen who have no other to bring down and who cannot offer to this House or to the country a progressive policy which might tend to enlighten the Minister of Finance and guide the Government in a better path. I have always heard that the Opposition should not always think of finding fault, but should moreover try to find solutions to all the difficult problems and serious dilemmas in which the country and Government of the day might find themselves. That is what we endeavoured to do while in opposition. We moved, in 1918, thanks to the hon. member from Brome (Mr. McMaster), certain resolutions; and in the years which followed our convention, in 1920 and in 1921, all the amendments which were prepared by the financial critic of the Opposition of the time, always aimed at giving the best advice which we thought in good faith might help to bring relief to the people of this country. All these subterfuges which the official Opposition is resorting to to-day cannot have any other result but to maintain them in the position they are at present that is to say, in the most unfavourable position which has ever been the lot of a party to occupy in this country. We have taken note, from the outset of the session, of the small number of votes which have been registered in favour of the motions and resolutions of the Opposition, so called official, and I am thoroughly convinced that the amendment of the former Minister of Finance, will have the same fate.

When we examine the budget as it is framed to-day, when we take into account the amendment moved by the official Opposition, and when we consider, on the other hand, the stand which the new Progressive party takes, we are apt to ask ourselves which side we should take.

If we consider the speeches delivered by the leader of the official Opposition and his lieutenants, who were in power but a few months ago; if we consider also the speeches made by the leader of the new party who sits opposite to me (Mr. Crerar), and a number of his lieutenants, we cannot help concluding, that in both cases, the leaders of those two parties as well as their lieutenants, including their supporters, go too far. For my part, I cannot accept all the theories, all the arguments and the whole programme of the hon. members who are directly opposite me. On the other hand, I can no more agree to all that is contained in the programme of the official Opposition, who are to your left, Mr. Speaker. In such a circumstance, what is the wisest and best policy, the one which any person with common sense should adopt? I conclude, Sir, that it is the one which the Liberal party has always followed; the policy found in the golden mean, which was so well defined by the hon. member for Quebec East (Mr. Lapointe), in a famous speech which he made in this House last year. He then said: "In my opinion, the best policy is the one which consists in a moderate protection, a policy which does not lean too

much towards free trade, but which, on the other hand, is not entirely protectionist."

Mr. ARCHAMBAULT (Translation): In medio stat virtus.

Mr. CASGRAIN (Translation): As my hon. friend, the member for Chambly-Verchères has just expressed it, "In medio stat virtus." Sir, all these arguments, these subterfuges of the official Opposition, embodied in the amendment which is at present under consideration of this House, must not be taken seriously by an intelligent person. Moreover, if we consider that since 1911 those who moved this amendment, are those same gentlemen who, through their want of foresight and extravagance, have been the cause of the deplorable state of the finances in which our country finds itself at the present time, we might take them more seriously if they endeavoured to propose to this House some means so as to show us how we might possibly reduce the enormous debt which weighs on us and re-establish equilibrium in our finances. If we take into account all the millions which went to fill the pockets of friends of the Unionist-Tory government, it is not astonishing that in order to meet the situation, the hon. Minister of Finance was obliged to somewhat revise the tariff in such a way as to increase the duty on certain articles and to impose certain taxes and that he was unable to cut down the tariff as much as my good friends the Progressives would have desired.

One of the provisions which gives rise especially to criticism by our opponents, is the increase on the sales tax. Well, Sir, I believe it would be preferable if this tax were increased a little more and if the law regulating the income tax were wiped out from our statutes, because it is the one which is the most liable to be transgressed. It is a well known fact that a great number of business men and financiers do not give the state a just proportion of their income and the consequence is that the greatest portion of the burden—if not the whole—is borne by the small wage-earners who are the least able to carry such a load. While on this subject, let me say that, in my humble opinion, the income tax should be modified and revised in such a way as to make it more simple, so that everybody can understand it and can prepare his return yearly, without being obliged to have an accountant or an expert, and thus deposit in the treasury the money which is due to it or to the country. There is on this subject another point to which I want to draw the Government's attention. It seems to me that it would be an easy thing to alter somewhat the income tax so as to increase the tax of those who are drawing annually an income of ten to fifteen thousand dollars and who have no children, or are bachelors. An hon. member of this House, I believe it is the hon. member for Labelle (Mr. Fortier), asked that the father of eight children or more pay no income tax if his income does not reach $10,000 per year. Many newspapers throughout the country endorsed that part of the speech of the hon. member for Labelle, amongst others Le Bien Public, of Three Rivers.

Good things and good men often come from Three Rivers. For instance, that city gave the King Cabinet one of its most distinguished members in the person of the Minister of Customs (Mr. Bureau). Le Bien Public approves the suggestion, but at the same time offers another which it considers better and which I shall submit to this House: "The suggestion would still be more acceptable if the exemption of the tax applied without any restriction to all the heads of families with children and whose revenue is not over $5,000. In reality, this year the hon. Minister of Finance (Mr. Fielding) with his new taxes, especially the collection of 50 per cent on the sales tax, increased in an indirect way the burden of heads of large families; and that amounts to an increase on the income tax, since the exemption of $200 per child shall have a smaller value than in the past; because with this new sales tax, in truth, this amount of $200 will have a purchasing power less than it had in the past.

I believe, Mr. Speaker, that it would be worth while taking into consideration these facts, and when the hon. Minister of Finance comes before the House in Committee of the Whole, we might make some amendments on the income tax so as to alleviate the burden of heads of large families who draw small incomes, have little money to set aside and must pay taxes to the Government. Mr. Speaker, if we examine in details the budget we note that there are certain products exempted from the sales tax, and on this score I congratulate the Minister of Finance. For instance, we find rolled oats, buckwheat flour, pea flour, alfalfa flour, salt, radium, hemp fiber, which is utilized to manufacture ropes which do not exceed 1½ inches in circum-

ference; furthermore, we come across items for the fisheries, fishing boats, supplies and material which enter in the construction of fishing boats for personal use, fiber for binding twine, material used for job-printing, sold to establishments not exceeding in value $3,000; besides substances entering into the manufacture of oleomargarine, we have added the material used in the manufacture of hooks and other fishing accessories.

There is another government tax which is at present much discussed and in regard to which many manufacturers, important financiers and representatives of large business houses have made objections. I am speaking of the stamp tax, the two cent stamp which one will be obliged to stick on each cheque for every fifty dollars. Sir, two years ago, I believe, in this House, but under a different administration, when there was question of a very similar tax on promissory notes and Bills of exchanges and the tax was increased, I am not aware that there was then so much objection as we find to-day. I ask, Sir, is it equitable not to require more for a cheque of $1,000 or $2,000 than for a cheque of $50, the amount which is in current use by all the small traders and by all those whose accounts are more or less restricted? It is but just, in my opinion, that the large merchants and financiers who deal in larger transactions, and who earn more money be taxed in proportion to their amount of business and means.

A suggestion which should be made when these resolutions come up for discussion by the committee, is to find an easier way as to how these stamps should be placed on cheques. I might suggest that it would not be a bad idea if the banks did this work, because they are in a better position to do so than are the merchants and traders and no time would be lost. I remember having forgotten, in one instance, to stick the stamp which has become traditional these last years; the bank simply stuck a stamp on and charged it up to my account. We might, if need be, pay the banks a certain amount extra for the work.

An hon. MEMBER (Translation): Who would pay this amount?

Mr. CASGRAIN (Translation): It would be the person who made out the cheque. With the present system of collecting this tax, it appears difficult to have it paid by the client and this is what at present the financiers, brokers and merchants object to. I believe if we adopted my suggestion that it would have for effect to do away with this nuisance.

We have rightly increased the tax on cigarettes and choice cigars for, in my opinion, although I am a moderate smoker of cigars and cigarettes, I believe it is a luxury and that under these circumstances, the Government must not be blamed for having taxed these articles. We may also congratulate the hon. Minister of Finance for not having taxed leaf tobacco which is used both in the manufacture of domestic cigars and cut tobaccos.

Numerous decreases in the tariff promote the importation of agricultural machinery, gasoline tractors worth $1,400 admitted free as well as linen thread used in the manufacture of Holland cloth. There is also a lower duty on wools, cottons, alcohol used in the manufacture of pharmaceutic products, patent medicines and a great number of other articles too numerous to mention. On the other hand articles of luxury, such as foreign manufactured cars are taxed. I believe, Sir, it is a good policy and the Government has acted wisely. I think the Minister of Justice (Sir Lomer Gouin) had something to say in this matter—he now forms part of the cabinet—because the policy of the Liberal party in Quebec has always been to spread the taxes justly and to collect them from those who could mostly afford to pay them; now, I note that the Government in increasing the tax on motor cars, reach those who can afford such luxuries, and this is good policy.

Mr. Speaker, without entering into further details in regard to what the budget contains, I consider that, owing to the difficulties which the Government had to overcome so as to restore economic conditions to a more healthy state, I may give my assurance that all the electors who gave me their trust in the last general election by returning me with such a large majority, will approve the budget submitted by the hon. Minister of Finance and that they will also approve me, if I vote, as it is my intention to do, to support the Government and its budget. I may conscientiously and sincerely say that all my electors, whoever they may be, will bravely bear up with the consequences and effects, the more so that, as I represent a county to a large extent made up of farmers, navigators and fishermen, my constituents will acknowledge thankfully the few concessions that the Government has granted them. I may therefore, on their behalf, offer the Minister of Finance as well as the Government

sincere congratulations for the ability and good sense shown in solving the complex problem of the reconstruction of our economic system. If our opponents, especially those who form part of the socalled official Opposition, want to examine their conscience—

An hon. MEMBER (Translation): They have none.

Mr. CASGRAIN (Translation): They tell me that they have none; I regret it very much—they will perceive that the financial state through which the country is struggling to-day is due to the pillaging of the public funds, the manipulating of the railways which occasioned heavy losses and the depreciation of these ways of communication, which is the cause of the confusion in which the country is thrown to-day. The whole blame can be put down to the very poor policy which the Borden government and the Meighen government inaugurated between the years 1911 and 1921.

While on this subject, Mr. Speaker, let me point out certain things to the Government. When we were in the Opposition, on many occasions your humble servant and all my colleagues, including the hon. member for St. James (Mr. Rinfret) who is now at my side, have fought the railway policy of the then government. Many a time I asked that the board of directors of the Canadian National Railway which was managing these railways and to which I had taken exception when that company was incorporated, I asked that this board of directors be changed and replaced by competent persons and experts who would be able to place our railways on a business-like, economic basis so as to make it pay or at least to prevent the large deficits which we have had from year to year. I am aware that this year the same persons who were managing our railways then, are still on the board of directors. I am willing to admit that the Government is doing all it possibly can under the circumstances, but I also wish to be faithful to the promise which we gave at that time and the policy which we followed, we that have always believed, especially those who hail from the province of Quebec, that the policy of nationalizing our railways was not the best under the circumstances, and that, if we were obliged to accept the fact as accomplished, we should endeavour to manage these railways very economically and to get rid of them as soon as possible.

I hope, Mr. Speaker, that the board of direction will soon change and that at the next session we shall listen to a new policy on the part of the Minister of Railways, a policy which will give us hope and let the country see that we have made some progress and that the enormous deficits which the Government and the country have to bear up with, may be avoided. What I have just said in regard to the management of railways may equally be said of the Government Merchant Marine.

While in the Opposition we took strong exception to this merchant marine. We even kept up the fight for a whole day and night, and up to the present I do not know what is taking place, for we have not yet heard the budget on the merchant marine; but if we listen to the rumours published in the newspapers we can expect deficits as large as those of last year. I trust that the Minister of Finance and the Minister of Railways will bring in a wise policy and put a stop to these deficits and place the country's business on a better footing, so as to alleviate the burden of the ratepayers.

There is a part in the speech on the budget which I agree with, but nevertheless to which I wish to refer. The hon. Minister of Finance and many of those who will approve his budget say that we must absolutely reduce our debts, and that the most strict economy must be practised. I agree. It is exactly what we were told in the past so as to pay off our war debt and re-establish equilibrium in our finances. If we wish to practise economy, it seems to me that we should do so on a larger scale and begin where we can effect the greatest savings. When we were in the Opposition we energetically opposed the creation of the Purchasing Commission which was imposed on the people of this country, not through legislation but by an Order in Council, after prorogation of Parliament, in 1920. This commission costs the country a great deal of money, and it has not yet been shown in this House, that it has given satisfactory results, such as would excuse us in continuing it. I therefore suggest to the Minister of Finance to abolish the commission. The money which might be saved from this source might be usefully expended elsewhere. There is another such commission which I would gladly see disappear, changed or modified. It is the Civil Service Commission, especially in regard to the outside service. The salaries of the commissioners, the secretary, and

the other employees of this commission are considerable, and I do not know that this commission, up to the present, has given good results in the administration of the outside service. If it was not that I do not wish to overtax your patience, Mr. Speaker, I could bring out certain details which would satisfy you as well as all the other members of this House, even those on the Opposition side who are the hardest to convince, and I feel certain that everybody would approve of such motion. I certainly believe that those two commissions should be abolished. In my opinion also, we should equally reduce the number of employees in a number of departments. At present, what do we find in certain services? We find two, three, or four lawyers, a fairly large number of architects or engineers, and these branches form really small departments within large ones. In this way, I believe we could economize a sufficient amount to enable us to perform absolutely necessary works which are needed all over the country and which unfortunately cannot be undertaken owing to our present financial condition and because we are not following out the strict economy which is recommended.

Mr. Speaker, ever since I have had the honour to represent, in this House, the county of Charlevoix-Montmorency, I have asked the Government on many occasions, to carry out in that county certain public works which are urgent and very necessary. The answer which I always received was that they had no money for such works—and when I was in the opposition, I believe that the reason which was always given me was due to the fact that I criticized too much the government which for that reason was very little disposed to grant my requests. I must state that as long as I occupy a seat in this House, either on the Government side or on the Opposition benches, I shall never cease to ask on behalf of my constituents, for those who have entrusted me with the mandate to represent them here, the necessary work and ameliorations needed in that part of the province.

During past years, I asked for improvements to be carried out in my constituency at places called Baie des Rochers, St. Siméon, St. Fidèle, Murray Bay, St. Irénée, Eboulements, Baie St. Paul, Ile aux Coudres, Riviere St. François and St. Anne de Beaupré. Mr. Speaker, those localities, I know, are familiar to you, since you go there every year to spend your holidays. My predecessor did ask for works which the Liberal government had recommended before the overthrow of the Liberal party in 1911. I would like the Government to take into serious consideration every request I placed before the several departments with respect to wharves, post offices, public buildings and other improvements; and I trust those undertakings shall be carried out as soon as possible. We are asked to practice economy. I am willing to do so, provided that the Government follow suit to a certain extent, so that we may do justice to those who have elected us to represent them in this House.

Mr. Speaker, I may have spoken too long and I crave your indulgence in case I have somewhat protracted this discussion. I have confidence in the new administration. The few remarks I have just made were made in earnest and the Government, no doubt, will take them into serious consideration. I rely upon the ability and wise policy of the leader of the Administration, and his colleagues; I view the future with calm and I am convinced that prosperity shall be restored in Canada, a prosperity similar to that which our country enjoyed during the fifteen years of the Liberal administration from 1896 until 1911, a prosperity which our late lamented leader, Sir Wilfrid Laurier, had known how to bestow on the country; and thus relying upon the leader of the Government, the ministers representing the districts of Quebec and Montreal and their distinguished colleagues, I invite my friends in the House to vote for the budget proposals; that invitation extends not only to good Liberals sitting on the Government side, but also to the other members who were Liberals formerly—who now wish to move too quickly. I ask that they be willing under these circumstances to join hands with us so that the budget may carry with a good majority.

Mr. H. C. HOCKEN (West Toronto): Mr. Speaker, we have the promise of the Prime Minister (Mr. Mackenzie King) this afternoon that there will be certain modifications in the budget that has been brought down, and I want to express the opinion that there is plenty of room for such modifications. The practice of this Government has been to bring down measures and then to amend them before they get very far, so that the Minister of Finance (Mr. Fielding) is quite in line with the practice that has prevailed with the Minister of Militia (Mr. Graham) and with

regard to other questions that have been brought before the House. I trust that the Minister of Finance will make these modifications somewhat comprehensive. I think he might, with advantage to the country, modify his stamp tax, because that tax is going to be a very great burden especially upon those who have large financial transactions, and it is going to work very grave injustice Every municipality issuing bonds, collecting taxes, dealing with large financial transactions, is going to be required to pay three or four times on the same money, and I hope the Minister of Finance will be able to modify that provision.

I hope too that he will give some consideration to the complaints of confectioners who have been singled out for a special tax that is not imposed on any other class of merchants or manufacturers. Under modern conditions of living, confectioners play a very large part in the life of the people. At the present time, especially in cities and large towns, there are many living in apartment houses who find the services of men in that business of particular value, and why they should be penalized above all other businesses is something that I do not understand, and something which, I venture to say, the Minister of Finance cannot justify on any reasonable grounds.

I might say the same thing with regard to the prohibitive tax that the Minister of Finance has placed upon imported cigars. I am not speaking for any personal reason because, when I smoke cigars, I smoke domestic ones; but my point of objection to this tax is that he has put such a tax on imported cigars that there will be no revenue at all from that source. The tax is made prohibitive so that, instead of adding anything to the revenue, it will decrease the revenue. In these particulars and in others that might be mentioned, I think modifications are quite in order.

Undoubtedly, this budget is adding very seriously to the burdens of the people of this country. We have been told, for two sessions at least, perhaps longer, about the increasing cost of living; but the 50 per cent increase in the sales tax is going to place upon the people a heavier burden than they have so far borne, and I trust the Minister of Finance will modify that somewhat. The sales tax, as imposed by the ex-Minister of Finance (Sir Henry Drayton) who represented this party, is a very wise measure; but any measure which is wise within reason, can be made very unwise when it is exaggerated, and that is what I think the Minister of Finance has done in this case.

I was not surprised that the members of the Agrarian party were dissatisfied with the budget. They listened to speeches that were made in this House last session and the session before; I have no doubt they took those speeches as expressions of sincerity, and they expected and had a right to expect larger reductions, especially on agricultural implements. Mark you, Mr. Speaker, I do not think there should be any reduction on agricultural implements; but this touches the point of the amendment introduced by the ex-Minister of Finance. I think a party that makes pledges when it is in opposition, puts them into its platform, and into its campaign literature, and then brings down such a budget as the one which the Minister of Finance has brought down, is to be condemned in the terms of the amendment presented to the House. I think my hon. friends to the left have very substantial grounds for complaint as regards the tariff proposals contained in the budget. But those members of the Agrarian party who have followed the course of events with regard to the Liberal party and who have had anything like accurate knowledge of their methods and their record, would not have any ground for being astonished at all, because it has been a feature of the Liberal party, ever since the death of George Brown and the deposition of Alexander Mackenzie as leader of that party, to make promises and not to fulfil them, especially with regard to the tariff. As long as the late George Brown was alive, he kept the Liberal party a free-trade party. As long as Hon. Alexander Mackenzie's voice was to be heard in this House, he argued for a 17½ per cent tariff which, while not free trade, was approximating that. But when those two honest and sincere statesmen disappeared from the scene, the Liberal party shifted its ground, and from that day to the present time, there has been no sign or evidence of sincerity in its pledges or promises with regard to the tariff. Those of us who know that and who have followed its record, are not surprised that it has not implemented its pledges. Some of my hon. friends to the left have not, perhaps, followed the course of the Liberal party so closely, and to them this may be a matter of astonishment. We used to be told that we were going to get free trade as it is in England.

That was the phrase used in the party literature. That is what the late member for Red Deer used to expatiate on so loudly and eloquently in this House; but nobody can expect that; indeed, nobody can expect any particular reductions in the tariff. Personally, I am satisfied that the tariff is not too high. I object to the 2½ per cent reduction on agricultural implements, although my attitude may give a shock to my hon. friends to the left.

Some hon. MEMBERS: No shock at all.

Mr. HOCKEN: But I believe in maintaining our industrial concerns, and I believe in the principle of protection. I say that frankly as this party says it. I would invite my hon. friends of the Agrarian party to consider what a remarkable difference there is between this body and that body sitting opposite on the point of sincerity, and if sincerity is of any value in public life, it ought to be considered. Whatever faults may be charged against this party, it has stood since 1878 four-square for the protective principle. We have not tried to hedge on that at all. Every man in Canada knows what the trade policy of the Conservative party is and has been for over forty years; but no man in Canada can tell from one year to another what the policy of the Liberal party is with regard to the tariff. On that side of the House, there is such a hodge-podge of opinion, that I doubt whether anybody now can tell what their policy is on the question of protection or free trade. They have both classes on that side, not only on that, but on many other questions. The Minister of Justice (Sir Lomer Gouin) to-day endeavoured to prove that the Liberal party had been consistent in its trade policy, and he went back to the late Hon. Mr. Blake to quote him. I think the Minister of Justice was somewhat unfortunate in his selection. He quoted the late Hon. Edward Blake in his Malvern speech to prove that the Liberal party had been a reasonably protective party; or that they had a tariff policy which, perhaps, they did not claim to be protective in its character, but which was substantially so. I can tell the House that the Hon. Edward Blake, that great statesman, one of the most brilliant men the Liberal party has produced, if not the most brilliant man in all its history, was deposed from the leadership of the Liberal party because he held those views as quoted by the Minister of Justice. When he spoke at Malvern, he created a schism in his party, because his party was for unrestricted reciprocity. That was the issue of the election which followed his resignation. It was because he would not adopt that principle and that policy of unrestricted reciprocity that he felt compelled to resign the leadership of the Liberal party and to retire from Canadian politics. In fact, he was driven out of Canadian politics because he announced a policy somewhat similar to that which has since been carried out by this party.

I am going to quote what he said, Mr. Speaker, in this celebrated letter to his electors in West Durham, dated 5th March, 1891. It is a long document and therefore I shall not read it all. Among other things he said:

> The issue which the party has thought fit to tender for the judgment of the electorate is that of unrestricted reciprocity or absolute free trade with the States; an issue which has been maintained as the sole party plank ever since it was put forward in 1887.
>
> Being at that time in Europe, I wrote, and after my return fully stated to leading men my views on this head.
>
> It was agreed that unless the conditions should change, it would clearly be my duty, when called on to address the Constituency, to make known those views; but the desire was expressed, in the party interest, that they should not be then published.
>
> Having decided to yield to every wish of my friends, compatible with honour, and hoping against hope that some turn of events might ameliorate a situation to me most painful, I yielded to this wish.
>
> Lately, when a provincial convention was summoned, and our fifth session was approaching, I though it right to convey to the riding association, as a basis for discussion, some brief intimation of my opinions.
>
> But, on the statement of prominent men that its publication would, even then, be detrimental to party interests, my letter was held back for a few days.
>
> Pending discussions on the matter, the dissolution has been precipitated; we are now in the throes of the election; and I feel bound to limit my confidence to you alone to-day.

The hon. Minister of Justice (Sir Lomer Gouin) quoted the late Hon. Edward Blake to prove that what he said at Malvern was the policy of the Liberal party; but it was exactly contrary to the policy of his party, and because of the statements he made there he had to retire—to him a very painful thing. And he not only retired from the leadership of his party, but he retired for good from Canadian politics.

I am going to read two or three more paragraphs of that historic letter to show what was the policy of the Liberal party at that time. He said in paragraph 16:

Since any practicable arrangement does substantially involve, not only differential duties, but a common tariff, unrestricted reciprocity becomes, in these its redeeming features, difficult to distinguish from commercial union.

His interpretation of commercial union is given in paragraph 21:

The tendency in Canada of unrestricted free trade with the States,—

Remember, he was discussing the policy of the Liberal party.

—high duties being maintained against the United Kingdom, would be towards political union; and the more successful the plan the stronger the tendency, both by reason of the community of interests, the intermingling of populations, the more intimate business and social connections, and the trade and fiscal relations, amounting to dependency, which it would create with the States; and of the greater isolation and divergency from Britain which it would produce; and also, and especially, through inconveniences experienced in the maintenance, and apprehensions entertained as to the termination of the treaty.

Let me give you another extract, Mr. Speaker:

Assuming that absolute free trade with the States, best described as commercial union, may and ought to come, I believe that it can and should come only as an incident, or at any rate as a well-understood precursor of political union.

That was the policy of the Liberal party at that time, and that is how the Hon. Edward Blake interpreted it. And he did a most remarkable thing, Mr. Speaker, for a man of his standing and responsibility. Holding such views, so strongly divergent from those held and advocated by his party, he was so loyal to his party and so disloyal to his country that he declined to make his views known until after the election had been held. He did that at the request of certain of his political friends, because he said:

Without being so presumptuous as to imagine that my judgment is entitled to weight when unconfirmed by that of my political friends, I yet recognize the extensive and effective use, too commonly made by the adversary, of the slightest divergent expression of opinion from the humblest member of an opposing organization.

My late relation to the party emphasizes the present application of this remark.

And I have come to the conclusion, confirmed by the judgment of leading men, that the publication of these opinions would inflict much more damage on my friends than the slight injury which may result from my silent withdrawal.

Here was a public man who because of a mistaken sense of loyalty to his party concealed his views on an issue that was dividing the country—something that has been characteristic of the leaders of that party. I submit that holding the views he did he owed it to the country to state those views before the electors were invited to go to the poll.

But, as I said, that is characteristic of the leaders of the Liberal party, even to the present day, for only this week we have the Minister of Finance (Mr. Fielding) saying:

I have never voted for the tariff items of the Liberal platform, and never concealed the fact that I did not approve of the platform in that respect.

So my hon. friend has run true to form—he did not let anyone know until Monday that he did not believe in the platform of his party. I submit that it is not an act of sincerity for a public man holding views on an important national question to conceal those views. He may justify that concealment, of course, by some method of reasoning which I do not understand, but I do not think his action can be defended upon any high moral ground.

The Globe said at the time the Hon. Edward Blake wrote his letter that they did not know what its effect would be on the party. Well, we have discovered since what the effect was. It led the Liberal party to drop unrestricted reciprocity, commercial union, free trade and that kind of thing, and when returned to power in 1896 to adopt the tariff policy of the late Sir John A. Macdonald, maintaining that policy down to 1911, when by some peculiar aberration of mind the party went back to the old reciprocity idea. Well, the people told the Liberal party what they thought about reciprocity, and I fancy that the second lesson—the first they got in 1891—ought to be sufficient to convince them for all time that reciprocity or free trade, or commercial union or free trade as we have it in England, will not go in the Dominion. As a matter of fact we have the protective policy to-day, and I may say to my hon. friend that I believe we are likely to have it for many years to come. But what could my hon. friends from the prairies expect from a government created by the big interests of this ucontry? I see that causes a smile. It causes a smile, Mr. Speaker, because over the length and breadth of Canada this party of ours has been called the party of the big interests. It is not under the influence of the big interests; the course that the big money power of this country followed in the last election is sufficient proof of that fact. Big business

not only refused to support the leader of this party, but turned all its resources not behind the leader of the other party, but behind the Minister of Justice, whom big business regards as the leader of that party. Do my hon. friends take my word for that?

An hon. MEMBER: No.

Mr. HOCKEN: Well, if they will not, I am going to give them some evidence which perhaps they will take. I have here a copy of the official organ of the U.F.O., and I am sure that the third party will accept that as evidence that is substantial and good. I find this, Sir, on November 26, just before the election:

Meighen beaten to a frazzle, say Montreal magnates. Vested interests in Montreal say Meighen will only get forty or fifty seats.

They had them pretty well counted.

They have left him and have swung in behind Sir Lomer Gouin and the anti-public ownership, high protectionist Liberals of Quebec province. Say King does not count. Vested interests now support Liberals. Montreal's big business men forced Meighen to country in first place, backed him until he became a "forlorn hope," and now give their allegiance to Liberal protectionist group. Want Gouin as premier.

And it goes on in quite an interesting way, Mr. Speaker. The gentleman who wrote this was at one time a journalistic colleague of my hon. friend the Minister of Finance; he lived in Montreal, and knows the situation there very well. He says:

This week a Sun representative—

Which was himself.

—visited Montreal and is able to state that the big business men of the commercial metropolis regard Premier Meighen as a beaten man. They have turned away from him and have picked Sir Lomer Gouin and the Hon. Walter Mitchell as the only men to whom they can turn in their hour of need. The hon. Mackenzie King is eliminated by the Montreal interests. They expect him to be defeated in North York, but even if he is not defeated, they declare that the real men in the Liberal party consist of the high protectionist anti-public ownership element as represented by Quebec. It is undoubtedly true that big railway corporations, big shipping concerns, wholesale and distributing houses, manufacturing establishments, banks and other kinds of big business, have their fingers pretty close to the pulse of the people.

Aye, they are the doctors in some cases.

They get reports from all parts of the country and it is the summarized viewpoint of all these from the various provinces that have convinced them that Meighen is worse than a forlorn hope. They have put him down at the bottom of the list with not more than forty to fifty seats. In fact some declare that the Conservatives as such will be wiped out at the coming election and that the only hope of the vested interests is in getting behind Sir Lomer Gouin and his associates. For a variety of reasons, the vested interests of Montreal do not like Mackenzie King. He is disliked because of his Ontario attitude on the tariff, on the railway problem, and in regard to public ownership in general. In addition to all that, Quebec has a friendly spot in its heart for Sir Lomer Gouin, not that he appeals to them as Sir Wilfrid Laurier appealed, but because of what he has done for big business. At a time when Ontario was going in for public ownership, Quebec was offering every possible inducement to private capital to invest in her timber lands, her water-powers, her mines, pulp areas, etc. Sir Lomer himself quit his government, after some fifteen years in office, to become a director of several big corporations. To-day he is a director of the Bank of Montreal, a director of the Royal Trust Company, director of the Laurentide Pulp Company, and of various other concerns. As a director of the Bank of Montreal he is persona grata with the C.P.R.—the two directorates being almost identical. In the Quebec Legislature, Sir Lomer Gouin was a czar. No dictator or autocrat ever wielded the sceptre with more disregard for his opponents. He brooked no opposition. His will was law, and that will was to give every possible consideration to what is known as big business. In view of that fact it is not very surprising to find the vested interests in Montreal swinging in behind the little Napoleon of French Canada. Sir Lomer will be backed up by his former provincial treasurer, Hon. Walter Mitchell, who is a protege of the ex-premier. In fact some go so far as to openly proclaim that Sir Lomer Gouin will be the next Premier of Canada, and that the Hon. Walter Mitchell will be his Minister of Finance.

I gather that the hon. gentleman may fairly be described as the A.D.C. in waiting for the Minister of Finance.

All practically agree that if the Liberals are returned to power, even with Mackenzie King as their head, he will be head only in name, and that the real power behind the throne will centre in this little group of Quebec Liberals—Liberal in name, but Conservative at heart.

And it sounded very much like that this afternoon. The speech we heard today from the Minister of Justice reminded me in a very striking way of the eloquent addresses we used to hear from Mr. Cockshutt of the Cockshutt Plow Company. The story proceeds:

Some even go so far as to predict that Sir Lomer and his high protectionist big interests associates will absorb the remnants of the Conservative party—

Well, there are one or two little remnants that I do not think he will absorb.

—but agree that if this is done a section of the French-Canadian low-tariff Liberals, representing rural constituencies, will break away and follow the Hon. T. A. Crerar. These would be led by Ernest Lapointe of Quebec, regarded by many as Laurier's successor. It is openly predicted that after the election on December 6 the Quebec "block" will split right down the middle—

Well, they are splitting, a little further each day.

—one section under Sir Lomer Gouin, allying themselves more or less with the remnants of the Conservative party, and the other joining up with the agrarian group under the Hon. T. A. Crerar. The outstanding impression gathered by conversation with Montreal big business men, was that they had given up every hope of Arthur Meighen being a factor in the forthcoming Parliament. He is beaten to a frazzle, and like rats leaving a sinking ship they have turned to Sir Lomer Gouin.

As for my right hon. friend the leader of the Opposition not being a factor in this Parliament, they have certainly made a miscalculation there, for the facility with which the Government has changed its policy at his direction has been the outstanding feature of this session.

Now, when my right hon. friend (Mr. Mackenzie King), whom I congratulate upon being elevated to the dig-
10 p.m. nity of a Privy Councillor, found himself after the election, to his surprise, at the head of the largest group, I firmly believe, not only from his actions at the time but from what I know of the character of the man, that he pledged himself to form a real, progressive government. I think that was his desire. In fact, he began immediately to negotiate to that end, and his friend, Mr. Haydon, made some visits to the West. I do not know whether my hon. friends know all that happened there, but the net result was that five of them were to come into a coalition government. That is the way the leader of the Agrarian party understood the negotiations. I regret very much that that coalition was not formed. It is true it might have resulted in some reductions in the tariff—it could not have resulted in many—but other Progressive policies would have had a much better chance of success if five of them had entered the cabinet. I refer particularly to the National Railways. My hon. friends to my left believe in the public ownership of railways, and I believe their view is perfectly sound. I believe that if we have the courage to persevere, the National Railways will be a wonderful asset to this country, but you cannot build from five to ten thousand miles of railway in excess of the country's requirements and expect the system to pay until the country is more densely populated. That was the mistake that was made, not the mistake that we made, but the mistake that hon. gentlemen opposite made who built all these railways.

[Mr. Hocken.]

Mr. McMASTER: Both parties.

Mr. HOCKEN: Who built the Grand Trunk Pacific? Was it the Liberal party or this party? Who built the Transcontinental?

Mr. McMASTER: What about the Canadian Northern?

Mr. HOCKEN: Hon. gentlemen opposite built thousands of miles of railway that was not required at all, and that is what is causing the deficits on our National railways to-day.

Mr. McMASTER: Was not the extension of the Canadian Northern through the West largely brought about under the aegis of the Conservative party?

Mr. HOCKEN: The hon. gentleman is entirely mistaken.

Mr. MEIGHEN: Hear, hear.

Mr. HOCKEN: The Canadian Northern was financed and bonused by the government under the late Sir Wilfrid Laurier, and guaranteed by the provinces as well.

Mr. McMASTER: Also by the late government.

Mr. MEIGHEN: No.

Mr. HOCKEN: When the Canadian Northern was being built and the Grand Trunk Pacific was proposed, what happened in the party opposite? Its minister of railways deserted it. He would not follow the policy that was imposed upon him, and he left the party because he knew they were piling up on this country a burden that it would never be able to carry for many years to come.

Mr. MARTELL: What did Mr. Bennett, the ex-Minister of Justice, say about the Canadian Northern?

Mr. HOCKEN: The late Mr. Blair was Minister of Railways in the Liberal government at that time, and his judgment was that the building of the Transcontinental from Moncton to Winnipeg was a political crime, he left his party rather than consent to it, and in leaving them he said that the only reason the Grand Trunk Pacific was being built was that "Cox could not wait." I do not propose, while I am on my feet, to allow any man to try and persuade me that this party is responsible for the railway tangle in which we find ourselves to-day. If the National Transcontinental and the Grand Trunk Pacific had not been built, not only would there not be any railway deficits to-

day, but there would be a very substantial profit, because the Canadian Northern is the only section of the national railways that paid last year. It runs through the best territory in western Canada, as my friends here will admit.

My right hon. friend the Prime Minister would have liked to form a Progressive government, and he knew that Barkis was willing. Barkis, in fact, came down to the city of Ottawa, accompanied, I believe, by some of his colleagues, but between the day he left Winnipeg and the day he arrived in Ottawa something happened, and when he got here that excellent plan had to be called off.

Mr. MARTELL: Was that the first time they came for money for the Canadian Northern?

Mr. STEVENS: Three laps behind.

Mr. HOCKEN: It would pay the hon. member to keep awake. I go further and say that it would have been gratifying to all citizens of a progressive spirit to have seen my right hon. friend form the kind of government he wanted in the first place, and when I say all people of a progressive spirit, that would include practically all the supporters of the late government because, Sir, Canada was never given such progressive government as it had under this party. More progressive measures were put through by this party in ten or eleven years than by any other government we ever had in Canada. This is the real Progressive party. I do not feel at all aggrieved to find such a large party of Agrarians in this House. I think they may be a decidedly wholesome influence in the politics of Canada if they do one thing, and that is to maintain the sincerity which they have so far exhibited, so far as I am able to judge. I know that their whole tendency is naturally to support a government which promises free trade. They have been taught to believe that their strongest political opponents are over here, but some day that sincerity which distinguishes them will convince them that they are mistaken in that, and that their natural alliance is with this corner.

An examination of the records of the hon. gentlemen who form the present Government will not disclose many progressive men. It is a government of the old guard, and the cabinet was built by a master mechanic who fitted in every piece of seasoned timber accurately and exactly. I have heard it said in Progressive circles that there is a progressive faction and a reactionary faction on the Government side, and I think that is true. Manifestly, also, the reactionary faction is the dominant faction. My right hon. friend, of course, selected as his right bower the chief reciprocitarian of Canada, and he has as his left bower the chief representative of big business and vested interests in this country. The left bower is a stronger man, physically—I shall not go any further—than his right bower, and then to show his sense of humour the right hon. gentleman threw the joker into the Militia Department. That hon. gentleman has been very quiet so far and his filled his place very well, but I am sure that progressive men on the other side of the House must feel disappointment at the selections which the Prime Minister felt compelled to make. Take the portfolio, for instance, of Marine and Fisheries. There is a fine able mariner down at Lunenburg that might have been fitted into that place, and I think it was a disappointment in some circles that he was not fitted in. But, Mr. Speaker, whoever formed the Government, or whoever had the chief influence in forming it, seemed to prefer to follow the British example in filling the office of Minister of Marine and Fisheries. Because, Sir, it is the British principle to select such a man, and we find that principle put into poetry, not only put into poetry but set to music, because:

> When he was a lad he served a term
> As office boy in an attorney's firm
> He cleaned the windows and swept the floor
> And polished up the handle of the big front door.
> He polished up the handle so carefully
> That now he's ruler of the King's navy.

So in following up the British principle the Government have given to us just about all that Gilbert and Sullivan embodied in this character in Pinafore.

Now, Mr. Speaker, I suppose there has never been such a strange spectacle in this Parliament as we have before us to-day—as we have before us day in and day out. There are all shades of political opinion gathered into one inharmonious group on the opposite side. Here is my hon. friend from Brome (Mr. McMaster) for free trade "as they have it in England"; and here is my hon. friend the Minister of Justice (Sir Lomer Gouin) as protectionist as Sir John A. Macdonald. Then there is my hon. friend the Solicitor General (Mr. McKenzie), who treated us yesterday to one of those long smooth-bore dissertations which at least, did not show any dis-

position to cater to free trade. And it is not only on the question of the tariff that there is a lack of harmony; we also find it on the question of the nationalization of railroads. My hon. friend from St. Antoine (Mr. Mitchell) takes one side; my hon. friend from North Waterloo (Mr. Euler) takes another side. And so it is even when you come to the question of maintaining the militia. The hon. member for Quebec South (Mr. Power) says we can only vote so much for training the militia, and the Minister of Militia (Mr. Graham) says we must have the amount of money that was originally asked for, that it is the smallest amount that can be asked in order to secure the national safety. But the member for Quebec South says "It does not make any difference to the national safety; cut it out", and the Minister of Militia cuts it out. What I want to point out is that there is no harmony of view on the opposite side at all on some of the most important questions that concern this country.

I must say that the speeches made by the hon. member for St. Antoine, by the Minister of Justice, and by other members on that side, in relation to the national ownership of railways, must give concern to every man who believes in that principle. I do not know exactly what we will do with them. The Government could not give them away to any private interest that would assume the capital charges; that is a certainty. If we disposed of the National Railways to-day it would be on the understanding that for all time we would assume the capital charges of $33,000,000 a year. Now my view, Sir, is that it will not be very many years, perhaps only two or three years, when the operating deficit on the National Railways will be wiped out; and when we reach that point we will have secured everything that it is possible to get by handing them over to private capital. I do not know, of course, what the intention of the Government is in regard to the management of the road; but I know some of the executive staff and I venture to say there is amongst that executive as great enthusiasm to make the National System a success as there is even among the executive of the Canadian Pacific Railway. Those to whom I allude are fine, capable, experienced young men, and I believe they can repeat next year what they have done this year when they reduced the operating deficit by several millions. They will reduce that deficit by six or ten million dollars this year, and within a very short time they will have the operating deficit removed entirely. From that time on there will be no talk about scrapping the National Railways or handing them over to private interests.

Sir, I thought that the speech made by the Minister of Justice to-day was about full value for the support which was given to him by the big business interests in Quebec during the last election. What the effect of it will be upon my hon. friend from Brome (Mr. McMaster) I do not know. I am surprised to see my hon. friend in his place to-night. I had thought that the statement of the Minister of Justice would have given my hon. friend such a shock it would have put him to bed.

Mr. McMASTER: Liberals are made of sterner stuff.

Mr. HOCKEN: My hon. friend seems to have more vitality and physical strength, than I gave him credit for, because I cannot imagine anything giving him such a tremendous shock as to hear a speech of such a character from that side of the House. What my hon. friend is going to do with the Minister of Justice, or what the Minister of Justice is going to do with him, I really do not know.

Now, Mr. Speaker, I have just a word to say to my hon. friends who do not believe in protection. I suppose that if, for example, we took Prince Edward Island it would perhaps be a little to the advantage of that province, which is purely agricultural, if we had free trade in Canada; but I cannot imagine it being of any real value to any other province in the Dominion, and the point that always occurs to me is this: Are we, as Canadians, prepared to work together to build this into a great country? If we are, then we must work for the establishment and maintenance of diversified industries. It has been shown to-day by my hon. friend from Vancouver (Mr. Stevens) that the products of the farm—which of course are the most important of all products; we all concede that—are enbanced in value after they have gone through the factory by 100 per cent or more. Are we going to have these factories; are we going to be manufacturers as well as farmers; are we going to try to work together and each carry a little of the other's burden in order to make Canada a great and flourishing country? We in this part of the country are bearing our share of this burden for the West. I think my

hon. friends from the West will agree that a very much greater part of the deficit on the National Railways is borne by the taxpayers of eastern Canada.

An hon. MEMBER: It comes out of the taxes.

Mr. HOCKEN: Well, where do the taxes come from? They come largely from eastern Canada. There is no complaint about that. I am not making any complaint. I am satisfied that eastern Canada will do what it can to meet the burden to keep these railways in the hands of the people so that we can have a national system publicly owned and operated; and that is a service to the West that I hope will not be forgotten. And, Sir, we must have manufactures in the East if we are going to have resources sufficient to pay our debts; and I can tell my hon. friends that they will never get very much relief from the burdens they carry through tariff reduction. That is not the goal towards which they should direct their efforts in my judgment. Suppose the Government does make a few piffling reductions on agricultural implements, such as the Minister of Finance has introduced what does that amount to? And especially what does it amount to when you take the sales tax into account? While the Minister of Finance made that reduction, the addition to the sales tax left you just about where you were before. I am not complaining about high taxes, because this country has to raise a large revenue. We have to pay our debts, and crawl out of our difficulties the best way we can. I submit that Canadians are men who will and can crawl out of trouble. They have the perseverence, the blood and the breeding to overcome any difficulties and obstacles with which they are faced. We have potentially the greatest country in the world. We can maintain in greater comfort than we are living in to-day over 200,000,000 people. Some day, perhaps by the end of the century, we will have 100,000,000 people in Canada, and they will be a better 100,000,000 than you will find in any other country in the world, because they live and work in a climate that will make them strong mentally, physically and morally. That is the type of people we have to-day. Can we not get together and find some common basis, fair and reasonable for both parties, that will bring prosperity to all parts of the country, and devise a policy to bring us into closer harmony than exists at the present time? Nobody can deplore more than I do that there should be any feeling between the East and the West. I will go as far as I can, as an individual, and as far as I have any influence in removing any friction that may exist, but I appeal to my hon. friends to look over the situation, not with reference to the theoretical views of Cobden and Bright, but with reference to the situation as it stands to-day. We are confronted with a condition. We must not be carried away by theories, but we must meet the situation as it exists.

I want to reply to an argument put forward by the hon. member from Marquette (Mr. Crerar) the other day. He said the farmers of Ontario were too poor to get married. Mr. Speaker, did any man ever refrain from getting married because he was too poor? That is the last thing a man thinks about when he has the mating instinct. He finds his mate and marries her. It is not poverty that keeps people from being married, but it is an entirely different and less noble instinct. It is the instinct of selfishness that keeps people from marrying, and if that condition exists in any place in Canada to a greater extent than it exists in the rural districts of the province of Ontario, I am sorry for it. The statistics which my hon. friend from Peel (Mr. Charters) gave the other night go to prove that. Therefore, do not let us run away with the idea that the rural depopulation of Ontario is due to decreasing revenues and decreasing earnings by the farmer, because a good farmer in Ontario will do as well to-day as he ever did. Prices vary from one season to another, of course, but if the man is intelligent,—and all farmers are,—and industrious, he can make a better living in Ontario on the farm to-day than in the city. Pity the poor manufacturer. I know that does not sound exactly like what you hear in the school house, but if there is any class of people in the country to-day for whom we should express our pity it is the manufacturers. They are all in the hands of the bank, and do not know whether they will finish out this month, next month or the month after, and any man who makes a success as a manufacturer has worries to sleep with every night that absorb his thoughts in a way that the farmer does not know anything about. I admit there is lots of work on the farm. It has its isolations, but my view of government action is that about all a government can do is to remove

that isolation by all those modern devices such as good roads, telephones, rural mail delivery and distribution of electric power, as we are having it in our farm houses now. These are things that will make life on the farm better and more profitable, and will tend to draw the people into the rural district. I submit my hon. friends to my left will find, as time goes on, that it is not there their natural alliance is, but here.

Mr. H. J. LOGAN (Cumberland): I am sure this House enjoyed very much the speech of the hon. member from West Toronto (Mr. Hocken) who has wandered far afield, quoting from the Bible and Edward Blake down to Pinafore, and, finally, ending up with that same old flirtation with the Progressives—the hon. gentlemen across the way. I have been listening with much interest, during this debate, to this flirtation by these gentlemen angularly opposite. Do they think the hon. members are fools? Three-quarters of the speeches are not addressed to you, Mr. Speaker. They turn their backs to the Chair, face the Progressives, say to them, "Now, boys, you must forget your half-brothers across the way, and you must climb over the fence and come with us, although we have nothing in common with you." My hon. friends, the Progressives, are not, in my opinion, to be caught with any such false inducements as these people are trying to hold out to them.

I am more than ever convinced, after hearing the speech of my die-hard friend from West Toronto, that the members of the official Opposition are Bourbons. They can neither learn nor forget. They wonder why they are there. They are not the only people in Canada who wonder why they are there. The wonder is that there are as many of them as there are. The once great Conservative party of Sir John Macdonald, Sir Charles Tupper, Sir Leonard Tilley, and Sir George Etienne Cartier, which at one time filled all one side of the House and overflowed half of the other side, is now represented by a remnant that occupies four rows of seats in one corner, and yet they wonder why they are there. The hon. member has referred to the fact that men of divergent views have been taken into this Government. Of course, we have divergent views. Liberalism means independence of individual thought. If we were all of one mind over here, if we all believed exactly the same thing, we would be reactionaries, but we do not and, therefore, we are Liberals serving under a Liberal Prime Minister.

In this debate, apart from the deceptive love-making of the Progressives that has been indulged in by my hon. friends angularly opposite and a great many excellent sermons on the theory of free trade, by members of the latter party, we have had the Dead March of despair and the mournful cry, "The country has gone to the dogs." We are told we are hopelessly lost. We have tremendous railway deficits and burdens we cannot bear.

Would it not be better in the language of the Minister of Marine and Fisheries (Mr. Lapointe), to smile and compare our condition with what they might have been? Four years ago, on this day of June, we were anxiously listening at telegraph offices to learn by despatches coming across the Atlantic cable whether or not we were to pay tribute to Germany for the rest of our lives and to learn the goose step. That was only four years ago. Within a few months we won a glorious victory; we have since demobilized our soldiers; we have those men back with us in this country in different avocations. Although we have a burden of debt, although we have a large taxation, we are by no means the most impoverished country in the world, and we have, what is better than all, the great asset of victory, which might not have been ours.

On this occasion we have an amendment to the budget, moved by the ex-Minister of Finance (Sir Henry Drayton), condemning the Government for not carrying into effect the exact language of a platform adopted in this city three years ago. What were conditions in 1919? Our factories throughout Canada were busy; there was practically no unemployment from the Atlantic to the Pacific; markets were good, and our farmers were happy. We floated a huge victory loan, running into hundreds of millions of dollars, which was over-subscribed, even though the rate of interest was low. Since then, we have spent hundreds of millions of dollars in demobilization; we have taken over a great railway system, known as the Grand Trunk Railway; railway deficits have mounted higher and higher, and a tremendous amount has been added to the public debt of Canada. Is this a time for us to bring down a slashing, radical tariff, when we do not know just what the effect would be upon this country? The Progressives preach free trade; it is a beautiful doctrine; we would all be free

traders—if the rest of the world were free traders. They sing these theoretical rhapsodies; but unemployment is knocking at the door.

Public promises should be kept; but sometimes they must be varied according to conditions. The Minister of Militia in the late government of the leader of the Opposition put forward a solemn promise in the election campaign of 1917 that farmers' sons would not be conscripted to go to war. He went even further than that; he said that if they were conscripted, he would see that they were returned to their homes from whatever camps they might be. Did the late government keep their promise? No, they did not keep it. They gave the reason that there was such dire need for more men on the other side of the Atlantic, that they could not keep their promise. They did not apologize; they said that conditions had changed. I am not admitting that they were right; but that was the stand which they took at that time. So, we cannot do what, perhaps, we thought we could do in 1919, as conditions now are entirely different.

Personally, I believe the Minister of Finance would have been justified in not touching the customs tariff at all. Why? Because we have not yet had time under present chaotic conditions to know just what effect a reduction in the tariff may bring forth. This Government were only two months in office before Parliament opened. They were busy during those two months preparing for Parliament, and since Parliament has opened, they have been busy carrying on the business of the session. There has been no time for a tariff inquiry. For instance, I can think of factories employing large numbers of men and women in making boots and shoes. In 1919, I would have been in favour of reducing very materially the duty on boots and shoes because the industry was prosperous; but to-day, what are the facts? In the boot and shoe industry in Canada, there is distress. Over 25 leading Canadian boot and shoe manufacturers have gone to the wall; many others are being carried by the banks, and do not know just where to turn. Would it be wise, without any investigation whatever, for the Minister of Finance to come in at this session of Parliament and materially reduce the duty? We know that boots and shoes that come into Canada come principally from the United States of America. I submit he would not be justified in making a change, because we do not know present conditions.

Mr. KENNEDY (Edmonton): I cannot understand the hon. gentleman's point with regard to the situation in the boot and shoe industry. Is his point that that industry has not enough protection, or that the protection is of no use to prevent unemployment and hard conditions?

Mr. LOGAN: The boot and shoe industry in Canada is carried on, in something over 100 different factories, which manufacture principally all the boots and shoes used in Canada. The competition between those concerns regulates the price. If you removed the tariff from that commodity and allowed this country to be overrun, even for a period of three or six months, with cheap American boots and shoes from factories that can make enough in two weeks to supply the whole needs of Canada for a year, what would be the result? You would drive out of existence seventy or eighty factories in this country; in a year's time up would go the price, and you would find yourself at the mercy of the American manufacturers of boots and shoes. The condition, however, of the boot and shoe industry is a matter to be investigated. I merely say that conditions have changed in that industry, and the question whether there should be a change in the duty on boots and shoes or not is a matter for investigation.

Mr. SPENCER: Do the boot and shoe manufacturers of Canada export any of their products to the United States?

Mr. LOGAN: A most negligible quantity. But the boot and shoe manufacturers of Canada supply the Canadian trade, and it is at any rate one industry in which there has never been any proof that there has ever been any combine to fix prices.

We have before us the serious problem of unemployment. In the town where I happen to reside there are hundreds of idle men; but on the other hand we have a number of men at work in the factories there. Could I take the chance of voting to-day to reduce the duty upon goods manufactured in those factories when I would not be in a position to know whether it would mean the adding to the number of unemployed? Is it good policy by precipitate action to have battalions of unemployed in Canada where we now have only platoons?

The amendment of the right hon. leader of the Opposition (Mr. Meighen) condemns us because we do not do something in 1922 which it might be dangerous, to

say the least, to attempt, because we happen to have had a platform in 1919 promising certain fiscal changes. I do not think this House or the country is going to take that amendment very seriously, because the chief matter of concern to the people to-day is: What are we going to do now?

I pass to the leader of the Progressive party. My hon. friend (Mr. Crerar) condemns the budget in that the proposed reductions are not sweeping; he also condemns the sales tax and the stamp tax. Well, how else are we going to get the money? Does the hon. leader of the Progressive party and his followers think we can get money off the trees or out of the sky? We are confronted with facts, not with theories, and the facts are that we need between $450,000,000 and $500,000,000 to carry on the affairs of this country during this fiscal year, and at least $100,000,000 of that sum is not even in sight. The sales tax is estimated to produce $100,000,000; the stamp tax will, no doubt produce many millions of revenue, although I have not heard any estimate of what it is expected to yield; the customs tariff will produce over $100,000,000. Money must be obtained. How are we going to pay our pensions and continue the re-establishment of soldiers if the treasury is empty? How are we going to pay the interest on our public debt if we have not some source of income to meet it? Provision must also be made for the greatest burden of all—our railway deficits. Even when we talk about the tariff and other matters, we must realize that the one great problem of this country to-day is transportation.

It is said that the income tax is already too high, and we hear complaints from all parts of the Dominion that it is more oppressive than in other countries. But the Finance Minister estimates that this tax will produce $40,000,000 less this year than it did last. Again I ask where is the money coming from to meet our obligations? The platform of the party led by my hon. friend from Marquette calls for an inheritance tax and a tax on land. But he now tells us that we should not invade the taxation field of the provinces. Well, the provinces already impose an inheritance tax, and I know that my province has a tax on land as well.

There is no question before the House or the country of free trade or protection. We are confronted to-day with the need of money—rather, I might say we are confronted with an emergency. What we require more than ever before is a revenue tariff which, of course, is bound to give incidental protection. A revenue tariff, to produce anything like the amount of money we require, will give substantial protection to our industries. I submit that while some of our tariff rates may be a little high, there are others that are entirely too low. My hon. friends, the Progressives, condemn protection. Why do they not advocate, then, raising the duty on articles not produced in Canada? My hon. friend, the leader of the Progressives, a few weeks ago said in this House in the course of his speech in the debate on the address:

> I recognize that it is and will be necessary for a considerable time to raise revenue by customs duties;

Of course, he admits it is necessary. Then why is he declaring that he and his party will oppose this budget, which, I submit, is not a protectionist budget such as in generally known, but is absolutely necessary to raise the revenues we require.

But if my hon. friends want to raise revenue without protection I will give them a few suggestions. Last year we imported five million tons of anthracite coal. This was not used by the poor down on the wharves of our seaports, nor by the struggling poverty-stricken denizens of our slums, but by the well-to-do people who can amply afford to pay for it. That coal was brought in free of duty, and its value is given in the customs returns at $40,000,000. A revenue tariff of 20 per cent upon that importation alone would mean an additional revenue of $8,000,000—much more than could be procured from an inheritance tax.

We hear a great deal of talk about the duty on bituminous coal, and it is somewhat annoying to us in the maritime provinces to be continually told that we have always the fear that this duty will be reduced. In fact to hear some people talk you would think there is actually a high protective duty on bituminous coal. But what are the facts? Years ago under the old tariff as fixed by my hon. friend the present Minister of Finance, a specific duty of 53 cents a ton was placed upon American bituminous coal. At that time the price was about $2.60 a ton. That duty of 53 cents a ton was equivalent to about 20 per cent of the value. To-day, when bituminous coal is worth from $5 to $6 a ton, it does not take anyone very long to

figure out what percentage that specific duty is. The fact of the matter is that according to the customs returns for last year which I have under my hand, even although bituminous coal was valued for customs duty at what is really a very low price, namely about $4 a ton, the duty was less than 12 per cent. Is that a protective tariff? It is not even a revenue tariff.

Mr. MANION: Would my hon. friend permit me a question? I ask it only as a matter of information, because the expression "revenue tariff" is used continually. Would he mind offering to the House his explanation of where a protective tariff ceases and a revenue tariff begins?

Mr. LOGAN: I will put it the other way: a revenue tariff ceases when it is made so high that manufacturers can get in behind it and rob the people by combines, the competition of the manufacturer outside being eliminated. A tariff remains a revenue tariff, though it does give incidental protection, if it does not allow the manufacturers to get behind it and form combines to bleed the people by extravagant prices.

Let me return to this question of coal. I have said that according to the customs returns the duty on coal last year was less than 12 per cent. Now, my good friends the Progressives advocate the development of our natural industries; that is one of the chief things they talk about. They say: Never mind the exotics; let us develop the natural resources and industries. Is there any more natural industry in Canada than the coal industry? Do you know, Mr. Speaker, that 150,000 Canadians depend upon the coal industry, either directly or indirectly? Besides, provincial governments depend upon it for a large part of their income which they devote to education, roads and bridges, and the works which they carry on throughout the provinces. Yet last year there were imported into Canada 15,000,000 tons of bituminous coal, while the industry in eastern Canada languishes; coal miners are working two and three days a week, many not working at all. I assume the same condition exists in the West. I advocate for another budget the imposition of a duty of at least 20 per cent upon bituminous coal. Twenty per cent cannot be called protective duty; I estimate that it would not increase the price of coal to the consumer in this country according to the value placed by the customs more than 27 cents a ton. If we can give employment to thousands of men who to-day are walking the streets of our mining towns; if we can revive this great industry in Canada, we shall be doing one of the most blessed things that can be done, one of the things best calculated to restore prosperity throughout the land.

I wish to offer some suggestions in reference to the application of the tariff so far as values are concerned. The budget provides that the duty shall be applied on the price of the article at point of purchase, that is, the price at which similar goods are sold at the point of purchase. Let me call attention to the manner in which the tariffs of some other countries are applied. The customs tariff of the United Kingdom provides as follows:

> The value of any article for the purpose of ad valorem duty shall be taken to be the price which an importer would give for the article if the article were delivered, freight and insurance paid, in bond at the port of importation, and duty shall be paid on that value as fixed by the commissioners of customs and excise.

In France duties are levied in some cases according to the gross or the semi-gross or the net weight of the article. The Australian act provides:

> When any duty is imposed according to value, the value shall be taken to be the fair market value of the goods in the principal markets of the country whence the same were exported in the usual and ordinary commercial acceptation of the term and free on board at the date of the invoice relating to such goods, and a further addition of 10 per cent on such market value.

In assessing free on board value of goods subject to ad valorem duty in terms of the above-quoted section of the Customs Act of Australia, 1901, the following charges are included: inland freight charges, coastal freight, canal dues, insurance, cost of labour and material in packing, royalties, etc. For instance, if the Massey-Harris Company ship goods from Toronto to Australia the duty is levied not only upon the cost of the goods in Toronto, but also upon the freight from Toronto to Vancouver, insurance, etc., plus 10 per cent on the total cost of the goods landed at Vancouver. If the United Kingdom system of taxation were applied in Canada it would be a great benefit not only to Canadian ports but to Canadian railways. British goods bought by a Vancouver importer would pay duty at a port in Canada; naturally to save duty on freight charges the port would be

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on the eastern coast of Canada and the Canadian railways would secure the haulage and the freight upon those goods to the point of destination. Or if goods were imported from the United States the customs duty would apply to the point in Canada at which the goods were brought in, and again the Canadian railways would receive the benefit.

This application of the tariff on the cost of goods, freight, etc., at the port of entry should certainly apply to goods brought into Canada under the British preference. Earlier in the session I devoted some time in this House to a discussion of the desirability of confining the British preference to goods entering Canada by Canadian sea ports, a policy which I think should have received the unanimous approval of the House. I have looked at the United States tariff within the last few days and I find it in the following provision in reference to the Philippine Islands:

> Provided further, that the free admission, herein provided, of such articles, the growth, product or manufacture of the United States, into the Philippine Islands, or of the growth, product or manufacture as hereinbefore defined of the Philippine Islands into the United States, shall be conditioned upon the direct shipment thereof, under a through bill of lading, from the country of origin to the country of destination.

That, Mr. Speaker, is the policy of the United States. I am not going to dwell upon it, but I submit once more that that is the proper policy for this country. The time will come, and I hope it is not far distant, when we will be Canadian enough to look after Canadian interests first, last and all the time.

The transportation question, Mr. Speaker, is to us in the maritime provinces the greatest of all questions. The leader of the Opposition referred the other day to the maritime provinces in connection with protection. I do not deny—and I say it to my right hon. friend as well as to the Progressives—that it was a sad day for the maritime provinces when protection was adopted. There is no doubt about it, had we been left as we were at Confederation, with the low tariff that we had at that time, we would have been a much more prosperous country than we are to-day. But we are confronted now with a condition under which about the chief markets we have left are the markets which are produced as a result of the operation of the factories in the towns in the maritime provinces and the coal mining centres. As to reducing any duty affecting those factories which give a market to our farmers and all the people of our country, I want to see a thorough investigation made to decide whether such a reduction would be in the best interests of the country. We are shut out from the United States by a high tariff wall. We are shut out from the rest of Canada to which we were promised access by the fathers of Confederation, by a prohibitive freight tariff. Realizing the conditions that exist, I would hesitate, before voting to reduce seriously the tariff upon goods which are being manufactured in those towns, where as I said before, the farmers in the maritime provinces have lost their best market.

But the question of transportation is, after all, the all-important problem. We knew it at Confederation, and our statesmen told the delegates that came down to Charlottetown: We can never become a part of Confederation because the markets of Canada are too far away. Our natural market was with the United States of America. Joseph Howe, the greatest tribune of our province, and our greatest orator of his or any other time, said on one occasion: "You could throw a grindstone into the water at any Nova Scotia port, and it would float into Boston harbour." The New England states have been our natural market, but we are shut out from that market to-day, and by reason of the high freight rates we are also shut out from the markets of Quebec and Ontario. Do you realize, Mr. Speaker, that nearly one-eighth of the people of Canada live on the island of Montreal? But we cannot reach that market because the freight rates are prohibitive. Therefore, transportation and the reduction of freight rates are the greatest of all problems in the maritime provinces.

May I just for a moment refer to a provision made in the statutes of South Africa which, it seems to me, might be worked out in this country not only in reference to the maritime provinces but other parts of Canada as well, particularly western Canada, where there might be need from the national standpoint for the operation of a railway, but no reasons from a commercial standpoint. In the Imperial statutes of 1909, Chapter 9, will be found this provision relating to South African railways:

> The total earnings of the railways shall be not more than are sufficient to meet the necessary outlays for working, maintenance, etc. and the payment of interest on capital.

Section 131, which is the one to which I wish to draw particular attention, reads as follows:

If the board shall be required by the Governor General in Council or under any act of Parliament or resolution of both Houses of Parliament to provide any services or facilities either gratuitously or at a rate of charge which is insufficient to meet the cost involved in the provision of such services or facilities, the board shall at the end of each financial year present to Parliament an account approved by the Comptroller and Auditor General, showing as nearly as can be ascertained, the amount of the loss incurred by reason of the provision of such services and facilities, and such amount shall be paid out of the Consolidated Revenue Fund to the Railway and Harbour Fund.

I read that as it is interesting, I think, in view of the railway question which we shall have to discuss in this country, and to which we should give our very best thought and attention.

I do not intend to-night to go over the arguments about the Intercolonial Railway. They are as old as Confederation, but the other day when reading a report of the Supreme Court of Canada I came across judicial recognition of the fact that the Intercolonial was never built for any commercial purpose. Chief Justice Ritchie, in Regina v. McLeod, Vol. 8 of the Supreme Court of Canada reports, page 23, says:

As to the Intercolonial Railway, it was in no sense in the nature of a private undertaking, constructed for reasons influencing private promoters of similar works, or in the nature of a mercantile speculation. It was constructed as a great public undertaking, essential to the consolidation of the union of British North America, and in fulfillment of a duty imposed on the Government and Parliament of Canada by the British North America Act.

In a few weeks, I hope not more than a few weeks, when the new management will be constituted for the Canadian Government Railways and we shall have to consider once more the question of freight rates, I hope the people of this country will realize the position of the maritime provinces and the difficulties under which we labour owing to the present lack of transportaion facilities at reasonable rates.

I intended when I commenced this address to refer at some length to the sales tax provisions of the budget. I wish to say first, that there is no connection between the sales tax and the customs tax. You hear people say that the Minister of Finance is giving something with one hand and taking it away with the other. The facts are the sales tax would have been here if the tariff had never been touched. The sales tax has nothing whatever to do with the customs tariff of this country. To some extent there is a change made in the sales tax by the tariff. For instance, there is a change in reference to importation of goods from countries where there is a depreciated currency. I had a statement here illustrating how that would work out, but I cannot lay my hands on it at the moment, so I will have to give it from memory. A few months ago, under the old customs and sales tax regulations, a certain educational institution in this country imported from Germany certain scientific books. They were free of duty, so therefore the question of duty did not enter at all. The price of these books in Germany, if the mark had been at par, would have been something over $6,000. As a matter of fact, in Canadian currency it was $210, but when the institution secured the books they had to pay a sales tax of $274 on these books that only cost them $210. Under the present sales tax proposals the sales tax upon these books would amount to something like $12 only, so a great change has been made in that regard.

The sales tax itself has been broadened very materially. There has been an increase in the rate charged, but at the same time there has been a large increase in the list of exemptions. I do not think we realize just how many exemptions there are from the sales tax. Let me give a few. The sales tax does not apply to sales or importations of:

Bread; flour, oatmeal, rolled oats and cornmeal; rolled wheat, buckwheat meal and pea meal; animals living; live poultry; meats and poultry, fresh; milk, including buttermilk, margarine, butterine or other substitutes for butter; lard, lard compound and similar substances, made from animal or vegetable stearine or oils; eggs; vegetables, fruits, grains and seeds in their natural state; bran, shorts, middlings, alfalfa meal; oil cake, oil vake meal; grains mixed or crushed for cattle or poultry feed; hay; straw hops; nursery stock; chicory, raw or green; bees; honey; sugar; molasses; salt; other farm produce sold by the individual farmer of his own production; ice; fish and products thereof not canned or melicated; ores of metals of all kinds; fuel of all kinds; gold and silver in ingots, blocks, bars, drops, sheets or plate unmanufactured; logs and round unmanufactured timber; fence posts, railroad ties, pulpwood, tan bark, and other articlesthe product of the forest when produced and sold by the individual settler or farmer; newspapers and quarterly, monthly and semi-monthly magazines and weekly literary papers unbound; materials for use only in the construction, equipment and repair of ships; ships livensed to engage in the Canadian coasting trade; calcium carbide; radium; electricity; gas manufactured from coal, calcium carbide or oil for olluminating or heating purposes; artificial

limbs and parts thereof; donations of clothing and books for chartiable purposes; settlers' effects; War Veterans' badges; memorials or monuments erected in memory of soldiers who fell in the great War; Bibles, prayer-books, psalms and hymn-books, religious tracts, and Sunday school lesson pictures; articles admitted to free entry under Customs Tariff item 682; manilla fibre for use only in the manufacture of rope not exceeding one and one-half inches in circumference for the fisheries; boats bona fide purchased by individuas fishermen for their own personal use in the fisheries; fibre for use only in the manufacture of binder twine; job printed matter produced and sold by printers or firms. whose seal of job printing do not exceed three thousand dollars per annum, and so on; and the sales tax shall not be payable on goods exported, or on sales of goods made to theorder of each individual customer by a business which sells exclusively by retail. It is further provided that the Governor in Council has the power to add to the foregoing list of articles exempted, as may be deemed expedient or necessary to execpt from the said sales tax.

To show the importance of the exemptions under Tariff Item 682, let me read that item as it apears in the tariff itself. The section reads as follows:

Fish hooks, for deep-sea or lake fishing, not smaller in size than number 2.0; bank, cod, pollock, and mackerel fish-lines; and mackerel, herring, salmon, seal, seine, mullet, net and trawl twine in hanks or coil, barked or not,—in variety of sizes and threads,—including gilling thread in balls, and head ropes for fishing nets; manilla rope, not exceeding one and one-half inches in circumference, for holding traps in the lobster fishery; barked marline, and net norsels of cotton, hemp, or flax; and fishing nets or seines, when used exclusively for the fisheries, not to include hooks, lines or nets commonly used for sportsmen's purposes.

That is a most important exemption to the fishermen of the maritime province, and to fishermen in all parts of Canada whenever they may be engaged in that important occupation.

The sales tax has been attacked here. It is said to be an objectionable tax but, every tax is objectionable. The school tax is objectionable; the poor tax is objectionable; every tax we have to pay is objectionable. It seems to me that the sales tax is about the least objectionable of any tax which we are called upon to pay—for one reason we do not know when we are paying it, which sometimes is a very pleasant condition of affairs.

Now, Mr. Speaker, we, as members of Parliament, should give the people of this country a lead. There is one thing we must have and that is economy; I am afraid we have not got it to-day. Look at the estimates brought down for the Inside and Outside service this year. See the tremendous increase over the estimates of ten years ago. Note also the increase of expenditure for services throughout the country. Go into your own towns and you will find that where three or four people carried on certain work for the Government ten years ago it now takes often double that number to do that work and the pay roll has been largely increased. We should have economy. Are we giving a right lead in this matter? Let us be honest with ourselves. I beg to suggest, to show we are in earnest in this matter, that we agree to a reduction in our indemnity as members, provided that reductions applies pro rata to every salaried official of the Government of Canada. Let it apply to the big officials as well as the small ones with the exception of the small salaried people who only have a living wage. Take the man who is getting probably $100 a month. When you propose to cut his salary or cut his bonus what is his natural reply? He says "It is all very well for those members of Parliament up on Parliament Hill to reduce the salary that I need for the support of my wife and little children, but what about their indemnity? With them the cost of living is coming down but their salaries are not coming down in proportion."

Take the man who is working on the government railways of this country as a maintenance of way man, on a hot summer day working to protect the lives of travellers. When he is asked to accept a reduction of wages, he fails to see the justice of it, when the head of the system which employs him who is earning more in one day than he is earning in a month is not reduced in salary. What we need in this country is to disabuse the people of the idea that is abroad that everybody is trying to do someone else. Let us try and make the people realize that there is an equality of sacrifice in Canada; and if we wish to be frank in this matter let us be honest with ourselves and let us agree that there shall be a reduction in our own indemnities. I need the money I get as a member of Parliament, but I would like to be able to be consistent with the people of this country, and try to demonstrate that the man engaged upon the lowest possible job is getting an equal show with me. It is our duty, as members of Parliament, to try and remove the chaotic conditions which prevail and, at any rate, to set an example. For my part I think it is important that the proposition I

have made should be very seriously considered by this House—not perhaps for the matter of the loss of the dollars that would be involved; that is not the question. It should be a matter of principle to try to bring back the confidence of the man in the street in those in authority.

Now, Mr. Speaker, I am only going to take up your attention for a few moments longer. There are several matters I would like to discuss, but I see we are now approaching the midnight hour, There is an amendment before the House which everybody knows will be voted down; all the votes that amendment will receive will be confined to one corner of this chamber. But we have the declaration of the leaders of the two political parties opposite that they are going to vote against this budget. The leader of the Opposition is going to vote in favour of the amendment of the ex-Minister of Finance which, of course, he has a perfect right to do. He can make an argument in favour of that amendment; but when he says that the tariff we are considering is a protective tariff and that it is only reducing the taxation of the country by a fraction of a fraction, I say to him that he cannot vote against that tariff and be honest with his own convictions. Protection is his gospel, the gospel of his life; it has been so always except for one occasion when he was in opposition and moved a resolution attacking the protection on agricultural implements. If as he claims it is a protective tariff, he is bound in honour to vote for it.

Mr. MANION: What about the German regulations?

Mr. LOGAN: They can be discussed in committee on the resolution, just as well as here.

Mr. MANION: We have not had any word as to a change.

Mr. LOGAN: When it comes to the resolution, the hon. member can speak and vote against it. This discussion is on the general principle of the tariff. Why does the leader of the Opposition not vote for it? Is it because it is brought down by one who is not a protectionist? Why, I would almost suspect in that case he would not vote for it if it were brought down by the late member for Portage la Prairie, (Mr. Meighen) who once moved a resolution condemning protection. The position being taken by my hon. friend, is inconsistent. I do not agree that he is right in his view, and I do not agree that this is a protective tariff.

In conclusion, let me say to my hon. friends opposite me, the Progressives, that we cannot, in this country, get all our own way in reference to tariff legislation, or any other legislation, owing to our geographical position. Canada must be a country of continuous compromise. There are many things in the maritime provinces which we firmly believe we are entitled to, but we know we cannot get all we would like to have, because other parts of Canada have difficulties of their own. In 1911 there was a great problem in this country in reference to the tariff. It was a matter of reciprocity, which was proposed for the particular benefit of our friends, the Progressives. I ran an election in a county that was largely industrial. I went down to defeat at that time fighting to assist these gentlemen, and to place western Canada in a better position. The last opportunity the farmers had to vote in favour of the Minister of Finance (Mr. Fielding) was in 1911, when he was fighting their battles, and he went down to defeat. Am I to understand that the Progressive, or Farmers party, is going to forget the men who tried to save them in 1911, join forces with the men who tried to injure them in that same year, and yield to the blandishments of the party across the way. I do not believe, when it comes to a vote, that these gentlemen will assume such an attitude.

We, on this side of the House, have made a start in the right direction, as was said last night by the Prime Minister (Mr. Mackenzie King). We are travelling the right road. This Government has been in power only a few months, and has not had time to investigate the affairs of the country. There is danger in touching the tariff when unemployment stalks abroad, and surely, the Government should be given time and opportunity to look into the condition of affairs so that, when it comes to another session of Parliament, we may be able to deal with this matter with more experience, knowing better than we know now the real and actual conditions of the country.

We cannot have a divided Canada. We must have a united Canada or no Canada at all. We have interests ir eastern Canada which are distinct from the interests of the prairie provinces. They have difficulties there which we have not in the East. Let us realize what those

difficulties mean, and those of us who have lived in that country, or travelled through it, know something of the difficulties in the vast prairie for the men who are trying to make a living there. But they must remember there is an East as well as a West. All we ask them at this time is to adopt the sentiment of that old poem written by an obscure poet in New Brunswick, who said:

Though we're strangers,
We'll be brothers
Having naught, but duty's call.
Bear in mind what'er betides us,
We're Canadians one and all.

On motion of Mr. Brethen the debate was adjourned.

On the motion of Mr. Fielding the House adjourned at 11.30 p.m.

Friday, June 9, 1922

The House met at three o'clock.

KINGSTON ELECTION PETITION

Mr. SPEAKER: I have the honour to inform the House that I have received from the Hon. Mr. Justice Middleton and the Hon. Mr. Justice Lennox, two of the judges of the Supreme Court of Ontario selected for the trial of election petitions pursuant to the Dominion Controverted Elections Act, a report and decisions of the said judges relating to the election for the electoral district of Kingston.

PRIVATE BILLS

FIRST READINGS

Bill No. 126 (from the Senate), for the relief of James Hosie.—Mr. Clark.

Bill No. 127 (from the Senate), for the relief of Mary Ila Cameron.—Mr. Kay.

Bill No. 128 (from the Senate), for the relief of Frank Hamilton Bawden.—Mr. Clark.

Bill No. 129 (from the Senate), for the relief of Harry Alexander Smith.—Mr. Rankin.

Bill No. 130 (from the Senate), for the relief of Allen Richard Morgan.—Mr. Chew.

Bill No. 131 (from the Senate), for the relief of Mildred Emma Blachford.—Mr. Chew.

THE LEAGUE OF NATIONS

PROTOCOLS OF AMENDMENT TO THE COVENANT

Right Hon. W. L. MACKENZIE KING (Prime Minister) moved that the following resolution be considered at the next sitting of the House:

That it be resolved, That it is expedient that Parliament do approve of the Protocols of Amendment signed on behalf of Canada at Geneva on May 20, 1922, of which copies have been laid before Parliament, embodying certain proposed amendments to Articles 4, 6, 12, 13, 15, and 26 of the Covenant of the League of Nations, which were adopted by the Second Assembly of the League at Geneva on October 3rd, 4th and 5th, 1921; and that this House do approve of the same.

Motion agreed to.

PRIVILEGE—MR. JOHNSTON

On the Orders of the Day:

Mr. J. FRED JOHNSTON (Last Mountain): Mr. Speaker, before the Orders of the Day are called, I would like as a matter of privilege to bring to the attention of the House a news item in the Montreal Daily Star of June 8, in which it is stated that the Progressive members declined to cut down the list of their speakers and will not consent to sit all night. I am not so much concerned with this article as with the opinion that seems to be pretty generally held by members of other parties in this House that that is the fact. In this connection I would point out that this debate has been adjourned on ten evenings, and that the Progressive party have supplied the last speaker on five of those evenings. The total number of speakers of all three parties taking part in this debate is 26 Government, 21 Opposition, and 26 Progressive, or 73 in all. It will be noted on reference to Hansard that it took 173 pages to contain the remarks of Government members, 153 pages for the official Opposition, and 132 pages for the Progressives. We had an equal number of speakers with the Government and five more than the Opposition, but as the figures I have given show, it has taken considerably less space in Hansard to contain the views of the Progressive members. So I think the charge that we have been delaying this debate is not well founded.

Mr. GAUVREAU: But you are not through yet.

THE BUDGET

CONTINUATION OF THE DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Thursday, June 8, the debate on the motion of Hon. W. S. Fielding (Minister of Finance) that

Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means, and the proposed amendment thereto of Hon. Sir Henry Drayton.

Mr. G. A. BRETHEN (East Peterborough): Mr. Speaker, I believe it is customary in the debates of this House to devote some time to the remarks of previous speakers. No matter how distant those remarks may be, that is no obstacle to having them brought before the House and placed side by side with their utterances of to-day in order to prove the inconsistency of opposing parties or of members of those parties. It is not my intention to engage at any length in that practice. I shall rather devote my time to questions of the immediate present and the very near future.

Yesterday the hon. member for Vancouver Centre (Mr. Stevens), in the course of a very excellent address, made reference to the annual statement of the United Grain Growers of Canada and to a report which was made to that company advising against their going into the agricultural implement business in view of the present situation of manufacturing concerns in the United States and Canada. The hon. member drew the conclusion that the members of the Farmers' group were inconsistent in their attacks on protection for manufacturing concerns in this country. I have no objection to the hon. member drawing those conclusions. That is his privilege. But I think every hon. member of the House will agree with me that in view of the present financial stress in the West and conditions generally throughout the country, the company was well advised in taking the course it did in that matter. It is in keeping with the action of the Minister of Public Works, (Mr. King) who has set his face sternly against any new construction in these times. I think the company showed wisdom in their decision.

The hon. member also made reference to the income tax and laid special emphasis on the question as to who pays the income taxes of Canada. The statement has frequently been made in this House and to the public that the residents of urban centres have paid 99⅓ per cent of the income tax collected in this country, while the rural district has only accounted for the remaining two-thirds of one per cent. I should like to deal with that for a moment because the statement has been made and emphasized so often. I do not think any hon. member will say that the vast army of unemployed in the cities are contributing any of that 99⅓ per cent of income tax. Nor is it contributed by the vast number of average citizens. I presume that it is only a very small percentage of the people in the cities who account for that 99⅓ per cent. I do not suppose that the citizens in the rural districts have any monopoly of brains, or courage, or skill in evading the income tax collector. Therefore, we can assume that the people in the cities who have paid the 99⅓ per cent have done so because they had the incomes.

Mr. McMASTER: No income, no tax.

Mr. BRETHEN: If, after forty years of a fair trial, the fiscal system of this country makes it possible for 48 per cent of the people in the urban districts to pay 99⅓ per cent of the income tax collected in Canada, while 52 per cent in the rural districts, as a result of their small incomes, contribute only two-thirds of one per cent, I think any fair-minded member of this House will agree that that system is not equitable or wise, or likely to produce happiness, prosperity and contentment in this country.

Time and again, so often indeed that it has almost become a matter of history, have we seen these circumstances in the rural districts. Two brothers are growing up together on the farm, Tom and James. Tom, the elder, is taken early from school to assist his father in the work upon the farm. And, because he has done his part so well, James, the second boy, goes on to high school and university, and almost inevitably becomes a resident of the city, possibly one of those who contribute to the 99⅓ per cent of income tax collected in the city. Time goes on, the scene changes, and James, because of his superior educational advantages, becomes the representative of his community in the Parliament of this country. The Jameses evidently who have come to Ottawa have legislated well for the Jameses of this country when it has been possible for them to pay 99⅓ per cent of the income tax collected. James has evidently forgotten good old honest Tom on the farm, with the result that the Toms of this country have been so legislated against that they are only able to pay two-thirds of one per cent of the income tax collected from the whole country. I assure you, Mr. Speaker, that although I come from a rural district some of my dearest friends reside in the urban centres. I am not making any attack upon individuals, but upon the

system that makes it possible for these evils to exist. Though the Jameses are not, perhaps as plentiful in the House of Commons as formerly, the Toms are here, and as there is something radically wrong in the system of which I complain they will do their best to right it.

With much in the budget speech of the venerable and honourable Minister of Finance I am in hearty agreement. In the Minister's desire for economy, so forcibly expressed, I believe every member, at least in this part of the House, will agree. But I would draw the attention of the minister, as well as the attention of every other hon. member, to the fact that economy, like charity, begins at home; and I believe that if we are ever to create confidence in the public mind, and show that we are sincere in our preaching of economy, we should be ready to favour some substantial reduction in that part of the cost of government which affects each one of us personally. With the statement of the Minister of Finance in relation to the method of raising the current revenue I am also heartily in accord. I believe it is highly desirable that the revenue raised should cover current expenditure, but something further is needed to which I invite the attention of the minister: I believe that at an early date steps should be taken toward the reduction of the national debt. I do not agree with the opinion expressed by some hon. members that it is always advisable to raise money for the public needs by domestic loans. On the contrary, I quite agree with the Minister of Finance that under certain circumstances such would be very inadvisable. For example, where such loans would result in the flow of the public coffers of such a large volume of money that legitimate and desirable businesses would be crippled, and practically annihilated in some instances, I believe it would be very undesirable to raise money by domestic loan. Possibly we are in such a position at the present time, and so I quite agree with the Minister of Finance in his policy of raising this first loan at least, outside the country.

I was very pleased to hear the statement of the Minister of Finance regarding his renewed efforts toward making the reciprocity agreement of 1911 effective. I must confess to the House that I was born a Tory and, up to 1911, adhered to that political faith; and generations of my family, as far back as I have any knowledge of them, also belonged to that party. However, in the year referred to, the principle of reciprocity appealed to me so strongly that I left the party fold, and I have since had no reason to change my opinion respecting the wisdom of my course. The argument is frequently advanced, whenever trade arrangements between this country and our big neighbours to the south are suggested, that because of their great volume of business, and because of the keen competition they could offer, Canadian industries would be overwhelmed and would face ruin. That reminds me, Mr. Speaker, of an incident that happened many years ago in the history of the world when certain twelve men were sent by their people to inspect the Promised Land. Upon their return and all reported "The land to which thou sentest us is surely a land flowing with milk and honey." But ten of the twelve brought in a majority report and it was this "But the people be strong that dwell in that land and their cities are walled and very great, and the children of Anak are there, the children of the giants, and we were in our own sight as grasshoppers and so we were in their sight." Looking back over the years we now recognize the fact that in that case the majority were wrong, and the two were right. May I be permitted to draw the attention of hon. members to the fact that the majority are not always right. In one of the darkest days in the history of this old world a truly great Man was brought before a certain judge who said of Him "I find no fault in Him; see ye to it." A majority took Him and crucified Him. Again the majority were wrong. In 1911 two men were sent by this House to Washington to investigate and report upon a certain trade proposition. Their report was favourable. The country was asked and gave their verdict. The majority pronounced against it. After eleven years in the wilderness I believe there are thousands of people in Canada to-day who, like my hon. friend from Portage la Prairie (Mr. Leader), frankly confess that they were misled and mistaken at that time and who would to-day support that trade proposal. I do not think, Mr. Speaker, that we are likely to get reciprocity to-morrow. Nevertheless I believe that to-day it is not only a very live question in Canada, but when that vast army of consumers in the adjacent cities of the eastern United States begin to realize that they are being cramped in their desire to get better food and get it more freely, I believe they will exert their power in trying

to have some such agreement as the reciprocity pact renewed. As to the argument, to which I referred a moment ago, that Canadians will be overwhelmed in competition with the United States, I would like to cite an actual experience as to how trade with the United States works out in the case of pure-bred cattle. In 1918, three men were sent by the Holstein-Friesian Association of Canada to meet the Holstein-Friesian Association of America regarding a reciprocity agreement in records and registration. The fact that the hon. member for Victoria (Mr. Tolmie), who was Minister of Agriculture in what is recognized as a protectionist government, was one of those three men does not detract from my argument. The result of their visit was that the agreement in question was put through, so that as a result we not only have reciprocity in records but every barrier against trading in Holstein cattle between Canada and the United States was removed. As an argument against the removal of trade restrictions between the two countries it is claimed that because of the fact that there are 526,000 Holsteins in the United States and only 100,000 in Canada, a ratio of five to one, the Canadian breeder would be overwhelmed by reciprocity—that his market would be destroyed and that he would face a great financial loss. But what are the facts? I believe I am quite in accord with the facts in stating—and hon. members can correct me if I am wrong—that for every Holstein-Friesian animal that came into Canada in the past year, at least fifty Canadian animals entered United States. Not only that, but these animals have sold much above the values in the Canadian market, up to the point where the Hon. A. C. Hardy, now a Senator in this Parliament, sold a five-months Holstein calf for the world record price of $106,000 at St. Paul. This free trade agreement in registered Holstein cattle was so successful that practically every live stock organization in Canada followed suit, so that we had shorthorn breeders, swine breeders, and sheep breeders all doing the same thing. I think this argument proves, as far as Holstein and other pure-bred animals are concerned, that, instead of we Canadians losing and suffering from this trade, it has opened to us one of the widest and best markets in the whole world. I believe the same argument would hold good with regard to many other things, if people would only lose a little of their hysteria and consider more the fact of the wider market which is thrown open to us and less the competition that they feared they might have to contend with. We have in the city of Toronto Mr. T. A. Russell, who is head of a large automobile factory there. He will be remembered by many people as one of those very strong advocates, some time ago, of the doctrine "No truck or trade with the Yankees." Mr. Russell has also a shorthorn breeding establishment near Toronto, and I have observed that, while he is very strong in his condemnation of any trading in automobiles by Canadians with the United States concerns, he does not assume the same attitude when it comes to selling shorthorn cattle. As a reader of the Breeders' Gazette of Chicago, I have noticed that, when Mr. Russell had cattle to sell, he had a very large advertising space in the Breeders' Gazette, in order to induce American buyers to come to his sale. If they came, as they often did, the success of his sale was assured, and these American buyers took back with them the highest price cattle offered at his sale. I do not blame Mr. Russell for trading freely with United States in shorthorn cattle, but—"Consistency thou art a jewel."

While I have found several things in the budget speech of the hon. Minister of Finance (Mr. Fielding), the support of which has afforded me great pleasure, I cannot as strongly support the budget itself. I will mention some ways in which I not only have no desire to support it, but I am strongly opposed to it. I am not going into all of these things, but I will deal lightly with them in passing, as I desire to draw the attention of hon. members to my position in regard to them. I oppose the increase in the sales tax for the same reason as given by many hon. members, that it bears too heavily on the persons least able to bear it. My hon. friend from Vancouver centre (Mr. Stevens) yesterday sought to support the doing away with the business profits tax, and he stated it was inadvisable—I believe he made the statement that it was wrong—to tax a man on his profits in order to raise this revenue. As I understand the excess profits tax, it concerns only that man's excess profit. In view of the fact that, not only in the west but right here in the vicinity of Ottawa, there are many men who have been unable to pay their taxes—and if it is wrong to tax the excess profits of any man, it is a crime it seems to me, to tax the man who has no profit and is not able to pay the tax—I would suggest, Mr. Speaker, that the business

profits tax and luxury tax be introduced as a source of revenue. I desire to draw attention of the hon. minister to a tax on unimproved land values, as suggested by my hon. friend from Humboldt (Mr. Stewart) the other day, for two reasons: first as a source of revenue, but I have no intention of giving the last word in this matter because I have not made the study of it that some hon. members have. I say that a tax on land values might possibly have the effect of decentralizing the population of this country and avoiding that great evil which we see in any country where they have a few very large cities and a few small towns. If we can do anything to discourage industry going to a few big cities, through higher taxes on the land values there, and can induce or force them to build in thousands of medium-sized towns, we will have a better country. We will have a home market that will be right at the doors of the farmers, and the transportation question will be settled. That will be a real home market. I think the income tax might well be revised on similar lines to those adopted in Great Britain, that the medium or moderately large income would be taxed more heavily. It is all right in theory to tax a big income at a higher rate than they tax in England, but it does not work out very well in Canada, because they are so very scarce, and, as a source of revenue, I think a revision might help some. In the unrevised Hansard, on May 23, page 2910, the hon. minister, in making his budget speech, stated that on cars sold for under $1,200 an excise tax of 5 per cent would be levied and on cars sold for over $1,200 a 10 per cent tax would be imposed. Taking that word "excise" as I read it, I believed it was a tax upon home manufactured cars, and, in view of the fact that these cars were already being protected with the 35 per cent duty, it seemed to me that a prosperous industry highly protected was going to be forced to pay something into the revenue of the country. But what was my sorrow, upon reading more closely, to learn that this 5 per cent excise tax was merely another sales tax applied on imported cars as well as domestic cars, with the inevitable result of any sales tax, that it was passed back to the consumer, and the manufacturer of cars went free. I would like to draw the attention of the minister to the fact that to-day the light car is not a luxury, but a necessity. It is a necessity to the business man as well as the farmer, and it is a profitable investment. I am quite in accord with the proposal that the duty should be smaller on such a car for the good of the greatest number; but I believe the luxury car could well be taxed much higher than is shown in the budget, because a man who can afford to buy a luxury car should certainly contribute more to the Dominion treasury. In discussions in regard to the protective tariff, the argument is always brought forth that it is a good thing to establish new industries in this country, thereby giving employment, providing more wages and developing for the farmer a home market in which he can sell his products. I should like, for a moment, to deal with this question as it affects the automobile industry in Canada, and as the argument applies equally well to other manufacturing industries, I am going to go into the matter in sufficient detail to make it quite clear. In the Canada Year Book for 1920, the latest edition, it is stated on page 332 that there are in Canada ten automobile manufacturers with 4,668 employees. I may say that the figures are given for the year 1918, and I am using all the figures for that year so that my comparisons will be correct. They pay wages to the extent of $5,558,042, and the total value of the product is over $66,000,000. On these cars there is a protective duty of 35 per cent; that is the Canadian manufacturer is protected to that extent. This works out that Canadian manufacturers of automobiles are protected to the extent of $17,332,217. I want to draw two deductions from this. In other words, we in Canada pay over $17,000,000 to establish industries which pay wages to the extent of about $5,500,000. It seems to me that we are paying rather dear for our whistle. In other words, we might pay the wages of every man employed in the automobile industry in Canada, give him a holiday, buy imported cars, and the people of this country would be ahead each year to the extent of some $12,000,000. The argument has been advanced—and it was questioned by the hon. member for Lincoln (Mr. Chaplin) the other night—that under some circumstances, under the protective tariff, for every dollar in revenue that comes into the country, two or three or four dollars go into the pockets of the manufacturer. Taking the figures which I have given, I find that, in the year 1918, the government drew in revenue on imported cars sold in this country $3,961,000, or, in round

figures, $4,000,000, and they protected Canadian manufacturers of cars by over $17,000,000. In other words, for every dollar that went into the government coffers, some $3 went into the pockets of the automobile manufacturers.

I understand that Mr. Ford, in reference to his Detroit cars, stated that he was well satisfied to make $20 clear profit on every car; but owing to the workings of this 35 per cent duty in this country, there is a difference between the price of the American Ford and that of the Canadian Ford of anywhere from $140 to $175 per car, with the result that the Ford Motor Car Works, according to the press the other day, are paying $215 revenue per share. From 1905 to the present time, starting with a capital of $125,000 and returning dividends they to-day have a capitalized industry worth $30,000,000. I believe the Minister of Finance would be well advised if, instead of placing another sales tax on a protected industry of this kind, he would impose an excise tax that the manufacturers would have to pay. In that way, I believe, we would be getting some real money from an industry that is well able to pay. I am a free trader in theory, but under conditions as we have them to-day where revenue has to be raised, I do not pose as a free trader. I am, however, absolutely opposed to the principle of protection as displayed in many cases in this budget. I do not object so much to the protection that, according to the budget, is being afforded to agricultural implements; it is getting down in the right direction. But I believe there should be a material reduction in this 35 per cent duty on automobiles, and similar duties on boots and shoes, woollen goods and many other things that the bulk of the people use. Or, if it would break the hearts of some of my hon. friends opposite to reduce the tariff to any material extent, I think it would be a wise thing at least to impose an excise duty and get some of that protection into the public coffers as revenue.

I believe that "Every tub should stand on its own bottom." I believe a manufacturing industry should arise because of a demand. In our local town, we have a couple of small industries, large comparatively to the town. One of these is a cheese box factory. In former times cheese boxes came in from outside points. The man who started that factory discovered that there was a need, a demand. He started his factory, and he to-day is making cheese boxes for 87 factories. He is making them at a satisfactory profit to himself, and selling them lower than the cheese box trust, which is after him for cutting prices. That is a manufacturing industry established on a man's personal initiative and capital. It is not bonused by a municipal, government or any other bonus, and it is a success.

An hon. MEMBER: Without protection?

Mr. BRETHEN: Without protection. I believe this is the principle upon which industries should be established. The hon. member for Brantford (Mr. Raymond) the other day stated in this House that the whole success of his constituency depended upon the protective tariff being afforded to agricultural implement industries in his riding. In the city of Toronto there was a large manufacturing business of the same kind which also had its warehouses full, and it found it necessary to turn its 5,000 employees into the streets. This was done under the operation of a protective tariff. It was not due to the abolition of protection by any means; the sole cause was the inability of this manufacturer's customers to buy his goods owing to the high prices that were being charged for this class of articles. He was not getting money for his stock and therefore could not carry on. The old binder, the old mower, and the old horse-rake had to do another year on the farm, while the new ones remained in the warehouse in Toronto. Now, if the manufacturers of these implements had taken their losses as the farmers of this country have had to take theirs, there would have been a different situation in the warehouses of Tononto; every one would have been satisfied and there would have been less unemployment there.

I do not agree with the conclusion of the hon. member for South Renfrew (Mr. Low), who asked the question, facing the members of this group, whether they would be prepared to suffer an individual loss of $9 or $10 each to prevent the agricultural implement manufacturing industries of this country going out of business. Let me assure the hon. gentleman that the people whom I and other hon. members in this corner of the House represent are just as much interested in the successful operation of the manufacturing industries in Canada as he is. But there is a difference between the hon. member for South Renfrew and the gentlemen who form this group in the House, and that difference is not in the direction he suggests but merely

as regards the means we would employ in making the various industries of the country successful. We would regard the manufacturing industries as secondary, making their success dependent on the prosperity of the primary or basic industries. He, on the contrary, would make the secondary industry a success at the expense of the basic industries.

The question of the home market has often been introduced, and I do not think there is a member in this group who does not realize the importance of that market. But I would draw this to the attention of the House: While we value the home market, the fact is that the prices of goods which we sell at home are set in the markets of the world. Only a year ago milk products were selling at satisfactory prices in Canada about this time, or a little earlier. Suddenly there came a slump in cheese in the British market, and as soon as the cable reached Canada the price here fell. The prices of the goods we sell are not set in Toronto. The bulk of the produce which the Canadian farmer places on the market is disposed of at the prices which rule in the markets of the world; and I am one of those farmers who believe that, given a fair chance, we can compete with any nation on the face of the earth. Last fall a little cheese factory in the Belleville district sent
4 p.m. some exhibits to the great British Dairy Congress, and in competition with cheese from all parts of the world those exhibits carried off the blue ribbon, winning the grand championship. Time after time, competitors from the agricultural colleges of this country have gone to international shows at Chicago and carried off the prizes. We have had them from the Ontario Agricultural College, the Macdonald College in Quebec, and the Manitoba Agricultural College, and time after time they have gone to Chicago and in competition with picked teams of the United States have brought home the bronze bull. Time and again, Jimmie Leask of Greenbank has gone to Chicago and won the grand championship in shorthorn steers; time after time J. D. MacGregor has repeated the victory with his Aberdeen Angus; year after year, Graham Brothers, of Claremont, have taken their string of Clydesdales and won the chief trophies. It is now a matter of history that whenever Graham Brothers of Canada compete at the International they sweep the boards. America has her Luther Burbank, but Canada has her Seager Wheeler.

Now, I do not claim that the rural districts have a monopoly of the brains, the skill or the pluck of the people of Canada. I believe that the people in the cities of Canada, as the war has proved, are quite the equal of the people on the farms, although I do not admit they are superior. I do think, however, that they are equal to the people on the farms, and in the realm of sport they have admirably acquitted themselves. The Falcon Hockey team, of Winnipeg, a couple of years ago, at the Belgium Olympic, in competition with the hockey teams of the world, licked the Yankees, winning the championship not only of America but of the world. And I would not have hon. members forget this afternoon what the Canadians did during the last great war. At Vimy, in the second battle of Yyres, when others were falling back in the face of shells and poison gas, the Canadian boys gasping, bleeding, dying, held and barred the way to the Channel ports. During the recess a couple of weeks ago I took a trip to the northern part of my riding, one of those places of rocks, and lakes and sparkling streams,—and, at this time of the year, mosquitoes;—one of those places where agriculture is carried on under very great disadvantages but where manhood excels. In this place, one day, a little Yankee horse buyer came upon the scene and stepped into a field where a big brawny Scotchman was picking up boulders—the field was literally covered with them—and placing them in position in a fence he was building. The Yankee horse dealer asked: "What do you grow here, Mac?" And the big Scotchman reached down and took up a huge boulder, placed it on the fence and replied: "Men, my friend." I think it is fair to say that in these days of depression the farmers of the country have taken their loss standing. I would like to compare what we see in this Parliament from day to day with the condition when Rome was at the height of her glory:

> Then none were for the party; then all were for the state,
> Then the rich man helped the poor, and the poor man loved the great.

I want to say that we, as Canadians, are proud to refer to our great national resources, to our wealth of mines and fisheries, woods and fertile soil. But the greatest wealth we can leave this land of ours is a nationhood of bright-eyed, rosy-cheeked boys and girls with the will to do

and to serve in this God-given country whose chiefest heritage should be "an equal opportunity to all and special privilege to none."

Mr. JOHN MORRISON (Weyburn): Mr. Speaker, I intend to speak but briefly this afternoon. I realize that the House is weary of this debate, but I have a few figures which I think should be put before hon. members for their consideration. I want the House to get a true perspective of what the western farmers are really up against in selling their wheat and buying their implements.

The constituency of Weyburn, which I have the honour to represent, extends along the international boundary for sixty-six miles, and the farmers there, particularly those who live near the line, have a living demonstration every day as to the opportunities of Saskatchewan farmers compared with those of the North Dakota farmers. I am going to give a comparative statement which I think is a fair one for the three prairie provinces, for I live in central south Saskatchewan, with Manitoba to the east and Alberta to the west. I have the comparative prices of wheat in Fortuna, North Dakota, and Tribune, Saskatchewan, thirty miles apart; also the retail prices of farm implements of average size, such as I use on my own farm. I got the daily prices of No. 1 and No. 2 northern wheat at the elevators at Fortuna and Tribune for the months of November and December, 1921, both heavy wheat marketing months, and I find that the Dakota farmer received 7⅞ cents a bushel more than the Saskatchewan farmer during those months for the same quality of wheat, and that he received 3⅞ cents more for the same grade. But, Sir, No. 2 Canadian wheat makes an American No. 1 wheat. I hold in my hand a copy of the report of the grain trade of Canada for the crop year ending August 31, 1921, on page 121 of which, table 91, the monthly average cash prices of wheat, and all grains are given. Taking the average monthly prices, I find there is just 4 cents difference between the No. 1 and the No. 2 grades of wheat. No. 2 Canadian wheat requires 58 pounds of good wheat; No. 1 American also requires 58 pounds. Our farmers know that No. 2 will almost invariably catch the No. 1 grade when they take it across the line, so that, it is fair to say that the Dakota farmer got 7⅞ cents more for the same quality of wheat.

Then I compared the prices of farm implements. In order to be accurate I went to the trouble to get the prices of Massey-Harris implements for the years 1920, 1921 and 1922, and of the McCormick-Deering and International, the latter with branches on both sides of the line, the former—Massey-Harris—only in Canada. I am going to quote the comparative prices, and I am sure that the figures will surprise most hon. members and enable them to understand then why there is so much dissatisfaction with the two old parties. These booklets are marked "confidential", so I will ask hon members to be good sports and to keep faith with me. In the McCormick-Deering and International lists, it is stated that "these prices include sales tax." It is not so stated in the Massey-Harris lists, but it holds good, just the same. That is another outstanding proof that the sales tax, so-called, is really a buyers' tax; the manufacturer and his salesmen pass it on to me. It is a consumers' tax, first, last, and all the time.

Like many other hon. members, I have received a number of letters and telegrams protesting against certain taxes. One phrase included in a communication I received—I could not help noticing it—was this: "I cannot take care of it; competition in other lines will kill my business." What does that mean? It means: "I cannot evade the tax." That is putting it in plain English—cannot take care of it, cannot pass it on to the other fellow. People seem to think it is quite honourable to evade their taxes and pass them on to somebody else. A man who would be very careful about paying any other debt thinks it is quite the manly thing to do to evade, if possible, his debt to the country. I think something should be done to see that every man carries his share of the taxation. If I escape my share, some other person has to carry it; there is no dodging it. We have had a real good time; we have borrowed money; pay-day is upon us—and everybody thinks the other fellow should bear a little more of the load. I can sympathize in a measure, at least, with the Finance Minister in that respect; each person thinks he himself is the goat.

Until the first of March, 1921, the price of an 8-foot binder in Saskatchewan was $286; then it was raised to $337. There is a difference of one dollar between the price of the Massey-Harris binder and that of the McCormick or Deering binder. The price of a drill jumped from $261 to $303; that of a 5-foot mower from $103 to $125; hay-rake, $67 to $71; manure spreader,

$263 to $300; large cultivator, $158 to $184; drag harrow, 6-section, $46 to $64.50; disc harrow, $75 to $84; disc plough, 3-furrow, $165 to $205; packer, $150 to $196; wagon, ordinary size, $209 to $236; sleigh, $53.50 to $75; scuffler, $22.50 to $26.50; grain grinder, 10-inch, $118 to $138; cream separator—no duty—$123 to $127; tip-top wagon-box and seat, $85 to $98; wagon seat, $7.50 to $9.50. When election day was announced, these prices fell back to the old basis. Across the line the American manufacturer was not taking advantage of the tariff in that way. Prices over there stayed the same right along. This is just another instance of how the Canadian manufacturer is taking advantage of the customs tariff. He has also taken advantage of those who represent him in Parliament, and has made it hard sledding for them. There was no reason given, in my estimation, why they should have raised their prices to take full advantage of the tariff, they simply make the bald statement, without submitting proof, that they could not stand up against the competition of the American manufacturer.

An eight-foot binder in New Brunswick was selling last year for $268; in south Saskatchewan it sold for $337, or a difference of $69 for the same binder. The freight on a binder to Saskatchewan points is $20.60, so they cannot blame the difference in the price wholly on the freight. I am speaking of the McCormick and Deering machines. Across the line, the difference between the Dakota price and the Maine price for that same binder was just $20, as compared with a difference of $69 between New Brunswick and Saskatchewan on this side. Last year Canadian manufacturers of farm implements shipped their goods to the United States to the amount of almost three and one-half million dollars, —$3,439,000 to be exact—exclusive of threshing machinery, and the total exports to all countries amounted to $12,500,000, approximately. Our manufacturer has the preference in the home market. He says he cannot manufacture for a population of eight and a half million, while the American manufacturer has a market of one hundred and ten million people; but the Canadian manufacturer has free access to both the American market and the home market, and he sold in the United States last year farm implements to the amount of approximately three and a half million dollars.

I have here some comparative prices for McCormick and Deering machines, 1921:

	Canadian Price South Saskatchewan	American Price North Dakota	Canadian Price higher by	Expressed in wheat terms (at average price last November and December) the Canadian farmer pays—
8-ft. binder	$336 00	$220 00	$116 00	150 bus. more than American farmer pays
(McCormick or Deering) Drill, 20-disk	304 00	200 00	104 00	135 " " " "
Mower, 5-ft.	118 50	85 00	33 50	43½ " " " "
12-ft. hay rake	60 50	44 00	20 50	26½ " " " "
Manure spreader	289 50	231 00	58 50	76 " " " "
Large cultivator	159 50	119 00	40 50	52 " " " "
Six-section drag harrows	56 85	54 10	2 75	3½ " " " "
Wagon and box complete	254 50	212 00	42 50	55 " " " "

On the purchase price of these seven or eight articles there is a total difference of 541 bushels of wheat; that is, No. 1 Northern, but No. 3 is the average grown in that country.

Threshing machinery is not included in the statement I have given. There is a fifteen per cent duty on threshing machinery and it makes threshing a very costly business. Last year threshing was done by the hour in our country because of the rust, and it cost some of our neighbours 38 cents a bushel to thresh their wheat, and they left a lot of their wheat unthreshed and let the stock run over the fields, because it did not pay to thresh at that price. They started threshing many fields, and then dropped it. Farmers living near the line thirty or forty miles from Canadian shipping points are obliged to pay the duty, and for these unfortunate men the conditions are very much worse still.

Our manufacturers claim they cannot compete with the United States. The United States is their particular Philistine. I find, however, that in the years 1914 to 1921 inclusive, and for the eleven months of 1922, Canadian exports of farm implements into free trade Britain averaged $1,236,374 per year. Can our manufacturers compete there? Of course they can, when they have to. They won't compete when they don't have to. They have never proved to any parliament of Canada that they cannot compete. They have simply shown that they won't; they never had to prove it. They ask, for the most part, that their joy may be full. Before the standing committee on Agriculture on May 1, Mr. Sanford Evans was giving evidence, and in answer to a question by a farmer, he said:

> If you farmers cannot produce at the price which the world's consumers are prepared to take wheat for, you should not be in the wheat farming business.

How would it be if we applied that doctrine to our infant manufacturing industries? Mr. Evans is a man of some authority, a long-headed reputable business man, but he was side-stepping the issue when he made that statement. So far as the farmers are concerned, if we cannot compete, we cannot expect somebody else to carry us along. We are willing to compete, but we want the other fellow to compete too. We are willing to put our wheat on the world's market; we have to do it whether we are willing or not. We are forced to put it on practically in three months of the year. We would like to have the privilege of selling it over twelve months, but it is pretty hard sledding to get that privilege.

The right hon. the Prime Minister, in speaking on the budget, said that the tariff was to protect our industries, to raise revenue, stabilize business, and give employment. Well, they have protected industries. Industries have had protection for forty years. I wonder why those industries have only been running twenty, twenty-five, or thirty per cent of the time during the last two years. Can they blame that on free trade? Had free trade been in force during that time it would certainly have got the blame for the business depression.

I submit that there was more unemployment under protection than there ever was before in this country, and there has been less stabilization of business.

Mr. MANION: How about unemployment in Great Britain under free trade?

Mr. MORRISON: I am not an Imperial statesman, and I am not prepared to answer every question that may be thrown at me from all sides of the House. I am not solving the British problems or suggesting a remedy for conditions over there.

The figures I have quoted show that the customs tariff is inadequate to raise revenue. Our patriotic manufacturers simply frustrate the apparent intent of the Customs Act by taking unto themselves through its operation a great deal of the revenue. I think that an excise duty should be put on those goods when they have demonstrated that they can compete in the world's open market. If they would only charge the market value for their goods in Canada they would have the jump on the outside fellow to the extent of fifteen per cent, and a lot more goods would be bought from them. As a result would there not be more land brought under cultivation? I think so. If that was done, if they would sell to us at the real market value, then their outside competitors would have to pay the duties imposed by this country. But to-day, the American manufacturer gets as much for his goods f.o.b. from the Canadian farmer as he gets from the Dakota farmer. Then, who pays the customs duties? The American manufacturer? Not much; he passes it right on to me. At the same time that is not the worst of it. We have to pay more than the actual value of these goods to the home manufacturer. I submit that is one of the chief reasons why Canada is not flourishing. I would like to see some of my hon. friends that are high protectionists farming out in the West beside me. I think, like Saul, most of them would see a great light; they would not only be converted, but they would become regenerated and sanctified Progressives.

We have about 40,000 miles of railway in Canada, with 200 people to the mile. The expense of running this government is increasing year by year, and it is puzzling our best men to know how to raise the revenue. It is pretty hard to get the perspective of this whole situation. We know we cannot lower our tariff to let in other nations' goods, but one of the big fundamental difficulties we are labouring under is that our overhead is killing us. Supposing we were directors of any company and the industry had developed to

the extent of about twenty or twenty-five per cent, that our overhead was such that we could not meet expenses, but still we ran along for forty years, what would the shareholders say at the annual meeting? They would say "You fellows are all right, you are getting your salary, and what more should you care?" If this country had such a policy that we could get all our natural industries under full development there would be work for everybody. The reason people are flocking to the cities is because lots of them in the poorer rural districts cannot make a living on the farm. There is a big district not very far from my constituency where the people abandoned the country on a strip of about ten miles wide. The land was not as good as elsewhere and did not hold the moisture for as many days as necessary, and therefore they abandoned it. There are other districts not so bad as that where the people engaged in farming are merely eking out an existence. Then there are small districts, under better conditions, where the farmers are making a little money but the general rank and file of them are hard up. We have been losing money there within the last few years, and before that many of the farmers never made any. Now, I submit that conditions are fundamentally wrong, and the experience of the past forty years has demonstrated the truth of that statement, My right hon. friend the leader of the official Opposition stated that we could not compete with the industries in the United States. He said that that country was developed from eleven to fifteen times beyond what Canada was commercially, and I think, perhaps, that is a proper statement; at any rate it is near enough for me to use for the purposes of illustration. My right hon. friend would not admit that the United States has from eleven to fifteen times the natural resources that Canada has. I do not know what percentage of good land Canada has, but it is one-half as much at least as the United States has. We had British goodwill behind us all the time, we had British capital, we had British immigrants coming here, and we had protection. Why should Canada not have developed a little more as compared with the United States?

Mr. MEIGHEN: She did not start so soon.

Mr. MORRISON: She started at practically the same time as the United States.

[Mr. Morrison.]

Mr. MEIGHEN: Not in protection.

Mr. MORRISON: She started building up about the same time virtually, and I do not think it is much of a recommendation to Canadian statesmen that we are not in a better position than we are to-day as compared to the United States. I do not like to say anything about men who are not present to-day to speak for themselves, but really Canada should have developed a little faster when she had such a wealth of natural opportunity, and such wealth of natural resources. The capitalists of Great Britain would have preferred to invest their money in Canada; and the people of Great Britain would prefer to come to this country from motives of loyalty. That we are not in a better position to-day is because there has been something fundamentally wrong with the policy we have pursued, and the position in which we find ourselves does not reflect much credit on the protective system. The hon. member for Centre Winnipeg (Mr. Woodsworth) said that repudiation was a word that does not look very well. At the present time we have this situation on our hands: We find that the railways of Canada want to repudiate a covenant which they made with the people of the prairie provinces. We had the heads of these railways down here using every influence that is at their command, and that is no small amount. What for? The one big object sought is to annul the Crowsnest pass agreement permanently. If they cannot influence the special committee on railways to bring in a report to that effect, they are willing to have the agreement annulled temporarily; and then next year will take another drive at permanent annulment. I say that is an unpardonable breach of a covenant on the part of the railways. Where does honour come in, if the railways enter into an agreement with the people and then want to annul that agreement? Not only that, but they come down here and make excuses and endeavour to set the maritime provinces and British Columbia against the prairie provinces. They say, "We cannot put the Crowsnest pass agreement into operation, and at the same time give the other provinces a better rate." Well, I have here the annual report of the Canadian Pacific Railway, and I find that in 1920 their net earnings amounted to 15.30 per cent, and in 1921 their net earnings were 17.72 per cent. It is true we had hard times in 1920 and 1921, but a little lower rate of interest for that company would not have been

out of place. We know that the railways, and every man who invests money in this country, should make a profit. That is their object in investing it; if they do not make a return on their money there will be no further investment. We Progressives are not here to knock our railways; we are all so interdependent on one another that we must all have a measure of success or the machine cannot run.

Now the hon. member for Lincoln (Mr. Chaplin) said the other night that he could ship three cars of merchandise to Liverpool for the same price as he could ship one to Saskatoon, and that he could ship two to Liverpool for the same price as he could ship one to Winnipeg. When questioned, he admitted reluctantly that he got a cheaper rate for export shipments, than he did for local home shipments. Contrast that statement with the sworn evidence of Mr. Porter, of Perth, New Brunswick, an exporter of potatoes, who said that the export rates are 100 per cent higher than the local rate on potatoes, and that in consequence of not being able to find a market large quantities of potatoes are rotting.

Mr. MARTELL: Does my hon. friend mean to say that in all cases the export rates are lower than the domestic through rates?

Mr. MORRISON: I am quoting sworn evidence given before the railway committee; I am not a railway expert.

Mr. MARTELL: I would like to tell my hon. friend that in the province of Nova Scotia, as the result of order 350 of the Railway Board, we have to pay to-day about eight cents more a barrel, say upon apples, from Windsor, Nova Scotia, to Halifax, than if we shipped those apples for domestic purposes.

Mr. MORRISON: That is not refuting my statement

Mr. MARTELL: No.

Mr. MORRISON: I am not an expert on freight rates, but I have quoted a sworn statement, and the House can consider it and do as they wish about it. It is quite evident the manufacturer has been getting the preference in this matter. Now, Sir, there must be a maximum reduction in freight rates in order to get things going properly. People have not been going to the farms and remaining there. We have an immigration problem on our hands, and we are wondering where we will get suitable men to put on the land. We can get lots of men to go into the towns, but we must make conditions a little better on the farm. If we are not holding the men with experience on the farm, what is the use of spending money to get more inexperienced men? Let us make the farms more livable for the returned men, and the settlers, that are there doing their utmost. I submit, if we make conditions for the basic industries attractive, the manufacturers will prosper. And we farmers want them to prosper; we have nothing against them. Some hon. members, while speaking, get pretty hot against the Agrarian group, because the members of that group express opinions which are contrary to their own opinions, but we like to present our case. If the truth is not good enough, there is something wrong. An hon. member stated last night that twenty-five boot and shoe firms had gone broke lately. I wonder if they were getting too much protection, or not enough. I am wearing a pair of shoes that cost me $11 or $12. During the last year the best I could get for a calf skin or a cow hide was from 50 cents to $1. The Labour people say they are not getting very much out of it. Where is the nigger? I have a suit of clothes which I bought from one of the biggest tailors in Toronto and which cost me $50. I have a couple of hundred sheep and was selling wool last year. At the price I sold that wool, I did not get $1 for the wool it took to make this suit of clothes. An hon. gentleman quoted prices of cloth the other day, and showed that it took $7 for enough cloth to make a suit of clothes. Now, labour may be getting a good big profit, but capital is not absorbing all the balance. Somebody is not working. Honest labour is not getting it. I do not know where it is going. These are matters which should be investigated. People cannot buy. We want the goods, but we cannot buy them. We cannot exchange our wheat for the commodities that the other fellow produces. Here is a gem. I read in a Conservative paper this week that the leader of the Progressives lacks the qualities of iron and ruthlessness, essential to political leadership.

Mr. CALDWELL: That is surely a Tory point of view.

Mr. MORRISON: I submit, Mr. Speaker, that the proper qualities for a leader is not iron and ruthlessness. We believe a leader should have a good knowledge of his country's affairs and should have the ability to apply the Golden Rule to public business.

Iron and ruthlessness have destroyed most of the countries in the world. They have been largely responsible for the hell that is in Europe and in the world generally; we need the application of Christian principles to public business to-day.

In conclusion I must say that I cannot support the budget, and I am not going to support the amendment, because I think it was political trickery.

Mr. T. W. BIRD (Nelson): Mr. Speaker, it is not my purpose to go very deeply into this discussion. I wish to remark, at the outset, that during the progress of the debate the various attitudes of the three main groups in this House have progressively cleared themselves. The Government have manifestly followed the dictates of expediency, and incidentally they have exposed themselves to the adverse judgment of that section of the public which is still old fashioned enough to believe that the same standard that applies to public conduct applies to personal conduct. The Opposition, on the other hand, have quite ignored the claims of expediency and have levelled a charge of moral aberration against the Government. I do not wish to enter into the question of expediency. It is a matter of long dispute, but I notice that it is a matter of great importance to the politicians. They have great need of it at times, and, although I am not very well versed in political history, I believe, from information I have received, that, even our rigidly righteous friends to the right have had occasion to use it now and again. I am reminded of a quotation given in this House the other day from an American writer, to the intent that Providence made politicans hollow in order to facilitate the disposal of inconvenient principles. Our friends to the right seem to believe that the members of the Government are very hollow, indeed—so hollow that they have swallowed all their present principles and still there is room. On the other hand, I am reminded of a quotation from another American writer, which runs something like this:

> A foolish consistency is the hobgoblin of little minds,
> Of little statesmen, philosophists and divines.

You see the Government on the one side, and the Opposition on the other, stand in a compromising light before the public at the present time. One is exposing its integrity and the other is exposing its—well, its "consistency." I am glad I am a Progressive at the present time. I think we have got the two old parties in a position in which we could smack them very well, if we wanted to. But it is not our duty—at least we do not conceive it to be our duty. We do not wish to reflect upon the integrity of the Government, nor upon the sincerity of the Opposition.

When I thought of these remarks, the hon. member for East Calgary (Mr. Irvine) had not spoken—the right wing of the Labour party, I mean—I do not know whether it is the right wing or the left wing, but one of the wings of the Labour party. In his speech he took occasion to criticise the Progressive party, and I am sorry to say that, in his remarks regarding the Progressive party, he seemed to be labouring under the same mist that enveloped the first part of his speech in regard to our credit system. The former part of his speech about the credit system reminded me of the famous saying about "the blind man groping in a dark room for a black hat that was not there." I am sorry the hon. member is not in his seat. I do not wish to disparage the sincerity and ability of that hon. gentleman; I have known him for many years, and I think in both regards he is the equal of most members in this House.

I want to make just one general remark in regard to the budget, and that is that, I think, this budget proves the old truth that whenever a government begins to revise a budget, the people do not stand to gain very much, if anything at all. When once a protective system is established to the degree it is in this country, it is almost impossible for any government, however sincere its intentions may be, to modify that system in the direction of the interests of the people. If, Sir, you will pardon another parable—and truth sometimes enters in by lowly doors—I am reminded of a legend about a cage of monkeys. There was once a cage of monkeys who had lived for some considerable time upon a diet of six chestnuts in the morning and four chestnuts in the evening. They got discontented under those conditions, so they resolved to present a petition to their keeper in order that that tariff might be revised. The keeper was somewhat perplexed; but by and by he made this proposition that, in future the monkeys should have, instead of six chestnuts in the morning and four in the evening, four chestnuts in the morning and six in the evening. We are told that the monkeys were well satisfied with the generosity of the offer. Some

of the members in this House, I have often observed, are Scotch in descent, and they do not easily see the point of an illustration.

Mr. McMASTER: An English joke.

Mr. BIRD: I am a North of England man myself, so that I am pretty nearly a Scotchman, although I have preserved my sense of humour in spite of the atmosphere in which I have been brought up. It is difficult to imagine a cage of nine or ten million monkeys; but I believe there are often more proofs of the theory of Darwin than we imagine, especially when the question is one of economic or political matters.

I want to say a word or two regarding the speech of the hon. member for Brome (Mr. McMaster), seeing that he has interrupted me, and the speech of the hon. member for Brantford (Mr. Raymond). These two hon. gentlemen, each in his own way, possess gifts of expression which are a distinct acquisition to this House. I was sorry to see them placed in a position that was somewhat apologetic, somewhat retrospective, with regard to their political affiliation. It seems to me to be a peculiar circumstance when these two gentlemen, tracing their political descent from a common source, should have arrived eventually at such divergent points of view.. If you will pardon me, Sir, this far-fetched illustration: you may begin with the original cell that we are told of in our school books, the primordial cell, and after ages of slow development, you get a tiger on the one hand and a sheep on the other. I suppose it should not be impossible, beginning with the primary germ of Liberalism away back in history, eventually to get the hon. member for Brome on the one hand and the hon. member for Brantford on the other. The hon. member for Brantford, it will be noticed, traced his lineage back to King John and the Barons bold. I do not know by what principle of interpretation he did that; but I thought at the time that, for his brand of Liberalism, he might as well have gone back considerably further, in fact, a few million of years further; because I should imagine that in the dim ages the Cro-Magnons and Kitchen-middeners had a protection on their stone hammers and flint knives. But the Liberalism of the Barons is rather an obscure point, I must say. John Ruskin, however, tells us that the Barons bold were protectionists. They built their castles alongside the trade routes on those days, and they levied a toll upon the passing caravans. They were Liberals in the sense that they were liberal with other people's goods. I do not think the hon. member for Brome is anxious to trace his lineage so far back as that and, as a matter of fact, he did not do so. I noticed this phenomenon in regard to his speech, and I want to pay tribute to that speech. Some of the sentiments in it went much further back than King John; I think some of them went back 1,000 years behind King John, and some of the sentences in his speech were almost memorable. But I noticed that the latter part of his speech lacked the enthusiasm and verve of the first part, and I came to the conclusion that there is a difference between eulogising the past history of a great party and apologising for its present conduct. Sometimes the springs of eloquence suddenly dry up, and there is always a reason for that. The hon. member invoked the spirit of many estimable men of the past, without very much effect, I thought. When he was invoking them, he turned to his own party; but I think there was a rustle of wings above the Progressive party at the time he was doing that. If I read history aright, if I can add my view of history in contradistinction to the views which these hon. gentlemen put forward in regard to Liberalism, I would say that the historic Liberalism, the Liberalism of John Bright, Cobden, Gladstone, Campbell-Bannerman and Lloyd-George in his palmy days, is represented, not on that side, but upon this side of the House. Progressive-ism is Liberalism redivivus and carried to a further degree of enlightenment. That is the position which we on this side of the House hold.

Mr. JACOBS: That is Liberalism for the farmers.

Mr. BIRD: I think my position in this House has proved that it is not Liberalism for the farmers. I was not going to make this remark; but I will make it now. If there is any analogy in history that fits the party opposite it seems to me that it is Joseph's coat. Hon. members will remember that Joseph's coat was a coat of many colours—about the only thing, I think, about Joseph that is like the present party opposite. If I remember rightly, Joseph was in favour of a wheat board.

Mr. McMASTER: He got corrupted by living under a tyrannous Pharaoh.

Mr. BIRD: I think he was very successful. His wheat board conserved the food of the people for seven years.

Mr. McMASTER: He enslaved the people.

Mr. BIRD: Yes, he saved the people.

Mr. McMASTER: No, I said "enslaved."

Mr. BIRD: Well, that was ancient slavery; you cannot compare the twentieth century with that age when they took slavery as a matter of course. Well, I will add this personal reference: I was brought up in a school of Conservatism, all my relatives and ancestors having been deep-dyed in the old doctrines of that political faith. When I entered my later 'teens, however, I fell under the influence of Lloyd George, that splendid idealist in British politics. That was the beginning of my Liberalism, and I feel that I still entertain the ideas of Liberalism that I had at that period. But it is not by any means the Liberalism of my friends opposite, excepting one or two very notable instances. I should like to see a revival of the old Liberal spirit amongst our friends on the opposite side, I should like to see them come back to the true faith, especially the younger men among them; I should like to see them cast aside their superstitious adherence to party tradition and party names. Let hon. gentlemen opposite throw off those shackles and get back to the realities in politics. I do not say that they ought to come over to this side, speaking in a topographical sense; but they should come to our side in the matter of adherence to realities in national politics.

Now, I do not wish to go fully into that part of my speech in which I intended to deal with the tariff. I desire, however, to refer for a short time to the attitude which our hon. friends to the right have taken towards the Progressive party. I am sorry that our Liberal friends have not criticised us throughout this debate. With one or two exceptions they have treated us very kindly, and as a consequence we have to direct all our artillery towards the right. That leaves the impression that we are somewhat biased, which I assure the House is not the case. If hon. gentlemen opposite will give us the opportunity we shall be glad to turn some of our attention in their direction.

Mr. JACOBS: Go on and do your work.

Mr. BIRD. I do not want to put the courage of hon. gentlemen to the test; and the opportunity is not always favourable to the display of courage.

[Mr. Bird.]

Mr. PUTNAM: Was the hon. member satisfied with the attitude which the Liberal party took in 1911 with regard to reciprocity?

Mr. BIRD: Theoretically I was. But, frankly, at the time of that election I was just a fresh immigrant to this country, and since then I have not entered into the niceties of that contest. In theory, however, I was whole-heartedly on the side of the Liberals then.

Mr. PUTNAM: That is the last time we had power.

Mr. BIRD: Well, it would be a strange thing if the Liberals were not sometimes true to their principles. Now, in regard to the attitude of our friends to the right, they have two or three charges to make against our party, and the main one apparently is with reference to our accuracy, or rather our want of accuracy. Hon. gentlemen to our right have assumed a very superior position on the necessity for exactitude of statement in this House, and during three and a half months of session they have caught the Progressives twice in this respect. Ever since, they have tried to disparage this party because of that, which I do not think is either fair or dignified. I hope, therefore, that hon. members will excuse the littleness and meanness of the reference I am about to make. The other day—and this is in regard to a quotation I have already made—an hon. member quoted the words I had used from the Bigelow papers and attributed them to Sam Weller. Now, this is undoubtedly a small matter to bring up. But suppose we Progressives decided henceforward to despise hon. gentlemen to our right, and always to question their accuracy, simply because one of their party happened to have made a lapse in a literary reference. That would not be nice; and yet we should be perfectly justified in doing so if we were to follow the example that hon. members have set in that regard. They have caught one or two of our members on little trivial points, and some of their first debaters have devoted almost half of their speeches to an endeavour to show that the Progressive party is irresponsible when it comes to a basis of fact. I refer particularly to the hon. member for Vancouver Centre (Mr. Stevens). We all admire the clearness and the logical character of his thinking, but I think he descended very low in his speech when he bent his efforts to show that we as a party were to be disparaged and despised because one or two of our members had

made a slip. The member for Kindersley (Mr. Carmichael) during this session has been corrected no fewer than three times for a slight slip in statement, and that is the kind of argument which the Progressive party has to cope with from our friends to the right. I admit that we Progressives are so inexperienced in parliamentary ways that we have not yet arrived at the point where we can make inaccurate statements and get away with it. No doubt the time is coming when we shall be able to do so. However, we are determined to base our main criticism always upon the facts of the case. The hon. member for Vancouver Centre, charging the Progressives with inaccuracy, quoted some of our figures. He quoted the revenue figures for 1917-18 from a pamphlet I have in my hand, the only pamphlet in this connection the Progressives used in the campaign. This pamphlet deals with taxation and the hon. member, having quoted fairly accurately the figures of the revenue, went on to say:

> They say—

That is, the Progressives.

> —that $146,000,000 is 94 per cent of $27,000,000 plus $26,000,000.

I contend that there is no such statement nor anything approaching it in the pamphlet. Now, turn to his own figures. This is what he says:

> In 1921 we raised 37½ per cent by indirect taxation and in 1922, for the fiscal year ending March 31, 27½ per cent. Let me give some figures of taxation receipts by way of illustration. Last year we received $105,000,000 from customs; $36,000,000 from excise; $73,000,000 from inland revenue—that would be sale tax—$78,000,000 from income tax and $22,000,000 from business profits tax.

That makes a total of $314,000,000. Now, out of that there is approximately $100,000,000 that fairly could come under the head of direct taxation, which means that 67 per cent was from indirect taxation. And yet the apostle of rigid righteousness says that 27½ per cent was collected by way of indirect taxation. I am sorry he is not here to correct his own figures. It does not amount to very much; if I had not been making a speech in defence I would not have referred to the matter; it is not worth while. It is not the kind of argument that even a new member ought to condescend to, but it is sufficient to show that hon. members, living as they do in their glass houses, should not throw stones. It would be well if they would be more accurate in the quotation of very simple figures.

Now, I want to detain the House just a little longer with one or two brief arguments in regard to the tariff. First of all, I want to say that so long as a protective tariff raised the greater proportion of the revenue of this country it was almost impossible to oust it from its strong position. When a system floods the treasury with money from year to year until the conscience and intelligence of the people are pretty much asleep, that is a bad thing for any country and it is a bad thing for any system of taxation that does that. Conditions in Canada, however, have changed; the tariff revenue is no longer the largest proportion of our revenue; in fact, it has a very secondary place in it. I am afraid, Mr. Speaker, that the protectionist tariff has through war conditions, lost the old prestige that it formerly enjoyed—the almost superstitious regard which the people of Canada have accorded to it for so many years. I foresee the time when it will exercise very little influence over the minds of the people of this country—that is, in a superstitious sense, because now that it has sunk to such a secondary position in our revenue the people are more inclined to look at it critically. I am glad that the war has hastened the time for Canada to see that it must supplement its revenue by direct taxation, because when you once introduce that principle it is the beginning of the end for protection. We are told that it was the budget of Peel in 1842 that sounded the death knell of British protection, because it introduced for the first time an income tax into the British fiscal system. I believe that once the people have tasted the economy and the equity and the simplicity of direct taxation they will no more go back to the protective system for getting revenue than an old cow would leave fresh grass to go back to a three-year old strawstack. I am not one of those who criticise the sales tax unconditionally, because I recognize in it a plain family resemblance to an excise tax. But a tax may be all right or approximately right in principle and yet be very wrong in its application, and I am sorry that the Government have thought fit to add fifty per cent to the sales tax this year. It is well-nigh nefarious for a country like Canada to indulge in that kind of taxation. But sometimes good comes out of evil, and I am pleased to think that here is another blow at the old protectionist superstition; here is another manifestation to the people

of Canada that a free trade government could get its revenue if it wanted to. It has been an obsession of the protectionists for a great many years that a free trade government has no channel open to it whereby it can get its revenue. But I believe there was no need for a sales tax. I believe it would have been a splendid thing if the Government had inaugurated an inheritance tax at this time. We all would have been very proud to see the name of Fielding bracketed with such a name as Harcourt in the annals of British taxation as the originator in this country of a taxation which appealed equally to the reason and to our humanity; and I believe that is what the inheritance tax does. I hope to see the day pretty soon when the federal government will introduce that tax. Of course, the cry will be raised that it is a tax on capital, but can anybody in this House point to a tax that is not a tax on capital? It is only a matter of whose capital you are going to tax, whether it is that of the rich man or that of the poor man.

Now, just a word to the protective character of protection. We have been told—

Mr. McQUARRIE: May I ask the hon. gentleman a question? Would he also tax land?

Mr. BIRD: Well, yes, if that is any satisfaction to my hon. friend.

Mr. McQUARRIE: That is to say—

Mr. BIRD: I do not wish to enter into the matter, because I want to go on with my argument; time is pressing. I want to say, in regard to the contention that protection protects the farmer, that the advocate of that view is up against a very serious difficulty in the fact that the farmers almost universally do not believe it. I know that certain protectionists believe that that attitude on the part of the farmers throughout Canada is due to some deep-seated weakness of mind. I read a protectionist speech the other day that almost went so far as to say that the farmers' attitude was due not to any understanding on his part of his own interests but to some kind of imbecility. I think I know the western farmer at any rate, and it is pretty plain that he bases his economic convictions upon very simple facts. I do not need to repeat the threadbare argument of the farmer, which is this: that protection can never, under any circumstances, increase the price of his product but that it does under all circumstances increase his cost. These are nuts that the protectionist can never crack. The farmer is no longer in the a-b-c of economics; I think the presence of these sixty-five members in the House of Commons is proof of that. There was a time when the Scottish laity could discuss points of theology with as much ability as the college man; I believe the time has come when the farmers of Canada can pretty nearly discuss economics with any of the professed politicians of this country. And the more deeply they go into this subject, the more they question the beneficence of protection in this regard, knowing as they do that the countries to which they sell their produce can only pay for it by exporting manufactured goods. The farmers doubt whether the protective tariff can be of any use to them. How can it be? How can protection help the farmer by getting in between him and his ultimate market, by stopping the flow of trade? There is another pretty hard nut for the protectionist to crack.

We have heard a lot about the home market. Well, I think nobody knows more about the home market than the farmer. Every time he drives a load of wheat to the elevator and brings back some trifling piece of machinery or household equipment, he feels like cursing the home market. It is the market that fleeces him; it is the market where his produce sells at a minimum and where everything he buys is at a maximum. So, do not cite the home market to the farmer, please. We have heard a lot about Ontario and Quebec, and we will admit that the Ontario and Quebec farmers sell 85 per cent of their produce in the home market. But are the Ontario farmers and the Quebec farmers any better off than the western farmers? I have yet to see it. I have passed through the country a good deal, and in my opinion the conditions in these respective sections do not differ very much. My contention is this. You can multiply the population of Canada four times, and the farmer would be no better off than he is now. In fact, he would probably be worse off, and instead of being a self-respecting man owning his own farm, he would be a tenant farmer, as sixty per cent of the farmers in the United States are to-day. So it is no use to talk the home market to the average farmer, be-

cause that is the place where he gets fleeced and skinned.

Just a word about the labouring man. I notice that the protectionists, especially when they talk anti-dumping, are always solicitous for the labouring man. They always wish to see a pile of work for the workingman. I know that a protectionist can point to this industry or that, and argue that free trade would kill it. I know that is possible, and there is a reason for it. But is not that just one of the results of competition everywhere? Is not that one of the fruits of competition, even if that competition is internal? Why, of course it is. It is just one of the ordinary every-day results of free and fair competition. Now and then the man who is incompetent goes to the wall, and that is all that argument amounts to.

Let me refer to the English farmer for a minute. The English farmer at the present time is complaining that the Canadians are dumping their wheat over there, and they are urging that this should be prevented. They want to stop Canada sending wheat to England. The British farmers, there is no doubt about it, are going to get out of the wheat business pretty soon, and thousands of their labourers are going to have to seek employment elsewhere, and thousands of acres will go back to pasture. That is a splendid opportunity for the British protectionist to say: Let us protect the British workingman by putting a tax on Canadian wheat and keeping it out of the country. I wonder how the manufacturers of this country would like it if England adopted their own logic and did that? I think they would go out of business pretty quick if our wheat was excluded from Great Britain to protect the British farmer in growing his high-priced wheat. There are a good many people who would like to go back a hundred years and have a tax imposed on Canadian wheat to protect the farmer. But in England that kind of talk seems immoral to the average person. It sounds almost like plain stealing to the average Englishman, and such a proposal has not much chance in a country where for many, many years every industry, agriculture included, has had to stand on its own bottom.

In this country what have we done? By a system of protection we have built up certain parasitic industries that could not possibly stand on their own feet, and when we begin to talk of free trade in relation to these industries, we are asked to think of the poor workingman. I want to say this: When we discuss the work of the workingman we want to take a wider view. We do not want to think of the workingman in this or that parasitic industry, but of the workingmen throughout the length and breadth of Canada. What is the position? It is just this: The protectionists propose to give the workingman work by keeping out of this country the manufactured articles that are paid for by the work of the workingmen of this country. Is that giving the workingman work? It is not. It is just transferring the workingman from one kind of work to another kind of work. Let me illustrate that. A short while ago in England the glove fabric people asked for protection against the German glove fabric people. They could not compete with them, although the German people are now producing their glove fabric at about four times the pre-war cost—and that is a strange thing considering the arguments we have heard from the Opposition about the effect of currency on the cost of production in Germany. The glove fabric people in England wanted to give their workingmen work by keeping out the German glove fabric. Do hon. gentlemen to my right think that is all right? Do they think the British people should keep out the German glove fabric to give the British workingmen work? Is that the position they take? They do not say, because they feel there is something else coming, and it is this: These glove fabric people in England did not think about the cotton spinners in Lancashire, who provide 90 per cent of the yarn that goes into the German product. So this talk about giving the workingmen work by protecting the industry in which he is engaged amounts to this: You take a man from a job where he works to advantage and put him at a job where he works at a disadvantage. What does that mean to the workingman? Any one can figure that out. It means that he has to work longer hours, for less pay, and under conditions that are worse all round. That is the logic of that situation. So, you cannot give the workingman work by keeping out the goods for which he pays with his work; you can only transfer him from a job at which he works to advantage and put him at a job where he is at a serious disadvantage.

Just a word as to the manufacturers themselves. They have preached to us; let us now preach to them a little. What has

protection done for the manufacturer? We cannot have the small manufacturer here and put him on the witness stand because, poor fellow, he is dead; he died years ago. I know that some speakers in this debate have said that Canada is a country of small manufacturers. I do not believe it. I have been a long way over Canada and I have yet to see the small manufacturers. If Canada was besprinkled from coast to coast with small propietors, it would be very hard to argue against protection, but it is not. The small manufacturer has gone the way of all flesh many years ago. There is a story told of Kipling who made two visits to the United States. On his first visit he met a friend, a manufacturer, who was looking very blue, and who gave as a reason, "I am fighting a losing battle against the trusts, I cannot keep it up much longer." The next time Kipling came over, the man was wreathed in smiles, and fairly exuding contentment. Kipling found out that he had sold out to the trusts. He was lucky to get out from under in that way. But what did it mean? That man had the humiliation of seeing his life's work come to nothing. That is the position we are in. We have no small industries in Canada, and any one who visits the West knows that.

Mr. McQUARRIE: Will the hon member give his definition of a small manufacturer?

Mr. BIRD: I would if I thought the House did not perfectly understand what I mean.

Mr. McQUARRIE: We had the statement made yesterday by the hon. member for Vancouver Centre (Mr. Stevens) that there were a great many small manufacturers in this country. Now the hon. gentleman says there are none, that the small manufacturer is dead, and I am simply asking him to give us his definition of a small manufacturer.

Mr. BIRD: I wonder if the hon. member has ever read a work by Kropotkin. I will refer him to that, and by the time he has read it he will know what I mean by a small manufacturer.

Mr. McQUARRIE: I am simply asking the question.

Mr. BIRD: The other day I asked a question, but I was dealt with very rudely, and I felt it. Since then I have determined that I shall always treat questioners with absolute courtesy from now on, because it is not pleasant to be dealt with rudely, even in the House of Commons, where rudeness is sometimes the rule. The question which my hon. friend has just asked me is quite legitimate. However, I do not desire, at the present time, to enter into a discussion on the point, because the general remark I made will be perfectly understood by the House.

Mr. McQUARRIE: My hon. friend has not answered my question.

Mr. BIRD: It would take considerable time for me to define just what small industries are.

Mr. McQUARRIE: As far as I can see it is a pertinent question.

Mr. DEPUTY SPEAKER: The hon. member is not required to answer questions unless he so desires, and he has indicated that he does not wish to do so.

Mr. BIRD: I do not wish to repulse the hon. member in any way, but really I do desire to continue my speech. I think that in a general way the fact is as I have stated in the case of the small industries. As a general rule it is true in the United States and Canada that the small industries have given way to the big industries, and that we, at the present time, are pretty well in the grip of these big combinations. I tell you that a big industry to-day can tax the clothes and the boots I wear with more impunity than our Finance Minister can tax soft drinks or candy. I believe these big trusts can tax us in a way that would turn King Charles I. green with envy if he were looking on, and make such men as Pym and Hampden turn in their graves, and that is a long time ago in the history of British liberty. I can refer you to a book on industrial relationships, issued by the United States government, that would make you sit up and take notice of the conditions on this continent in regard to the freedom and liberties of the people. We are pretty well within the grip of these big industries, and what does it mean? It means this: The people of Canada, as a rule, do not read much Red literature; they are better balanced, I suppose, than to do so. But they do observe the operation of the big trusts in their daily life; and I tell you that the operation of those trusts is a better argument for socialism of the most extreme type than any Red literature that was ever spewed forth from a Bolshevist press. Now that is where you manufacturers have gone; there are no longer any manufacturers in the usual historical sense. Now just let me conclude with a word—

Mr. ROBB: Before my hon. friend leaves that, are we to understand that he is opposed to all trusts including the Grain Purchasing Trust?

Mr. BIRD: I am not opposed to any Grain Purchasing Trust at all.

Some hon. MEMBERS: Oh, oh.

Mr. BIRD: Let my hon. friend present a case and I will give my judgment upon it; but I am not going to be led into any digression. Just the same I do believe in a Wheat Board.

Now I am going to say a word on the patriotic aspect of these questions. The protectionists are nothing if they are not flag wavers. We have had a lot of talk about Germany. We have heard something about the "Blood-stained hand of Germany" and we have heard even worse statements about that country; and when you get that spirit turned inwardly on internal affairs you get an attitude that is very hard to bear. I mean you get a superior attitude; you get an attitude that ought not to obtain between reasonable citizens in the same country as to patriotism and fidelity to one's country. What does all this talk by protectionists about the building up of our country by protection amount to? I want to say very briefly that in my humble view we have three difficulties in Canada in the way of building up a strong or united nationhood. The first of these difficulties is that we are a federation of divers political units. I think it is, Bagehot who says, "Of all forms of government, a federation demands most of its people and of its statesmen." Now in the future Canada is going to demand much from its statesmen and its people by reason of the fact that it is a far flung country with divers political units federated. The second difficulty is of a geographical nature. Nature—the greatest sectionalist in Canada, infinitely worse than the Progressives —has divided this country very effectually. Nature could not very well have reared a higher range of mountains than the Rockies; it could not very well have made a wilder wilderness than Ontario—I beg your pardon, western Ontario.

An hon. MEMBER: Are you sure you do not mean Toronto?

Mr. BIRD: No, I do not mean Toronto although I believe some one has said that the hub of the universe visibly protrudes from that part of Canada; but nature has so destined our conditions that the influences that play from east to west, and west to east, should be permanently obstructed; and from the time of the Greeks down to the present conditions of that kind have militated against the building up of united countries. It seems strange that nature should have so effectually obstructed the interplay of influences east and west; and having done that should have so effectually exposed us to the influences that play from the south—should have laid us wide open to the influences that come from the great political unit to the south of us. I want to say that these three conditions are going to demand much of the statesmen of Canada in the future. To keep this country united is going to require a lot of wise planning. It is not a case of loyalty at all, it is just a case of economic necessity; and economic necessity, which is the first law of our existence, on occasion will come before that perhaps finer sentiment, patriotism itself. But let me say that protection seems to aggravate every one of these conditions—every one of them. It comes in and seems to deliberately drive a wedge in each one of these conditions. We have long believed that protection was a mischief maker internationally; but we are also beginning to see that it is a mischief maker internally, and when hon. members to my right talk about sectionalism in a strain of irony, working us up, so to speak, they are doing something the final influence of which they cannot very well be aware of, and I would advise them to go lightly on that strain. If conditions were different in this country they might do it to their utmost; but seeing that we are so far flung, and so loosely knit together, they would far better get on to some other and more safe line of argument than that.

Mr. O. R. GOULD (Assiniboia): It may seem rather strange to the House that the Progressive party should persist in continuing the debate in this manner. However, we have a story to tell and possibly, even if we do not take up so much time individually as some other hon. members, we may be excused for not remaining silent. I believe we have all arrived at the conclusion that one day more or less here at the present time does not matter materially, seeing that we who are engaged in agriculture are now unable to get home to take part in the very important occupation of earning a livelihood—that is to say, putting in the crops in the western country; that time has passed.

Now in my earlier remarks, and I do not propose to take up any great amount

of time—I must associate myself—and I do so with great pleasure and earnestness —with all that has been said by way of compliment with respect to the Minister of Finance, (Mr. Fielding). I pay that compliment to him almost in the sense of a son to a father—that is, with the respect that a son should have for a father —for I must say, Mr. Speaker, that long years before I had the honour of entering this House I had watched with much interest the endeavours—yea, the accomplishments—of the hon. minister, and, certainly, it had not occurred to me in those days that the privilege would be afforded me of coming here and being a colleague of that hon. gentlemen. Yet, I must confess that I was to a great extent, by precedent, perhaps, by the teachings of my people, taught to be a believer in the principles upon which he stood. But, as time progressed, and I arrived more at years of discretion, I began to see that I would have to reason for myself, and that he, and the party to which he belonged, after having had opportunities afforded them for many years since Confederation, were not seemingly bringing to a fruition those things for which the Liberal party professedly stood. I recollect distinctly, going back to 1893 and 1896, the first platform of his party, and I followed it all through. That is an aside at the present time. I wish, though, to state that, as I have come up to this House, I have watched the keen and sprightly walk of the Minister of Finance, and I have thought to myself that he was a man older in experience than he was in years, and I am sure we are all impressed with that.

Now, Mr. Speaker, the expressions of opinion that have come from this corner of the Chamber have all been initiated, perhaps, by the consciousness of conditions which obtain in the country, particularly affecting the class of people, whom we represent; that is the agricultural class. Many theses and doctrines have been promulgated. The effort has been made—and it has come from many sources in this corner—to persuade the powers that be that we have a real grievance, but while advancing that claim we believe we have a solution for it. This question has been repeatedly before the House. The presentation of the case has been made in like manner, except, perhaps, not in as great volume, ever since 1919. The hon. member from Marquette (Mr. Crerar) led a small party of men in this House, in deference to expressions of opinion that were coming from sections throughout the country, and those few followers put forth the contention that agriculture in this country had not been receiving its due recognition. In spite of predictions, the fact that we have 66 members in this corner of the House belonging to the Agrarian party is a concrete evidence of the fact that people throughout Canada believe that we have not been receiving a proper deal, or that we have not been receiving justice, and we have been sent here for the distinct and express purpose of again explaining to Parliament, and, by all honourable means, obtaining for our people the things we have been so long denied. That is the reason we are here. And I have wondered, as I have looked over the provisions of the budget speech, whether we should consider that speech and the provisions thereof, as representing love of us, or fear of us, or neither.

Before proceeding to deal with the budget, I wish to ask a favour, because I desire to digress a little from the budget address, and bring up a question which, perhaps, should have been dealt with when the estimates were considered, and if I had had the information when the estimates were before the House which I have at the present time, I would have mentioned it then. This question has to do with the national expenditure on the briquetting plant in the district of Assiniboia. We all know that the Dominion government has expended certain sums of money for a number of years to erect a briquetting plant at Bienfait and endeavoured to find out the best means—at least that is the professed idea—of preparing lignite coal, which is there in large quantities, for the people of the country. I have expressed my opinion on this matter previously. The lignite coal exists there in such large quantities that I believe there is sufficient to energize all the electricity required in the southern part of Saskatchewan, yea, perhaps, in the south western part of Manitoba, and, not being a wooded area, we would like to have that coal brought into such a state that the settlers could use it in furnaces, or others could use it commercially. About $820,000 was expended on that briquetting plant, but it seems to me, from information I have received, that we have been working upon wrong lines. It is proposed to extract the moisture from that coal and form it into briquettes by means of a binder. Something is expected from the by-products

thereof. I find now that the estimates of the price of briquettes far exceeds the first estimate that was given when the project was first undertaken.

This is a national undertaking. Apart from the scientific aspect, it represents moneys that are taken from every district of Canada, it is of great importance in a national way, and that is one reason why I introduce it. I put questions on the Order Paper some time ago and received replies from the minister. He stated that he would have some by-products in the recovery plant, but he did not know to what extent the by-products would be useful. He states that the recovery process is for the extraction of coal tar, and yet on the other hand, we find that coal tar is to be the basis of the binder that is to be used for that lignite. But we also find that $8 per ton is the price, at the head of the Great Lakes, of tar to be used as binder, that has to be imported into the province of Saskatchewan, carried down to Bienfait, and used there to replace the tar which as a by-product is being extracted. The price of the briquettes which contain 11,500 heat units per pound is $12.25 per ton and we at once realize the commercial impossibility of manufacturing lignite into briquettes, and the commercial failure that must result, in competition with other briquette coal that is being brought in at the present time. In the city of Winnipeg briquette coal, with about 16,000 heat units per pound, is being sold at $17 a ton. If you take into consideration the number of heat units supposed to be incorporated in this lignite coal, the price of the tar, and so on, that has to be imported to bind it, you will see that for us to further pursue that as a commercial proposition would be inadvisable.

It is said then that we must have an alternative. On that point I have some information which I wish to submit to the House, and I hope the Government will pay attention to this. We desire to have the coal made commercially available as quickly as possible. We would like to have erected a plant whereby the moisture in the coal, about 30 per cent, could be extracted, before the product is shipped out to us. Experiments have resulted in demonstrating the fact, that whether it be lignite, anthracite, or even peat, it can be used in powder form much more cheaply, and without waste. In the use of lignite coal there is much waste and ash and clogging of flues or pipes, whether it be used in stoves or furnaces or in a manufacturing way. It can be used in a powdered form, both for stoves and manufacturing purposes, and it can be powdered by the addition of a plant, requiring about one fourth the capitalization necessary for a briquetting plant, such as we have at the present time. I believe this powdered coal can be turned on and burned in that form in a pressure plant, the same as gas or oil. The tars not being used in the binder, there is very little waste, and practically no residue after the coal is burned. We get practically 95 per cent out of our coal, whereas at the present time, I believe, in the case of lignite coal, the available heating element is almost 70 per cent over and above waste.

That is a problem which I think the Dominion government should look into. I do not know whether to condemn the past government because a sufficiently thorough investigation did not take place; but it is certain that we, in the West, as a people are disappointed because years ago we expected these briquettes to be placed upon the market and, according to information contained in answers to questions which I placed upon the Order Paper, the time seems just as far distant as ever. Nevertheless, $126,000 is being voted again this year for the purpose of this plant. It is quite unusual for a member to protest against expenditures in his own electoral district; usually, hon. members are in the habit of asking for greater expenditures; but I am talking in the interest of economy, and I state that, in my humble opinion, this money might be better employed for some other purpose. I hope, naturally, that it will not be taken away from my constituency, because I should like to see the money expended on a railway which runs right across our coal fields. This would tap four lines of railway running east and west; and if this money were spent in that way, the railway would be a real asset to the people of my constituency which is lacking in wood, so that they must rely on fuel from outside sources to keep themselves warm and comfortable during the winter. As I have said on many occasions, we have reached the point where settlers have actually attacked cars and taken the coal off rather than see their children go cold. Therefore, if the Government will pay heed to this, I hope that next year we in the West will learn that a real solution of the problem has been found. I repeat that I do not believe a

solution will be found in following out the present plan of briquetting that lignite coal. That is all I wish to say on this matter at the present time.

I want to deal for a few minutes with some statements that have been made by the hon. member for Centre Vancouver, (Mr. Stevens) who, I am sorry to say, is not in his seat. He rather deprecated the fact that the agricultural portions of Canada did not pay their share of the income tax. I almost gathered the impression that he would have the people of Canada believe that this was wilful on the part of the agriculturists. I am sure hon. members will believe the statement that has been repeated so frequently from this corner of the chamber, that the agriculturists are not doing this for any other reason than that they are unable to do so. Is it not a known fact to hon. members—I see the Minister of Agriculture (Mr. Motherwell); he will bear me out in this statement—that in Saskatchewan there are many school districts, in which during the past three, four or five years the people have questioned themselves whether they could pay taxes to keep the schools open. Even last winter municipalities took the question up and municipal meetings were held in many parts of that province, the question being asked: Can we extend our credit any longer in order to keep our schools open? The money is often not available to keep these schools open. Fortunately, through the intervention of the provincial government and the co-ordination of the municipal authorities, the schools were kept open until the banks offered credit again whereby the schools could be carried on. Why should hon. members in this House or men throughout the country try to give the impression that the farmers are wilfully escaping or endeavouring to evade or avoid their proper share of income taxation? They are not; they would be only too pleased if an opportunity were afforded them of paying a good round sum in income tax, because that would mean, as it does to those who have to pay tax, their ability to pay.

Again the hon. member, in reply to a question which I asked him concerning watered stock, said that 7 per cent was surely not an excessive profit. No, we say it is not an excessive profit if it is on actual cash that is invested in a company; but the hon. gentleman spoke of "unduly watered stock." To what extent must a man or a corporation go before the term "unduly" is applied? Do they recognize it as a right that incorporated institutions in this country, through, perhaps, some concession, or through, perhaps, the value of an asset paying a huge dividend, may or shall or should, as they do, go throughout the length and breadth of the country and sell stock which is largely fictitious? They take money from widows, orphans or any one else, and they say: "This is an institution capable of paying 20 per cent and we want your money, why not buy some of this stock?" It does not, however, represent any equity or value except the ability of that company to pay interest on watered stock. If a depression should come, or the value go down so that they pay only 2 or 3 per cent, they call that hard times. We maintain still that, in many institutions which have a large amount of watered stock, two per cent on the watered stock would represent a good profit if it were paid on the cash value of the plant. We believe we are justified in calling the attention of the House to the fact that we do not believe in watered stock, whether it is unduly watered or watered to any other extent. We want all interests in Canada to stand on their own feet, on their own base, and this "unduly watered" proposition is something that we agriculturists know nothing about.

I have been listening to conversations concerning the banks. I do not think I am betraying any secret in saying that when I have listened to remarks and discussions in some of the committees and in this House, it has seemed to me that men who talk of corporations and so on have not the proper perspective; they have not the right viewpoint. They seem to look upon the banking institutions of Canada as corporations that possess the credit of the Dominion of Canada, given to them by the Dominion of Canada, so that they can take the deposits of all the people and their own currency, inflated more or less by acts of Parliament, send the money out of the country and invest it in foreign bonds. I deprecate this. When we, having legitimate local interests, appeal to these institutions for legitimate credits to carry on our businesses, we are told that money is not available. For example, some years ago a subsidiary company owned a lighting plant in Rio de Janeiro, and we in the West were unable to get loans of money necessary to capitalize the businesses that we were endeavouring to carry on for that year. That is one reason why I consider that the moneyed institutions of Canada should have greater restrictions placed

upon them. They should not be privileged to the extent they are taking out of the country funds that rightly belong to the people of Canada, where there is so much need of money for the development of our natural resources. The farmers, who are working under such disadvantages, in the best of circumstances, and on whose activities the prosperity of this country depends, are absolutely handicapped because of the higher rate of interest that is charged them in that respect. As a layman I would urge that point as forcefully as I can upon the Government and upon members of this House, because I have had some experience in this matter, as I know my neighbours have who are struggling in the West to develop the resources that lie dormant in this great country and are doing their best to convert those resources into national wealth.

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

Mr. GOULD: Mr. Speaker, since the House rose, three hon. members have asked me to deal a little more fully with the briquetting plant at Bienfait, with regard to which I had made a few remarks before six o'clock. I have some figures here, which, perhaps, will be interesting to hon. members and also to many of the people of Canada, particularly the people of western Canada. We are very much interested in the question of the supply of fuel; in fact, to us in the West the matter is quite as pressing as is the question of the tariff. As the time of the House has not been occupied at any considerable length in a discussion of the fuel problem, I wish to devote a few minutes to it now.

The information that I wish to give to the House is with regard to the value of the briquettes manufactured at the town of Bienfait as compared with a like product which is being sold in Winnipeg at the present time. According to information which I have received, the briquettes manufactured at Bienfait would be worth $12.25 a ton, as at present estimated, f.o.b. Bienfait. These briquettes have approximately 11,500 heat units per pound, and exactly what they would be worth in the city of Winnipeg can easily be computed. We find that under the present freight rates, this commodity, worth $12.25 per ton, must be retailed in Winnipeg at $17.50. It is quite evident, therefore, that a product selling at $17.50 in Winnipeg, and containing approximately 11,500 heat units per pound, cannot successfully compete with a similar product containing 15,000 heat units per pound, and selling in Winnipeg at $17 per ton. I think I am justified in directing the attention of the House to the fact that even if we should find it possible to make a briquette from the low grade lignite which is found in the southeastern part of Saskatchewan, we are not warranted in continuing its manufacture, because we should have to compete with a briquette product already on the market which can undersell us on the basis of heat values, by one-fifth. Now, that is good, sound reasoning..

I have also been asked to explain further how this low grade coal can be used. It has been proved beyond doubt that anthracite, lignite coals in all their grades, and even peat can be successfully produced in powdered form and used in furnaces and ranges, both for domestic, and for commercial purposes. By the use of a very cheap power plant, operating by air pressure, the powdered product is forced into the receptacle in which it is burned and the amount used can be controlled by a tap. It is estimated that the use of such a plant would save in the household or in the manufacturing plant approximately 23 per cent of the amount now being expended for fuel, and that is a large item, especially on our western plains. If we can commercialize in this way these large deposits of lignite coal and save every farmer and every industry in western Canada 23 per cent of their present fuel costs, the effort shall have been well worth while.

Now, here is a splendid opportunity for the high protectionist to step in and to say that we should introduce protection on behalf of the production of this commodity, with its lower heat unit content and its relatively high cost. That is the argument of the protectionist in all cases; but I do maintain that the principle is fallacious. This is, in my opinion, a very clear illustration of the fallacy of high protection, and many cases analagous to the one which I have cited may be mentioned. We have an almost unlimited supply of this coal and it can be commercialized and prepared for use in an economical way—economical, because of the elimination of waste. All we would require to have at the mine would be a drying plant and a powdering plant. The

coal would then be distributed throughout the country in the form of powder, and, as I have said, by the use of a small power plant it can be fed to the stove in a very satisfactory manner. It is much cleaner than ordinary coal and is much more satisfactory in every way. Without going into the matter any further I may say that I have in my office a long treatise on the subject and I should be only too pleased to give any further information to hon. members who are interested in it.

I wish again to draw the attention of the Government to a matter which has been mentioned on the floor of this House on two or three occasions during the present session. It has to do with the liquor question as affecting the southeastern part of Saskatchewan. A very regrettable condition exists there. In the lower part of my own electoral district, about seventeen export liquor houses have been continually carrying on the export of liquor, both to other provinces and outside the country, since the referendum was taken in that province. I do not want to say this with any egotism, but last year I endeavoured to find out who was responsible for granting permission to these institutions to operate in that province, and was unable to do so. Again this session, with the co-operation of the hon. member for Qu'Appelle (Mr. Millar), I endeavoured to place the responsibility. I am not sanguine enough to hope that I have yet succeeded in finding out who is responsible for the condition which still obtains there. Not more than three days ago I received a letter stating that what are known as booze cars were running back and forth throughout the country. My people have protested in all earnestness against the existence of these houses, and if I am impotent to find out who is responsible for their existence, I think I have done my duty in bringing this matter to the attention of the House, and I hope that the Government will still co-operate with the hon. member for Qu'Appelle (Mr. Millar) and myself in an endeavour to place the responsibility.

I was much interested in an item I read in the paper a few days ago, and it may have some bearing on a solution of this problem, to the effect that a decision which was given in the Michigan courts some time ago sustaining the export of liquor to foreign countries and its importation from outside had been over-ruled by the Supreme Court of the United States. On May 15 the Supreme Court of the United States handed down a decision in which they held that liquor while within the boundaries of the United States en route from one foreign port to another, could be seized under the national Prohibition Act. It may be that the United States will take advantage of this decision in connection with the international exportation and importation of liquors, and that may have some effect on those establishments in the United States. I hope it will have, simply because, as I have said repeatedly, the establishment and the retention of these institutions is much deplored by our people. These houses are a veritable nuisance in my district.

I wish now to say a few words with regard to the banking system of Canada in connection with the budget which has been presented to the House. Some people speak very strongly in favour of the banking system of this country, yet I think there are many reasons why we should consider whether we really have the very strongest banking system possible. Some years ago we had in the west the Northern Bank, which later merged with the Northern Crown Bank, which in turn was absorbed by the Royal Bank. A few years later we had the failure of the Farmers Bank, and there was a sorry story to be told in connection with that. Only recently we had the merger of the Merchants Bank with the Bank of Montreal. Fortunately, in that case the Bank of Montreal was strong enough to take care of the depositors of the Merchants Bank.

Bank clearings last year amounted to sixteen billions of dollars. That is a huge sum of money for the banks of Canada to handle, and it seems to me that in view of that huge turnover we have a right to make the banks pay a proportionate amount of the taxes of this country. In an address I gave in this House last year I made the statement, which can be substantiated, that the banks receive very liberal concessions, both in the way of credits by this Government and in the way of license they receive to send their own credits in and out of the country, and a further concession in connection with their building assessment. I pointed out particularly that in making their returns the banks give only the initial price of their buildings. I stated that I believed the great banks of Canada could hide, and were hiding their assets by being allowed only to send in the initial cost of their buildings. Let me give a homely illustration. An individual, whether he lives in a town, city or village or in the country, when he purchases a house or a

farm soon finds that the initial price is not the price the property is allowed to be assessed at for very long. As the district improves and settlers come in, the value of the property is increased, and the assessment accordingly. If that holds good in the case of the individual, I think it should also be applied in the case of the banks. I do not know what portion of this sixteen billions of dollars represents cheques, but the total will be made up of cheques, acceptances, and general currency. If that is the case, at a very conservative estimate this sixteen billion dollars should stand an assessment of at least $5,000,000 to be paid into the Dominion treasury.

With regard to the stamp tax on cheques, and I am sorry to say that my leader was the first member of this House to regret the placing of stamps upon cheques issued by great corporations, let me say that many corporations in this country are only stock companies that are doing business on the money subscribed for their stock by the people of Canada, and they can well afford to pay this stamp tax. Let me give another homely illustration. The average individual whether he lives in a village, town or city, sometimes leaves ten or perhaps fifty dollars on deposit at the bank, if he is fortunate to have any money to bank, and when he wishes to purchase the necessaries of life, particularly in the country, he sends in his boy or some member of the family to buy five dollars' worth of groceries by cheque against his account, and in that way it will very soon cost him 50 cents in stamps to cheque out that fifty dollars. The individual has to pay that, so why should not big business men be called upon to pay the two-cent tax on every fifty dollars? I have seen it stated in the newspapers that the Finance Minister might modify his proposals in regard to the stamp tax. I trust that he will do nothing of the kind, simply because we have pleaded long and hard and earnestly that big business should pay its fair proportion of the taxation, and so far as this stamp tax is concerned, they have no right to hedge. Furthermore, if I can afford to pay $5,000 or $10,000 for a house or farm I can afford to pay two cents on every $50 cheque I issue, as the budget proposes. I would again urge the Finance Minister, if he was thinking of making a change in this tax, not to do so. I would rather see the tax graduated so that the larger the amount paid out by cheque, the greater the tax would be.

To return to the banking system of this country, and to show you to what extent the business of this country is tied up in these large banking institutions, we had in March, 1922, $1,230,000,000 of savings deposits in the banks of Canada, and of that amount $290,600,000 was on deposit with our largest institution, the Bank of Montreal. I am not singling that bank out for criticism at all, and only mention it to show the extent to which the banking institutions of this country control our credits. The savings deposits in the banks and the credits of the country are proportionately the same, and if the Bank of Montreal controls, as it does, one-quarter of the savings deposits of this country we have a right to assume, and we do, that it controls 25 per cent of the credits of the whole Dominion of Canada. That is an enormous power to be placed in the hands of any one institution, and while there are people who will say that it is all right, there are other people, and perhaps more, who will say that such a power needs looking into to see if we cannot find ways and means whereby these large institutions can be made to serve the basic industries of Canada and the interests of the people as a whole.

In any case, I hope the Finance Minister will not be persuaded to make it more difficult for the fundamental businesses of this country to find the cash, or the wherewithal, to carry on their undertakings. As has been stated, Mr. Speaker, we had a national debt of $2,427,296,798 in 1922, but in 1914 it was only $335,966,850. I have compiled a few figures which I will give you approximately. I do not do so with the idea of causing the publication of newspaper headlines to scare the people of Canada, but rather with the object of pointing out to them the absolute necessity of realizing the burden which rests upon the shoulders of each individual, so that they may better apply themselves to the task in hand of meeting that burden. My whole argument would be to arrive at some equitable means of assessing the taxation of this country. I am sure that when the people rightly understand the burden that is placed upon them they will not cry out so loudly. Convince the people that the taxation is necessary and that the method of assessing that taxation is equitable, and they will be better satisfied. On the basis of the figures that I have submitted the per capita debt of Canada would be $277.70. Now for a family of five, which is usually accepted as the basis of

computation, the debt would be $1,388.50 for the year 1922. In 1914 the per capita debt was $38.20, and in the case of a family of five would be approximately $191. It is no wonder there is concern in the public mind. Even in 1910 and 1911 there was a great hue and cry throughout Canada at the cost of government and the per capita debt; and when we view the situation to-day and find that we are burdened with approximately $8 for every $1 of debt at that time, the people are justified in paying more attention to this question of taxation. Apart from this huge national debt, we require to pay $466,983,359 this year which means a per capita charge of $53.27. Multiply that by the figure 5, representing the average family, and it comes to a total of $266.35. Furthermore, we have provincial and municipal debts, and taking these into consideration the debt per capita for carrying on business this year amounts to $466.35. Now it is positively alarming that we should have to bear such a per capita annual debt as $466.35. Even this does not make provision for the payment of one solitary cent of the bonded indebtedness of Canada which, as I have already said, is dangerously near $2,500,000,000. Bearing these facts in mind is not the question of taxation one that should be seriously considered? Is it not urgent that much greater attention should be paid by the people as a whole not only to the principles upon which that taxation is based, but also to the problem of devising ways and means whereby that taxation can be met.

Now, I want to make a few references to some of the things which have been said during this debate. The Minister of Justice (Sir Lomer Gouin), for example, gave figures to show the operation of the tariff from 1876 to 1901. He endeavoured to show that the percentage of taxes now gleaned from the tariff was not as great as it was in the period referred to. In so far as percentages go, the figures given by him were absolutely correct; but the minister failed to state that since the time to which he had reference many new forms of taxation have been applied, and therefore the percentages which he gave with respect to the operation of the tariff are less deserving of weight than he seeks to make out. The minister asked whether we could get along without the manufacturers. Certainly we cannot; no one in this country ever thought of such a proposition. I am sure that notwithstanding the fact that the Progressives in this House have invariably been characterized as free traders, the fact remains that never from this corner of the chamber this session has any one proclaimed himself a free trader, nor do I think that any such statement was made during the election. We have asked, in particular, that in fulfilment of the planks of the platform upon which we stand, and likewise in fulfilment of the platform upon which the Liberal party professedly stand, the implements of production should be free of duty. Let me give you an illustration of how the tariff works out in that regard at present. Take a section of land, the cultivation of which probably necessitates an expenditure of $3,000. Before the man who farms that land can commence to raise anything with which to compete in a free trade market—for he really has to face unrestricted competition when he sells his products—he has to meet an average duty of 15 per cent. This, if applied to a capital of $3,000, means that he is fined to the extent of four or five hundred dollars. The amount will vary in localities in accordance with the difference in the value of the farm land. On the average, however, the farmer finds that he has to meet a charge of $400 or $500 before he can enter into business. In addition to that he bears his share of the duty on other articles that enter into consumption the same as any one in the town, city or village. But I maintain that the duty referred to is an extra tax levied upon his industry, and he is handicapped to that extent when he goes out into the markets of the world to sell any of his products. Success in agriculture is a doubtful thing. When it flourishes in Australia it may be a failure in Russia; when there is a good crop here in Canada the crops may be poor in the Argentine. These are factors that have to be considered. I suppose that if there ever came a time when agriculture was successful in every country of the world the industry would become depressed and be liable to succumb by reason of its very productiveness.

I recognize that simply to stand here and indulge in pious wishes with respect to the beneficiaries of a protective system will never get us anywhere. But the people of Canada have been lectured and lectured on tariff matters ever since 1873, at least, and wherein have they benefited? What have the people of Canada received? Well, we have received nothing.

It is amusing to realize the position taken by the small group known as the Conservative party on the question of the tariff. They say, "We stand for a protective tariff," but I have heard them quote instances where they lauded and praised themselves, because they had succeeded in reducing the tariff. It seems to me that it is absolutely inconsistent for them, at one moment, to be raising the banner on high and proclaiming "We are a protective party," and the next moment to take the compliment which might be paid them for reducing the tariff. Yet, on the hustings and in this House we have had instances of this, and I ask hon. members to try and explain their attitude. However, it is useless to plead with, or to quote instances, and give illustrations to, the beneficiaries of the system. We have been sent here for a direct and specific purpose, and I think we should have received more consideration in the budget which has been presented to the House. If we should link our forces with those on the other side, our platforms being very much the same, are we not right in assuming that all Canada is strongly in favour of the sentiments expressed in our platform, or in their platform, or in both? It was stated on a thousand platforms during the last campaign, that there was no difference between the two platforms, and that was one of the strongest pleas and arguments advanced why the Liberals should be returned to power. There was so little difference in our platforms, it was argued, that they should be returned to power.

It is extremely disappointing, now that the opportunity has been given the Liberal party to implement the pledges made since 1896, now that the people of Canada have said, "We will try them once more," and have reposed their trust in them, to find the country presented with a budget such as that which has been brought down by the Minister of Finance. I think, Mr. Speaker, the people of Canada will not forget it, and if the rejection of this budget at this time should render it necessary to go back to the country, a different story will be told, because the people did expect, Sir, that there was going to be another kind of budget brought down. Listening to the speeches which have been made by hon. members opposite, the thought came to me with a rush, and came to me repeatedly: Are these deliverances typical of the speeches made at the great Liberal convention held in August, 1919? Is this the type of speech which one would expect, following the resolutions which appear in the Liberal platform? I think not. While the excuse has been offered during this debate that conditions have changed, I want to point out the conditions at the time the platform was framed, and when the war was on. The people knew or anticipated what the conditions would be, in fact we knew, and it was advertised at that time, that there would be a period of depression and yet the Liberal party went into convention in Ottawa in August, 1919, and framed their platform. I have been informed by one gentleman who attended the convention, with whom I have talked to a considerable extent, not a member of the House of Commons, but a gentleman who was present when the platform was framed, that he was ashamed of the interpretation that was placed upon this platform by the budget speech.

Mr. GAUVREAU: Will you not give his name?

Mr. GOULD: No, that would not be honourable, but this clause of the platform which I will read will be an answer:—

> And the Liberal party hereby pledges itself to implement by legislation the provisions of this resolution, when returned to power.

Mr. MARTELL: Does the hon. member expect that everything will be done in a day?

Mr. GOULD: Possibly, tomorrow, you will go back to your constituency, and later you will be able to say "We were in power", and then you will have no further opportunity of implementing the promise. You will be told that you had been in power and the pledges were not implemented. The last clause in the Liberal platform distinctly and expressly states "When returned to power". The people of Canada—and well do we know it, Sir,—depended upon it and expected, particularly with reference to implements of production, that a change would be made, that that would be the point where it would start, and that implements would be made free of duty, so that we would have an opportunity of going into business of production on a much sounder and stronger basis than ever before. I referred to the similarity of the tariff plank of the Liberal party with the tariff plank of the Progressive party. And the story I tell the Canadian people and the story I tell the Liberal party to-day is that the Progressive party is the one who would implement that promise. Let the Canadian people

know where we stand. Let the people know that this representative from Assiniboia is a Progressive, and that he is still absolutely standing upon his platform.

Mr. MARTELL: Does the hon. member believe in the Liberal tariff platform plank of 1919 that he referred to?

Mr. GOULD: I would reply to that more fully. I believed in it in 1896. I believed in reciprocity in 1911, and regret that it was not adopted. I believe in it at the present time. I believe more in the tariff plank of the Liberal party than I believe in the Liberal party itself.

Mr. MARTELL: Will the hon. member permit me a question?

Mr. GOULD: No, I think the hon. member's question has been answered already. Let me illustrate a little bit further. I have a word to say to the hon. member from Brome (Mr. McMaster) whom I have learned to respect, yea, to revere. I have admired him on many occasions when he has stood in his place and advocated the principles which he believed his party was advocating. Well, do I remember them. I might go back in history to the time the hon. member paid me a visit in Assiniboia, when he came out there preaching the doctrine, very nearly, of free trade, telling the people most positively what the policies and principles of the Liberal party were. A lot of the people believed his statement, and had it not been for the feeling of my constituents and myself that the Liberal party would not fulfil their pledges if they had the opportunity, this being practically the doctrine I preached on every platform, I honestly believe the arguments and persuasions of the member for Brome would have prevailed. But the people of Canada know now what interpretation means as compared with profession, and I regret—and I am very sorry to say this once again—the very, very small thing that has been handed out to the great majority of the people of Canada, who at least believed in the policies and principles enunciated in the Liberal platform which were similar to the policies in our platform.

Mr. MARTELL: How far would you like to see the Government go at the present time in regard to the tariff? Do you want it wiped out entirely?

Mr. GOULD: I would start specifically, as my honoured leader stated the other day. It seems there has been no discussion whatever of the question why in the case of two implements made of steel, one should bear a duty of 15 per cent and the other 10 per cent in the tariff. It shows there has been no discussion in the caucus to ascertain the relationship, and it is a question that schoolboys might settle. One of the first things I would do would be to find out the relationship if protection was desired. I have never said I would sweep the slate clean, but I would spend a little time considering whether there should be this inequality when both implements are made of steel.

Mr. LOVETT: Does the hon. member not think the Minister of Finance (Mr. Fielding) gave this question great consideration?

Mr. GOULD: According to the statement made by the Minister of Finance, he does not believe in your platform. I am speaking of the planks in the platform and not of the individuals in the party, who were supposed to make the confession that they did not believe in the platform. That is the attitude which I wish to take. That is the expression of opinion which I wish to place before the House and the country to-night—that individuals who compose the so-called Liberal party have a platform and have not implemented it, and there are a number who have definitely stated in the House that they do not think they ever will; they do not approve the platform. It is on that declaration that the people of Canada will pronounce judgment.

Mr. MARTELL: When did the Minister of Finance say that he did not believe in the Liberal policy or platform?

Mr. GOULD: He did not say the policy, but the day before yesterday the Minister of Finance made that statement. I do not know whether the hon. member was in the House or not.

Mr. MARTELL: No. He referred to the tariff plank.

Mr. GOULD: If you burst one wheel of a buggy, your whole machine is gone. I do not think anything is to be gained by my standing here answering questions that are being put to me by my hon. friends across the floor. As I have stated, the possibility at least exists that we shall go back to the country. When we go back to the country, we will have a right to say that the Liberal party had an opportunity of implementing their pledges, and they had not

done so. Consequently, we stand upon good ground, as we stood upon good ground when we campaigned last fall and told the people that we did not believe that until a purification had taken place in the Liberal party they need ever expect to have their platform implemented by legislation. We have waited long, patiently and earnestly; we have given an opportunity to the great Liberal party of Canada ever since 1896 to implement pledges made in 1891 and 1893. We have waited and waited and waited almost in vain. Grey hairs are now over my head. When I was a boy going to school I believed in those promises; I believed in the Liberal party. My father told me that they would implement those pledges. I am as old a man to-day as my father was in those days, and those pledges are not implemented yet. I will tell my boys that the Liberal party will never implement their pledges. That is all I wish to say concerning the matter to-night. Without expressly stating how I am going to vote, I think indirectly I have stated that.

Mr. JAMES STEEDSMAN (Souris): Mr. Speaker, in rising to continue the debate, I realize that the House is over weary, and I will keep that fact in mind as I go along. I will promise that I shall not detain the House very long. I want, however, to add my voice to that of hon. gentlemen who sit around me in expressing my regret—I do not know that that expresses exactly what I want to say; I am not disappointed in the budget; I do not want to convey the impression that I am—my sorrow that such a budget has been brought down in this House at this time: I should like for a moment to discuss a question that was touched upon very briefly by my colleague (Mr. Gould), who has just sat down. I want to discuss some of the inconsistencies of the tariff which were touched upon to a certain extent the other day by the leader of this group (Mr. Crerar). Starting out with the mower and the binder, we find that prior to the present time the duty on binders and mowers was 12½ per cent; it has now been reduced to 10 per cent, the duty on ploughs, harrows, drills and so on was 17½ per cent; it is now 15 per cent; the duty on wagons was 20 per cent; it is now 17½ per cent. Think of the inconsistencies, and let me point out to the House that before a man needs a binder, if he is going into agriculture, he must have a plough, harrows, drills and so on, and before he needs those, he must have a wagon. Where a farmer requires two binders in the operation of his farm, he will require at least four and, perhaps, five wagons. Let us see how that affects the agriculturist in western Canada. Prices were quoted this afternoon by the hon. member for Weyburn (Mr. Morrison) on various agricultural implements, amongst others, the wagon, and I want to follow that through a little further. Supposing that the agriculturist has four wagons to buy, what is the situation? Let us suppose that he buys one of imported make, made in the United States, because that is where we get all our agricultural implements that we do not manufacture in Canada, and three Canadian-made wagons. That is about the proportion in which we buy imported implements. As my hon. friend pointed out this afternoon, the price of a wagon in North Dakota, just below the boundary of my constituency, is approximately $200. The Canadian farmer buys an American wagon which, on the market in Dakota along any of the lines of railway there, would cost him $200; but when he buys it in Canada, it costs him, with the 20 per cent duty that was in existence prior to the present budget, $240. There is $40 that he pays into the public treasury. But when he goes to his implement agent to buy three Canadian wagons that he finds necessary to carry on his business, what happens? He pays the same figure, or $240 for each wagon. He gets $200 worth of wagon, and he pays $40 over to the Canadian manufacturer of that article; or, on the three wagons, he pays $120 into the coffers of the manufacturer, and, on the four wagons, he pays that much into the coffers of the manufacturer and $40 into the treasury of the Dominion. That is how this works out with agricultural implements in proportion to the amount of the duty on each article. I do not propose to follow that further. That will illustrate how the thing works out.

The other day in this House an hon. member from British Columbia—I have forgotten his constituency, but he is one of the members of the group to my right—stated that British Columbia afforded one of the finest locations for manufacturing in Canada, at least, if not in the world. He told us that, on account of their immense water powers, their mines, their coal, their timber and so on, it was an ideal spot for manufacturers. But in the same breath he told us that British Columbia manufacturers could not exist, could not compete with United States manufac-

turers immediately alongside of them, if it were not for the protective tariff. He told us the same thing applied to fruit. Well, if the manufacturers and fruit growers of British Columbia, or of Ontario for that matter, cannot compete with the manufacturers and fruit growers of the United States, then, as some one has said, they will have to get out of the business. That is the solution so far as I can see. How does the fruit question affect the agriculturists of the prairies? After all it is at the expense of the agriculturists of the prairies that the people of British Columbia are asking for protection for their manufacturers and their fruit growers.

Mr. CHAPLIN: Does the hon. member believe, then, in free trade in fruit of all kinds?

Mr. STEEDSMAN: I have not said so, but I am pointing out how protection bears on the agriculturists in western Canada, and am trying to show the inconsistency of continually insisting on the prairie agriculturists paying tribute to the manufacturers and growers of fruit in other parts of the country. We in the prairie provinces are just as close to the United States as are the people of British Columbia, and the states immediately to the south of the prairie provinces are our strongest competitors in the production of hard spring wheat. It is against the producers of wheat in the United States that we have to compete with our
9 p.m. hard wheat in the markets of the world. Now, then, is it reasonable to suppose that we can stand up and compete with those men under the handicaps I have indicated with regard to agricultural implements and other things? To illustrate how this question works out in the matter of fruit, I might tell the House that two years ago, as the result of protection—not entirely as a result of protection, I admit, because other factors entered into the case—the people in the community from which I come paid for British Columbia strawberries, for preserving, $8 a case, equal to a 24-quart basket. At the same time, two years ago, we paid $10 per barrel for No. 1 winter apples, Ontario fruit, in the constituency in which I live. If my information is correct, there were thosands of barrels of apples that went to waste in Ontario that year, simply rotting in the orchards. I do not contend that the tariff was responsible for that, but it was responsible to a certain extent for keeping away from the agriculturists of western Canada the American grown fruit that we could have got at a cheaper rate. We do not ask that the tariff be wiped out on fruit. We want to help to a certain extent our neighbours in other lines of industry. It was said the other day by two hon. gentlemen that it is impossible to bring down a budget that will suit everyone. Well, I would ask the House very seriously, has it ever been attempted to bring down a budget that will suit any other than one particular faction of the people? It has never been attempted. And so long as we keep telling people that they cannot stand up without protection, it is absolutely certain that they will not be able to do so, for the simple reason that they will not make an effort to do it.

I do not want to be tedious, and I do not propose to repeat the figures that were given to the House by my hon. friend from Springfield (Mr. Hoey) the other evening. Besides, they are fresh in the minds of hon. members. I would, however, emphasize the fact that they are absolutely true. It was pointed out by my hon. friend that the cost of production of wheat in western Canada, as well as in the western states, is away beyond the market value of that commodity at the present time. What does that mean to the agriculturists? It means that they are paying these bonuses, of which I have been speaking, out of principal. They have not been getting any profit, because, as I pointed out, there has been no profit out of wheat. No; they have been paying these bonuses out of principal. Two of my honoured colleagues made the statement the other day, when the question was brought up, that they had disposed of their small holdings of Victory Bonds in order to carry on their affairs on their farms. And I have had to do the same, as thousands of others have also done. We have been carrying on farming operations out there out of capital. We have been paying these bonuses out of capital, and in thousands of cases the municipalities have been furnishing the seed to re-seed the land. They did so this year. Can you realize what that means? There are lots of municipalities out there that are involved, and I am here to tell you that unless the agriculturists in those municipalities are given relief from some of these burdens they are bearing, the municipalities that are so badly involved will never be able to clear themselves. Now, it is not a pleasant thing for us in this corner of the House to get up and tell these tales, and

to tell the House that our neighbours and friends are not prosperous. We would rather tell another tale. Nor is it pleasant to find that when these statements are made they are disbelieved, are contradicted by certain members of the House, and that somehow or other the sceptics are always able to pick up statistics here and there to prove that we are wrong, notwithstanding the fact that we are the men on the ground and know the conditions.

In conclusion, if I might be so bold, I have a suggestion to offer. I notice that the Minister of Agriculture (Mr. Motherwell) is in his place, and to him particularly would I throw out the suggestion. I must confess I got the idea from the report that was sent out by the Manitoba Agricultural College on the work they have done there in the way of survey. I am not proposing that the minister should continue that work along the line that has been pursued, but I have this to suggest, that if he or his government happens to have any doubt about the conditions as they exist not only in the municipalities throughout the West, but in all the provinces of the Dominion, he might take a township or a municipality, or perhaps two townships, one at either extreme of each province, which would be fairly representative of the whole, and make a survey that would take into account the financial standing of the people living in that territory. That would provide an adequate estimate of conditions throughout the whole of the various provinces. It may be said that that would be rather a delicate thing to do. But after all, would it? It need not be a personal thing. Everyone in this corner of the House at any rate will know that I am correct when I say that if you go to a bank or a machine agency to borrow money or to buy a machine of any value, they will ask you for a correct statement of your financial condition, and on that they will tell you whether or not the advance will be made or the machine delivered; in no other way can you get it. Now, that would give the Government an idea of what the conditions are in the various provinces with regard to agriculture; as to other concerns, I am not so much interested. We believe that a survey of that nature would give the Government the opportunity for which they have asked. They have asked for time, Mr. Speaker, and it is quite evident that if they are to do anything in the way of affording relief to the great masses of the people they must have time and a good deal of it. Had they, for instance, brought down the duties on agricultural implements to the level of the duty on binders, or had they even reduced them in the same proportion by which the duty on binders has been reduced, the difference would have been considerable. We would have looked upon an all-round reduction of 20 per cent as a real step in the right direction. But the only relief afforded is 2½ per cent on some agricultural implements, many of the remainder carrying a duty of as high as 35 per cent, with no reduction at all on the food and clothing and boots and shoes that all the people use. Had the Government gone to the extent that I have indicated, we would have waited with at least some degree of patience for further developments in other years as it is, we can see no prospect of anything better.

With regard to clothing, boots and shoes, I wish merely to touch on the question of shoes, which was mentioned by the hon. member who spoke last yesterday (Mr. Logan). With that hon. gentleman's statement that many of the shoe manufacturers of Canada at the present time are in financial difficulties I have no quarrel; I do not know. But he said also that if the American shoe manufacturers were permitted to flood this country with cheap shoes the rest of the boot and shoe manufacturers would go out of business. Now, here is the point I want to make. Is the raw material of which they make these boots and shoes any cheaper in the United States than it is here? My hon. friend told us this afternoon how cheap the raw material was here. Is skilled labour any cheaper over there? I hear an hon. member say no; then how is it possible that the manufacturers of the United States could flood Canada with cheaper shoes than can be produced in this country? The argument is ridiculous; it could not be done. That they could sell cheaper shoes than we can buy in Canada to-day I am convinced. When I was a lad I could go to a boot and shoe maker—and by the way, there were boot and shoemakers in those days; there are not any now. You can go along the streets and see a sign "Shoes repaired", there are no shoemakers. In those days I had boots made, with more material in them than there are in three such pairs as I am wearing now, and possibly better material, at that, and they cost me $3.75 to $4. In fact, if we had to pay $4 we thought the shoemaker was

doing us a little. Now, what is the trouble? Raw material was not any cheaper then than it is now. Labour may have been a little cheaper, but surely not so much as to make that difference. In those days the shoemaker applied skilled labour to every part of his manufacture. My hon. friend says, that to-day he pays $11 and $12 for his boots; why the difference? The system under which we are working entails a maximum outlay of capital in connection with goods that are manufactured. Take the quantity of boots and shoes that are in warehouses, wholesale and retail stores, and so on throughout the country; undoubtedly there is a tremendous amount of capital involved. But who has ceased to wear shoes? Not anyone in the prairie provinces, especially if he is an agriculturist. I cannot see that there is any force in the arguments of my hon. friends on the other side.

I do not wish to detain the House any further. I will just say in conclusion that had the Government gone as far as I have suggested; had they taken these inconsistencies out of the tariff and placed agricultural implements on a level with binders and mowers so far as duties are concerned, we would have felt disposed to wait with some degree of patience. If the system that I have suggested were adopted I have no doubt that the Minister of Finance would be able to come before the House next year with proposals involving a great reduction of customs duties and to justify his position to this House and to Canada.

Mr. GEORGE G. COOTE (Macleod): Mr. Speaker, it would seem almost in order to apologize for taking part in the debate at this time. When the matter was mentioned in the House yesterday by the Prime Minister (Mr. Mackenzie King) and there was some suggestion of closing the debate last night, I sincerely hoped that that would be arranged, and for my part I was quite willing not to inflict on the House any speech on the budget. Seeing that that was not arranged and that the debate is continued, I want to say a few words in explanation of my position in regard to the amendment which is before the House.

The other night when the Prime Minister was speaking he quoted part of a parable from the sixth chapter of Luke, where it speaks of removing the mote from thy brother's eye. I could not help thinking that he had omitted the best part of the parable, which starts off with these words:

> Shall the blind lead the blind? shall they not both fall into the ditch?

When it comes to a question of political morality, Mr. Speaker, which this amendment seems to raise, I feel that that verse is very applicable. I do not feel that it is my duty to charge the Government with being guilty of immorality in a political sense. When this amendment was first introduced I felt that I should support it, but after listening to the argument of hon. members to my right I came to the conclusion that I could not consistently vote for it, because it was proved to my satisfaction that many members who are supporting the present Government stated during the campaign that they were not in favour of any tariff such as was set forth in the tariff plank of the Liberal platform. The thing to me seems to be rather inconsistent. I think that individual members of the Liberal party will have to be judged by their own constituents. I was glad to hear Mr. Speaker remark the other day in this House that he did not recognize parties; that he recognized only individual members. I think that the individual members of this House are responsible to their constituents. Therefore Mr. Speaker, I feel at the present time, unless some argument is advanced which would change my mind, that I shall not support the amendment. I shall leave the Government to be judged by their constituents. I believe that no government and no party can rise any higher in a moral sense than the people, and if the people at home will judge them, and if they care to send them back, that is perfectly democratic, and I shall be satisfied with that.

I feel there has been far too much time taken over this budget debate. I believe that if party politics had been left out of it, if the washing out of party political linen had been avoided, the debate might have ended before this. Speaking for myself, I did not come here to play politics. I came here to endeavour to represent the people who live in the constituency of Macleod to the very best of my ability. In fact, I think that party politics is the greatest curse from which this country is suffering to-day, and I do not think it is possible, or at all events probable, that that idea can be given too much prominence at the present time. I think it is the duty of every member of this House seriously to consider whether we could not evolve some

better system of government in this country. I want to say frankly that the budget is to be a great disappointment. If we could have in this House an honest vote regardless of party affiliations and political reasons as to whether we should have in this country a lower tariff or the present one, I should be very glad and I should be willing to accept that vote as final for the next few years; but we are not able to have that honest expression of opinion on the tariff, for under our present system I realize quite well that many low tariff Liberals cannot give expression to their honest feelings in regard to the tariff. Therefore I say that party government is at least a hinderance to the development of this country. I had expected that the budget would contain some kind of a compromise on the tariff, a compromise between low tariff and high tariff views, but the budget as brought down shows that the Finance Minister has leaned a great deal too far towards high protection. It reminds me of a story I heard in my election campaign of an Irishman who had been predeceased by two wives. When his friends asked him before he died where he would like to be buried he said, "Well, bury me between Betty and Bridget, but incline my head a little towards Bridget." I think the Prime Minister inclined his head too far towards those in his party who are desirous of having a high tariff, and that is the reason why the budget brought down is so much at variance with the tariff plank in the Liberal party platform.

The most striking thing in the annual financial statement presented to this House, I think, is the immense national debt. I believe that two billion dollars of this debt is the result of the great war, and in my humble opinion the greater part of it, at least, should never have been incurred. Had the government which was in power while the war was on been possessed of real patriotism, they would have collected from the people of this country in the way of taxation a sufficient amount to have paid the larger part of the expenditure necessary to carry on the war. I think Sir Thomas White is reported to have said at the time of the flotation of our second last loan that Canada was then wealthier than when she entered the war. I maintain that he is condemned by his own words. Had he had the courage, he could have collected during that time from the people's increased earnings, through taxation or conscription, or whatever you wish to call it, sufficient to have paid the greater part of the cost of carrying on the war, and this would have served a double purpose; it would have kept down the high cost of living, or what became the high cost of living, and would at the same time have saved us from the financial plight in which we find our country to-day. The exemption from taxation of the income from Victory bonds was, to my mind, nothing less than a crime. These bonds have now very largely found their way into the hands of the wealthy class in this country, and when our fighting men returned they as well as the rest of the people are compelled to pay taxes on their cigarettes, their soda water, their chocolate bars, to raise the interest on this immense amount of tax-exempt bonds. I consider the action of the government at that time in conscripting the manhood of the country and exempting wealth was nothing less than a national sin. I believe that nations, as well as individuals, are punished for their sins and as the Good Book itself says, the sins will be visited on the children to the third and fourth generation, and I believe that will be true in the case of this country. We have a millstone of debt around our necks to-day which I doubt if we will ever get rid of.

I should like to see placed on the statute books of this country a law which would compel any government which might happen to be in power to conscript the wealth of this country in any future wars in which this country might engage, if we ever do, and I pray we may not. Our debt now is approximately seven times as great as it was in the year 1914, and I maintain that a policy which might have been adequate to enable us to carry our debt in 1914 is not adequate to meet the needs of the country to-day. Our interest charges have increased since 1914 by 1,300 per cent, while the value of our export of wheat, which is the greatest single item in our export trade, has increased in that time only 55 per cent. This will surely bring home to hon. members what an awful interest charge we are carrying. We are so used to talking in millions that I do not believe our people realize the full extent of our national debt and of our interest charges. I am told that our interest charges to-day are more than the people of Canada spend for bread, which is the staff of life. If this terrible amount of interest is ever to be paid, it can only

be done by all the people of this country who are able to work being put to work, and we must also give them the very best machinery and tools available. The only way in which we can create new wealth, as a basis for taxation to meet our annual expenditure, is to put to work every man in this country who is willing to work, giving him the most modern and up to date tools and machinery which can be had and making his tools and machinery as cheap as possible. We have in this country great natural resources. Why should we place in the way of any man who is willing to work at these resources in developing them, any hindrance in the shape of a tariff duty on tools and machinery. For my part I never could see the sense of making any man who was willing to work a bucksaw pay a tariff tax on that saw. If that be true in respect to a bucksaw it will also apply to any other of our tools.

I just want to give one instance of what this would mean to the development of wealth in Canada. Take in my own constituency; we are told by our geologists that we have there a large oil area. Now, there is nothing which western Canada is more in need of than a larger supply of oil, kerosene and gasoline. To-day in my constituency gasoline is retailing at from 60 to 65 cents a gallon, yet we persist in maintaining a duty of 27½ per cent on oil drilling machinery of the kind made in Canada, as well as a duty on casing and practically everything required for the drilling of a well. When I was in the Black Diamond oil field in Alberta last year one of the drillers there told me that he was fully convinced that if the tariff was taken off their tools, machinery and supplies they could drill three wells for what it now costs them to put down two. Surely it would be in the interests of Canada to promote this oil industry. If we can drill more wells we can get a larger supply of oil; that would cut down our importations from the United States—practically all our oil is coming from there at the present time—and it would help to diminish the adverse balance of trade which some hon. members to my right are so much concerned about.

The present budget proposes to put small farm tractors on the free list for the purpose, we are told, of encouraging production on our farms. Surely the Minister of Finance knows that it takes either gasoline or kerosene to run those tractors; they will not run of their own accord. And yet tractors are put on the free list, and a prohibitive duty is maintained on oil well drilling machinery. To put it mildly I think that is absurd. What I said about oil well drilling machinery will apply equally to all well drilling machinery. The Minister of Agriculture has told us in very strong language that mixed farming is the salvation of that part of western Canada. Now the Minister of Agriculture, who should back me up in this, knows that there is one kind of stock which must be well watered, and that is the kind of stock which we have out there. It cannot be watered on a great many of our farms at the present time because we have not sufficient water. Drilling for water is a very expensive proposition. On my own farm, I think, the well cost me $500, and it takes every drop of water we can get to water our work horses and milch cows. Under these circumstances how are we going into mixed farming, and into stock raising? I have a neighbour that drilled two dry holes, each 200 feet deep which cost him $800 and then he had no water. If there is one kind of machinery which should be put on the free list it is the machinery for drilling wells. I remember a few years ago reading an article in the Grain Growers' Guide by a city man who was trying to point out to the farmers that they could live so much cheaper than men in the cities. One of his arguments was that it did not cost us anything for water, whereas the city man had to pay water rates. Sir, the interest on my investment in that particular well and pump cost me far more than the water rates that that man paid in Winnipeg. If I have to pull that pump out of a 200-foot well for repairs that operation of itself will cost almost as much as it costs that city man for his year's supply of water. The trouble in this country is that we do not know each other's problems. I can assure you, Mr. Speaker, that from the remarks I have heard in this House there are many men here who do not understand the problems of the farmer in western Canada. I only hope those men who feel that they do not know these problems will come out and see them. I hope they will not think they have seen them from the window of a pullman car, but that they will come out to where I live and we will be very glad to take them out and introduce them to some of those problems. One of them, by the way, is grasshoppers. I have had three letters from that district in the last

two days and this statement, or something very similar, was in each of the letters:

It is hot and dry and the grasshoppers are hatching by millions.

The other statement is:

We are having a dry time and fighting grasshoppers as hard as we know how to.

The reason I speak of these grasshoppers is that our Department of Agriculture assures us that the only way we can combat them is to poison them. Yet paris green, which is necessary for this purpose, is subject to a tariff duty. Last year I spent three of the worst weeks in my life fighting grasshoppers, and I assure hon. gentlemen that if they have never done this they have a treat in store for them should they ever be required to do so. I have seen grasshoppers so thick where they hatched that there was not room enough on the ground for all of them to hatch—they were three deep. They would eat off the wheat and make the land as bare as the floor of this House. The only way in which you can stop them is by poison, and yet poison is subject to a tariff tax, to maintain some manufacturer in eastern Canada. The farmer when he has to fight grasshoppers must fight with his back to the wall; if he does not poison them they will surely eat his crop.

Now, Mr. Speaker, I am going to try and get away from the tariff; I want to say just a few words in regard to the cattle industry. First of all I wish to commend the Minister of Finance for endeavouring to secure reciprocity with the United States. If it can be secured it will be the salvation of the cattle industry in western Canada; if it is not secured I do not know what is going to happen to the industry. Chicago is the natural market for the cattle of western Canada. When the Emergency Tariff was put into force by the United States it made it very difficult for our cattle men to ship to Chicago, or at least it left them very little profit after the cattle were shipped. At the same time that is where most of our cattle had to go last year. In the summer of 1919 and even 1920, some of the banks in western Canada were urging the ranchers to buy more cattle and even to buy grazing lands and leases. The winter of 1919 was one of the worst, from the ranchers point of view, which we have experienced in a great many years, and practically all these men were compelled to buy great quantities of feed at prices ranging from $20 to $60 per ton. In the summer of 1920 our hay crop was very short again, and although this winter was not quite so hard, they were again forced to buy great quantities of feed at fairly stiff prices. In 1921 the United States put on their Emergency Tariff against our cattle, thus almost closing the Chicago market to our ranchers. This fact was pointed out to the government which was then in office, and the announcement was made through the papers that they had concluded arrangements with the banks that the banks should carry the cattle men over until this year so that they would not be forced to sell at the extremely low price prevailing last fall. In spite of all that appeared in the papers in this regard, it is an actual fact that many of these ranchers were forced last fall to sell many of their cattle which were not properly finished. In some cases they were forced to sell cattle which had cost them at least $90 per head to raise, for from $30 to $40 per head. I have a letter here from one rancher, and I know of the case personally, stating that he was forced by the bank to sell over a hundred head of cattle, three year old steers, at a little over $30 per head, although he had sufficient hay to carry them over the winter. These cattle had cost him $40 the year before, and he had fed them for a full year. If he had been allowed to carry these cattle over another season, there is absolutely no question that he would have made another $25 per head and I think the bank should have helped him. The bank which forced him to sell the cattle was the Merchants Bank of Canada, and within a couple of weeks after this forced sale was made, it was stated in the press, that this bank had lost in one bad loan approximately $4,000,000. That loan was made to a firm of stock brokers for what might be termed gambling purposes. The banks are forcing the real producer out of business, but will furnish money to stock brokers to gamble with.

I think it is a matter of regret that the Finance Minister should have considered it necessary to give his approval to the amalgamation of the Merchants Bank with the Bank of Montreal. This Parliament should have ordered a parliamentary inquiry into the Merchants Bank case. We might have secured very valuable information which would help us to make a proper revision of the Bank Act next year. This banking question is getting to be rather a burning one in western Canada. As a rule a three months' loan is no good to an agriculturalist. He would be better if he

never got it. I think perhaps it would not be out of place if I should put before this House a few facts in connection with the banking business in this country. During the last eleven years, the number of banks in Canada decreased from twenty-nine to seventeen. Practically speaking, the directors of seventeen banks have the power to say whether any individual or group of individuals in Canada can secure any credit for carrying on their legitimate business enterprises. If the same decrease in number of banks through failures or amalgamation is continued for the next eleven years, we shall then have five banks in complete control of the credit of this country. The paid up capital stock of all Canadian banks has increased in the last ten years by only 32 per cent. Since the amalgamation of the Merchants Bank with the Bank of Montreal, this capital has decreased until it is now only 28 per cent greater than in 1911. During the ten year period from 1911 to 1921 the savings bank deposits increased by 109 per cent. This is one of the alarming features of the banking situation as the Toronto Globe recently said:

> The most disquieting feature of banking in Canada is the continually decreasing ratio of capital to deposits. Twenty years ago capital constituted over 31 per cent of the funds in the chartered banks of Canada. At the close of 1921 capital represented less than 15 per cent of these funds, while six-sevenths of all the credit used in doing the country's business was based on the deposits of the general public. It is doubtful if this change is for the better. The investor in bank stock cannot withdraw his money at will. His capital provides a fairly solid foundation for the structure of bank credit. This cannot be said with assurance of deposits which may be, and usually are, withdrawn. The billion and three quarters of deposits in Canadian banks are of what is known as "time" deposits, and could be held in the vaults during any sudden gust of panic, but if the ratio between capital and deposits in 1901 was reasonable and secure, then capital to-day needs a very considerable re-enforcement. Is Canadian credit as solidly based on six-sevenths public deposits and one-seventh private capital and reserves as it should be?

Let me point out another very important aspect of this decreasing ratio of capital stock to deposits, which is that the double liability clause attached to the capital stock of our banks is supposed to give ample security to depositors. This security is seriously impaired, if the proper ratio between capital stock and deposits is not maintained. Another disquieting feature of the situation is the fact that one bank now controls approximately one-quarter of the savings bank deposits in Canada, and this bank in addition, controls one of the largest trust companies in this country. There are many other features which are of national concern but which I will not take time to mention now.

Surveying the whole situation, I think it shows the need of some new system of credit in this country. I would like very much to see the Government give consideration to the proposal of the hon. member for East Calgary (Mr. Irvine) for the appointment of a committee of the House to study every phase of this credit system. We have been told repeatedly during the last two days how Germany had put her people to work, and had produced goods so cheaply, and I have been told—I cannot guarantee this fact—that the reason Germany has been able to do it is that she has issued so much currency. I think the fact that Germany has done that, and has probably made it hard for this country and other countries to compete with her, makes it imperative that we must study this question to see if we cannot secure some better system of credit.

In addition to a better system of credit, we need a new system of distribution. I only desire to mention the question of distribution in connection with wheat. The farmers of western Canada, as hon. members know, or should know, are asking for a wheat board to distribute their wheat. I have been a little bit vexed sometimes at the comments which have appeared in the press in this part of the country regarding our demand for a wheat board. I just want to give you one sample which reads:

> One aspect of the case is not an impressive indication of consistency. Ottawa finds it strange that they who most vigorously preach free trade or something near it, in things they have to buy are so insistent upon protection against possible loss or reduced profits in things they have to sell.

I presume that a great many people who read that article will nod their heads in approval of this little paragraph, without, even, a thought of the causes which brought the farmers of the West to their present financial condition, and which have driven them to ask for what this writer calls protection, although I do not for one moment admit there is any protection in it. These men have been brought to their present plight largely by means of protection for somebody else and at their expense—protection for the manufacturer of the farmer's implements, the manufacturer of the clothes he must wear, and the manufacturer of much of the food that he eats, of the furniture which is in his home, of the materials used in the buildings which he

must have to shelter him in that cold climate, and protection for the railway company so that they may be enabled to pay their usual dividends and maintain their reserve unimpaired regardless of whether the farmer himself can buy clothes and shoes for his own family. I think it ill becomes any journalist in this part of Canada to hand out such comments as those after the way in which the great majority of them have consistently supported our manufacturing friends in their demands for protection. This Parliament cannot escape responsibility in this matter, as they are responsible for the economic policy of this country which has been maintained by them, in spite of very strong protests from the farmers on the prairies who are now asking for this measure to help in some degree to solve their marketing problem.

Possibly, Mr. Speaker, my remarks have been a little bit disjointed, because I have tried to cut out most of what has been previously referred to in this debate. So as not to weary hon. members and, I want to mention only one more matter, namely, the remarks made by the hon. member for Comox-Alberni (Mr. Neill), whose candour I certainly admire. In speaking of the tariff, he said something to the effect—I do not think I can quote his exact words—that the tariff was a geographical matter; that a man's view on the tariff was determined according to the province in which he lived, that as a citizen living in Brittish Columbia he was perfectly justified in advocating a protective tariff; that if he lived in Manitoba he would be justified in asking for free trade or something approaching it. If that be correct, I think I am safe in saying that the people of my province would be quite agreeable to British Columbia or Ontario or any other province having a protective tariff, if they so wished, provided that they would give to our province the same privilege of having a tariff that would satisfy us. If they are not prepared to grant that, the only alternative is a compromise; but it is a great stretch of the imagination to say that the compromise offered by this budget is anything like a fair one.

I am not sure whether I should say these last few words which I have on this note or not.

Some hon. MEMBERS: Go ahead.

Mr. COOTE: I have the backing of some hon. members behind me, and I will say them. I wish to say in plain language, that western Canada has been unfairly treated by this House for many years, and that unless this Parliament recognizes that fact and makes a real effort to placate the growing feeling of resentment which this treatment has created, there may arise a situation with which Parliament will find it hard to deal.

Mr. M. N. CAMPBELL (Mackenzie): Mr. Speaker, it is not my purpose to enter into what some hon. members have been pleased to term a political inquest; but I feel that I would be failing in my duty to my constituents if I did not at this time draw to the attention of the House some of the definite promises and pledges made by the Liberal party prior to the last election. I have in my hand a copy of the platform drawn up at the 1919 liberal convention, and while this has already been frequently referred to, I think it is of sufficient importance for further reference. Under the heading of tariff, the second resolution reads:

> Reducing the cost of the instruments of production in the industries based on the natural resources of the Dominion, the vigorous development of which is essential to the progress and prosperity of our country.
>
> That to these ends, wheat, wheat flour and all products of wheat; the principal articles of food; farm implements and machinery; farm tractors; mining, flour and saw mill machinery and repair parts thereof; rough and partly dressed lumber; gasoline, illuminating, lubricating and fuel oils; nets, net twines, and fishermen's equipments; cements, and fertilizers, should be free from customs duties, as well as the raw material entering into the same.
>
> That a revision downwards of the tariff should be made whereby substantial reductions should be effected in the cost of wearing apparel, footwear and other articles of general consumption, other than luxuries, as well as on the raw materials entering into the manufacture of the same.
>
> That the British preference be increased to 50 per cent of the general tariff.

And I wish hon. gentlemen to pay particular attention to the next clause:

> And the Liberal party hereby pledges itself to implement by legislation the provisions of this resolution, when returned to power.

Under the heading of "Finance and Taxation" I find the following resolution:

> Whereas, national disaster will overtake this country should the present method of financing the country's affairs be continued; and,
>
> Whereas, both Great Britain and the United States at present raise more than 80 per cent of their revenue by direct taxation, while Canada raises not more than 20 per cent;
>
> Be it and it is hereby resolved:
>
> 1. That the serious nature of the country's financial situation calls for the profoundest consideration of all patriotic citizens, and the exercise of the severest economy by the Government;

2. That increase of revenue must be sought from an equitable and effective imposition and collection of graduated taxes, on business profits and income, applicable to all incomes above reasonable exemptions;
3. Taxes on luxuries.

The Prime Minister, speaking in my constituency, in the town hall at Yorkton, Saskatchewan, on November 8, 1920, is quoted by the Enterprise as speaking as follows:

The tariff is too high and must be revised downward. The cost of living must be reduced. Why put a tax on the necessities of life, on food, clothing, boots and shoes and building material? Duties should be reduced. They were nothing but a tax put on the people. The sales tax is a tariff—a visible tariff.

He advocated the doing away with these taxes.

There is no doubt where the Liberal party stands on the question of tariff. Taxes have to be raised, but it is not necessary to do it all by direct taxation. I would tax incomes, business profits and luxuries. All could be raised in this way. A tariff should exist for revenue, and only to supplement those taxes. I think there are certain classes that should be exempt—the large body of consumers and the large body of producers in regard to instruments of production. All agricultural implements should be placed absolutely on the free list. Gasoline, fuel, oils, cement and fertilizers were some of the commodities that he would also exempt.

Further on, he said:

Our platform is the same as the farmers, with one or two differences.

It seems to me that the budget before the House to-day constitutes a very serious repudiation of those promises and pledges. It is not my purpose to enter into a criticism of the action of the Prime Minister; in fact, I believe he deserves more sympathy than censure at our hands. Let me say that, in my opinion, if the Prime Minister were surrounded by men as advanced thinkers and as liberal-minded as himself, we would to-day be considering a budget of an entirely different nature. Some hon. members opposite have reminded us that the budget is a step in the right direction, and that the platform cannot be put into effect immediately. I should like to ask them how long, at the present rate, it will take to have it in effect. This reminds me of the mathematical problem of the frog that fell into the thirty-foot well and tried to climb out. The first day he made four feet, but after that he got tired and lazy and crawled up twelve inches each day and slid back eighteen inches each night. How long would it take him to get to the top? The Minister of Finance (Mr. Fielding), in presenting his budget, drew attention to the serious financial condition of the country and to the necessity of producing a revenue to meet those conditions. But, Sir, I submit that the budget before the House to-day is not one based on the principles of producing a revenue, but rather on the principle of protecting our manufacturers. We are not complaining particularly of the duty in so far as it produces a revenue; but when we are obliged to pay that duty not into the Dominion treasury, but into the pockets of Canadian manufacturers, we have a legitimate cause for complaint.

I wish to deal very briefly with some items of the tariff and like the last hon. gentleman who spoke, I find it necessary to cut out a good deal of what I intended to say on account of the lateness of the hour and the length of time that this debate has dragged out. I will deal first with the automobile industry. Automobiles and automobile parts are protected by a tariff duty of 35 per cent. In fact, with the alteration in the sales tax, the duty is a little more than that. There is a sales tax of 6 per cent on imported goods and 4½ per cent on home made goods, which gives the manufacturer an additional protection of 1½ per cent. So that the actual protection enjoyed by the automobile manufacturer is 37½ per cent. Now, I do not wish to take an extreme stand in this matter, but I suggest to the minister that if his budget is really based on the principle of producing revenue he should reduce the protection on automobiles at least to the very reasonable figure of 20 per cent. Surely there is no hon. gentleman in this House who will contend that 20 per cent is not a good and sufficient protection for the automobile industry. I would suggest further to the minister that he increase the present excise tax by 15 per cent. That system would have this virtue: it would still leave the manufacturers a very substantial protection; it would turn in a very considerable revenue to the Dominion treasury; and it would not increase the price of the product to the purchaser. I find that in the year 1920 there were manufactured in Canada automobiles and automobile parts to the value of $137,420,531. Wages paid in the manufacture of these goods amounted to $19,368,009. Of these automobiles there were exported $20,911,262 worth. So that the amount sold at home totalled $116,509,089. On this basis the wages chargeable to the goods sold at home would be

$16,376,852. These automobiles, on the import basis,—that is, taking the prices that would be paid for them in the United States, apart from the duty—would amount to $101,792,852.

Had these goods been manufactured in a foreign country and been imported into Canada and the duty paid, it would have turned into the treasury that year the substantial sum of $35,627,498, or nearly enough to have retired the deficit on the Canadian National Railways for that particular year. Hon. gentlemen will say, however, that if they were imported, while there would no doubt have been a substantial increase in the revenue, the workmen would not have had employment.

Hon. gentlemen will probably ask, what about the wages and the employment of the men? Well, I will go a little further. The Dominion treasury could very well have afforded to pay all the wages of these men, allowing them to do nothing, and would still have had left the substantial balance of $19,250,648. Had the excise tax I have suggested been in effect that year, it would have brought in, to enrich the budget of that time, the sum of $17,924,393, which otherwise went into the pockets of the Canadian automobile manufacturers. We imported in the year 1920 goods of this nature to the value of $25,548,348, on which there was collected duty amounting to $8,059,895. Taking these figures, the actual amount of duty paid by the people of Canada—because it is a duty regardless of whether it is paid to the manufacturer here or to the customs collecter—was $43,787,393; but of that amount only a little over $8,000,000, or less than 25 per cent, went into the Dominion treasury. So that on this basis it took over a dollar of taxation to turn 25 cents into the treasury. I would draw attention again to the fact that there was nearly $21,000,000 worth of these manufactured goods exported in the year in question. That shows that our Canadian manufacturers were able to ship goods out of this country and compete in foreign markets with the manufacturers of the world, proving thereby most conclusively that they did not need protection.

When Sir John Macdonald introduced his National Policy in the House in March, 1878, he stated at the time that it was only a temporary measure, intended merely to give the manufacturers a leg-up, so to speak, and in that time, as they got on their feet, it would be abandoned. He was asked rather ironically from the Opposition benches as to just when he would regard the manufacturers as being no longer in a position that called for protection. Sir John was equal to the occasion and his answer was both sensible and logical. He replied that just so soon as these protected manufacturers began to ship goods out of the country in competition with foreign manufacturers in the world's markets, they would thereby prove beyond question that they no longer needed protection. That was the basis on which the National Policy was instituted in Canada. But let me come to a period somewhat nearer our own time; I will quote a more recent authority. On January 18, 1911, the right hon. the present leader of the Opposition (Mr. Meighen) moved, in the House of Commons, the following resolution:

> That in the opinion of this House a substantial reduction in the import duties on agricultural implements is now due the agriculturists of Canada, and is in just accord with the true ends of a protective tariff.

I observe that in his speech he quotes Sir John Macdonald and quite a number of the other leaders of the Conservative party, citing these very facts to prove that the policy of that party was to retain this duty only until such time as it was clearly demonstrated to them that the manufacturers were no longer under the necessity of protection. Let me quote briefly from one section of his speech. I should like very much to place the whole of the right hon. gentleman's remarks on record in Hansard, Mr. Speaker, because they are interesting. However, I do not wish to weary the House and so I shall quote just one part of his speech.

> But the charge I have to make, and which I hope to bring home to the Government this afternoon, is not that one, though it is the most serious;

He was referring at that time to the question of broken pledges, as he is doing at the present time.

> —it is this, that in their attempts to continue the National Policy which had obtained for years before, they have overlooked, they have neglected one essential feature of that policy, they have quite forgotten its guiding principle—

I want the House to note what the right hon. gentleman here refers to as the guiding principle of the National Policy.

> —namely, the principle that as our industrial institutions advanced in strength and as they were able with every advance to acquire a hold on the home market, the import duties were to be diminished and adjusted in order to meet the evolving and changing conditions. It is that restraining, guiding principle, which I claim this government has entirely overlooked, and as a consequence they have allowed, in the respect which I am discussing this afternoon, protection to run rampant.

Now, I am not one of those who take an extreme stand. I do not advocate that we should do away with the industries we have and import all our goods, even though that might increase the revenue. There is no one who is more anxious than I am to see industries in this country and to see them prosperous and flourishing. I submit, however, that the contention that the automobile industry requires a protection of 35 per cent in order to carry on is not only a fallacy, but an absolute absurdity. I note that the Minister of Finance (Mr. Fielding) has allowed farm tractors to remain on the free list, and I am not complaining in that respect, for I would not suggest that a duty be placed on these tractors. But at the same time I would call his attention to the fact that the farm tractor is not the most essential requisite; the important things are binders, mowers, rakes, drills, ploughs and waggons; and if the minister feels that he must retain a certain amount of duty on agricultural implements, then I would ask him, in all fairness to the poor farmer, and particularly to the new settler whom we are trying to induce to come to Canada, and who will not have sufficient funds to purchase tractors, to place a small duty on farm tractors and reduce by a corresponding amount the duties on the essential implements.

10 p.m.

Now, I pass on to something else, which is perhaps even more important, namely, the matter of cotton and woollen clothing. I would just like to say here that while farming implements are used by only one section of the people, cotton and woollen clothing are required by people of all vocations, regardless of their station in life. I suggest still further to the hon. Minister of Finance that if he must retain a certain amount of duty, we would prefer that he apply it to the farm tractor rather than to cotton and woollen clothing. There were manufactured in Canada in 1920 cotton and woollen clothing to the value of $186,711,174. The wages paid in the manufacture of those goods amounted to $31,267,601. Of the amount manufactured $13,809,576 worth were exported, so that the total amount sold at home was valued at $172,901,598. I find that the average duty paid on dutiable cotton and woollen clothing amounted to 30.7 per cent. I mention dutiable cotton and woollen clothing, because a large amount of woollen goods come in free—what are known in the customs tariff as worsted tops, very largely the coarsely spun yarn used by the wool factories. Goods of this nature to the value of $11,913,824 were allowed in free. I may say incidentally that while wool and hides are allowed in free, wool blankets and clothing are protected to the extent of 35 per cent, so that you will see just how this protective tariff protects the farmer. Reducing these figures again to import value, as I did in the case of automobiles, we get the sum of $142,854,762. On the basis of the average duty, had these goods been manufactured in a foreign country and imported in the year 1920 they would have turned into the national treasury the very substantial sum of $43,856,411. Again with this item I do not wish to take an extreme stand, but I would suggest to the minister that he at least make a reduction of 10 per cent, thus saving the working people, the poorer people of Canada, the large sum of $18,000,000.

Let me deal just briefly with the protection that is afforded to the farmer. Cheap corn comes in in competition with his oats; raw hides, wool—all these things are imported free, but when the farmer comes to buy manufactured goods he has to pay this very substantial duty. The farmer is not particularly seeking protection; the farmer considers that a protective tariff is vicious in principle and destructive in its application. The farmer has never asked for protection and he is not asking for it now. But I submit that the men who framed this customs tariff, had they themselves firmly and honestly believed in the principle of protection, would have protected all industries alike, and would have imposed duties on these articles the same as on manufactured goods. And, Sir, what is the reason for this? Is it because the farmer has not done the usual amount of lobbying? He has not done any lobbying, but I do not think that is the reason; there is a deeper and more vital reason than that. It is simply that all these years the highly protected manufacturing concerns have been contributing very liberally to the campaign funds of both the old political parties. All down the ages, from the day of Judas Iscariot, men have been ready to sell their principles, their honour—yes, their country and their countrymen—for financial gain and for political power. Judas, when he took the thirty pieces of silver for the betrayal of his Master, committed no greater crime than scores of men who, during the course of our political history, have betrayed the confidence reposed in them by the people of Canada and have sold their own countrymen into the bondage

of a group of manufacturers and financiers in exchange for the campaign funds with which to win their election.

I would carry you back to a red letter day in the history of Canada, a day to which the hon. member for Brome (Mr. McMaster) in his speech a few days ago, so ably and eloquently—yes, I will say almost pleading and tearfully—referred, that of 1893, when those great Liberal principles were laid down as the Magna Charta of liberty and progress and as the guiding star of Liberalism in Canada. But I will pass on for four years to what Porrit calls the great betrayal of 1897, and I will pass further on for nearly a quarter of a century until we come to another red letter day in the history of Canada, to what we at that time hoped was a brighter and happier day, that of 1919, when the same old platform and the same old principles were once more laid down as the foundation rock of the grand old Liberal party of Canada. But to-day we are in another period, a period that marks another milestone, a period to which the future Canadian historian may well and rightfully refer as the greater betrayal of 1922.

On motion of Mr. McKay, the debate was adjourned.

CANADA TEMPERANCE ACT AMENDMENT

On the Order being called:

Second reading of Bill No. 51, to amend the Canada Temperance Act—The Solicitor General.

Hon. D. D. McKENZIE (Solicitor General): Mr. Speaker, I move that this order be discharged. My purpose is to introduce another bill of somewhat the same character.

Motion agreed to.

Mr. McKENZIE moved for leave to introduce Bill No. 132, to amend the Canada Temperance Act.

Sir HENRY DRAYTON: Explain.

Mr. McKENZIE: When I introduced the former bill I explained that it was called for more particularly by British Columbia, though it had general application to the whole country. In British Columbia they have to some extent control of the sale of intoxicating liquors, and under the proposed legislation any liquors imported into that province must be imported by the local government and by nobody else, with the possible exception of liquors imported by parties who are licensed to take them in for purposes of export. After the former bill had been introduced into this House, representations came from the government of Quebec to the effect that they have control of the sale of liquor to some extent in that province and that the provisions of the bill which I had introduced might interfere with them. And some slight change, therefore, was necessary in that respect.

Mr. MACLEAN (York): Has Ontario the power of exporting liquor?

Mr. McKENZIE: The present situation is not changed at all by this bill. Then came requests from the province of Saskatchewan and the province of Ontario, and some from the province of Nova Scotia on certain other lines, which would have so overwhelmed the first bill with changes that I thought it better to withdraw it, and introduce a new one covering the requests made by the different provinces.

Mr. MACLEAN (York): What do the the amendments propose to do briefly?

Mr. McKENZIE: I thought I had made it plain. So far as British Columbia is concerned, it is to prevent the importation of liquor into the province except through the local government, which has control of the matter now.

Mr. MACLEAN (York): Is that the same power that Quebec has?

Mr. McKENZIE: In Quebec the business is handled by a commission appointed by the local government, and not by the local government itself. This will bring the commission under the law, as well as the government of British Columbia. As far as Ontario and Nova Scotia are concerned, it is requested that certain sections of the Doherty Act, sections 4, 5 and 6, if I remember rightly, shall be made a part of Part IV of the Canada Temperance Act. That is the act upon which New Brunswick, Ontario and Nova Scotia took a vote some time ago. There are certain sections of the Doherty Act which the temperance people of these provinces think should be made a part of Part IV of the Canada Temperance Act, and this the bill proposes to do.

There is very little new legislation. It is only transferring legislation from one place to another, made necessary through the provinces having adopted these different acts.

Mr. CALDWELL: How will this affect the present control of liquor in New Brunswick?

Mr. McKENZIE: It will not affect it at all, as I see it.

Motion agreed to, and bill read the first time.

ANIMAL CONTAGIOUS DISEASES ACT AMENDMENT

House again in Committee on Bill No. 62, to amend the Animal Contagious Diseases Act, Mr. Marcil in the Chair.

On section 1—compensation:

Mr. TOLMIE: I had some conversation with the Minister of Agriculture this morning concerning this matter, and I have looked into it a little further during the day. I find there are a number of hon. members who are interested in this question of the reduction of compensation, and I would ask the minister to be good enough to let the bill stand over until about Wednesday, when the budget debate will be over.

Mr. MOTHERWELL: I will promise to leave the bill in committee, but I think we might spend the next half hour in discussing it. Would that be satisfactory to my hon. friend?

Mr. TOLMIE: Yes.

Mr. MOTHERWELL: The committee will remember that when this bill was up before, almost everyone who spoke agreed as to the compensation allocated for pure bred cattle. The sum of $150 was thought by some hon. members to be too small, it being a reduction of $100 from the old indemnity, but as a matter of fact, in getting out this new schedule of indemnities we have felt that the reductions made are not as large as the reductions that have taken place in the commercial value of animals. Consequently, the indemnity is really just as high as in the former schedule. Giving high indemnities is very nice, of course, if you have lots of money, and we would like to give high indemnities for the sake of the man who has had his animals slaughtered. It is a tremendous loss to a man to have his whole herd slaughtered, as sometimes happens, but our first consideration is the public safety and to get as much value as possible for the money expended in the way of eradicating tuberculosis. In actual practice it does not help to eradicate the disease to give indemnities bordering on the value of the animal. If the indemnity is too low, the owner is not tempted to get his cattle tested at all, and if it is too high, he is apt to be careless on the ground that the indemnity will be so high and generous, plus the salvage of the animal, that not much loss will be incurred, and there is a predisposition to carelessness on his part. So we have reduced the indemnity to correspond with the reduction in the value of the animals as compared with two years ago. I shall be very glad to hear from the committee, not from the angle of buying these cattle, because we are not buying them, but from the point of view of indemnifying the owner for the loss he has sustained, and helping him to start over again with government assistance. To that extent, also, we are protecting the public from the further spread of this disease. I firmly believe that when an indemnity is too high it actually encourages the dissemination of the disease, and that is not what any of us want.

Mr. CALDWELL: Is an indemnity paid for the destruction of cattle suffering from any other disease than tuberculosis?

Mr. MOTHERWELL: I think it is.

Mr. McMASTER: If the compensation relates to swine my hon. friend from George Etienne Cartier (Mr. Jacobs) can give some information to the committee on that.

Mr. CALDWELL: He does not know anything about swine.

Mr. JACOBS: Since the hon. member for Brome (Mr. McMaster) comes from an agricultural county he is an expert on swine.

Mr. MOTHERWELL: In the interpretation clause of the act I find the following:

(e) "infectious or contagious disease" includes, in addition to other diseases generally so designated, glanders, farcy, maladie du coït, pleuro-pneumonia contagiosa, foot and mouth disease, rinderpest, anthrax, Texas fever, hog cholera, swine plague, mange, scab, rabies, tuberculosis, actinomycosis, and variola ovina.

About twelve diseases are enumerated, but cattle are not all subject to these diseases.

Mr. CALDWELL: What diseases are compensated for in cattle when the animals are destroyed?

Mr. MOTHERWELL: Foot and mouth diseases, pleuro-pneumonia and tuberculosis are the three principle ones.

Mr. TOLMIE: Tuberculosis is the only disease prevalent in this country of the diseases you mentioned.

Mr. MOTHERWELL: We happen to be free from the other diseases.

Mr. BROWN: Is the indemnity paid in proportion to the value of the animal?

Mr. MOTHERWELL: The indemnity consists of two-thirds of the various sums mentioned in the bill. If the animal is a 100 per cent animal, two-thirds of the respective amounts is granted. If in the opinion of the inspector, the animal is second, third or fourth rate, the indemnity is paid accordingly.

Mr. GUTHRIE: Is $150 the maximum in the case of a pure bred animal?

Mr. MOTHERWELL: That is the maximum.

Mr. GUTHRIE: And in any case the man would only get two-thirds of $150?

Mr. MOTHERWELL: The amount would be $100?

Mr. GUTHRIE: Then $100 is the real maximum?

Mr. MOTHERWELL: That is right.

Mr. GUTHRIE: Well, take the case of an animal, an eight months' old Shorthorn bull costing $33,000, which was bought in my county and which the former Minister of Agriculture had the honour of christening. In the event of the destruction of an animal of the class all the man gets is $100 regardless of its real value? Is any exception made for high class stock of that kind?

Mr. MOTHERWELL: No. I may say, Mr. Chairman, my staff tried hard, as I did myself to work out some system that would make an exception in the case of animals such as those described by my hon. friend, but the moment you mention a fancy price for a fancy animal it sets everybody on edge. A good many people think their stock should get into that class and it creates a good deal of dissatisfaction. There are so many others in the same category that it would simply mean you would have to make one more maximum. We tried also to give recognition to the animals in the dairy class whose performances we get a record of. You take an animal that would give from 2,000 to 2,500 pounds of milk per annum, a young animal we will say five or six years old; it does look as if that one would be worth a higher indemnity; but the difficulties in the way of fixing an amount were such that we had to agree on a flat rate and a reduction in proportion, to the full in price although not quite as much as the animals have fallen in value on the market to-day.

Mr. GUTHRIE: One other point. In the case of these very valuable animals, insurance is always carried by the owner against both accidents and disease. Now in the event of the government authority deciding that the animal should be slaughtered, does that void the insurance? Can the minister say that?

Mr. MOTHERWELL: I have not looked up the act on that point but I would not imagine that it would affect the insurance one way or the other. I am not sure upon that point, but since we are leaving the bill in committee I will make enquiry and acquaint my hon. friend with the result. My hon. friend from Victoria (Mr. Tolmie) having administered the act must have run up against that feature of it.

Mr. McKENZIE: A valuable animal such as that mentioned, I think, would be insured, but I do not believe there is anything in the act, although I am not familiar with its terms, as to insurance.

Mr. TOLMIE: As far as I know the act has no reference whatever to insurance. I think the insurance is a matter of the owner's own concern.

Mr. GUTHRIE: In the event of the animal being slaughtered can the owner collect insurance?

Mr. TOLMIE: In the event of the animal being very slightly affected and sold to an abattoir under inspection, I think the owner is entitled to any sum he can obtain in that way. In the matter of compensation for contagious disease we do not aim at paying the man in full for the value of the animal. The idea is simply to help him along in his misfortune and enable him to get on his feet again.

Mr. CALDWELL: I cannot help thinking that the minister is wrong in his statement that the maximum indemnity paid for the slaughter of a pure bred animal was $100?

Mr. MOTHERWELL: That is right.

Mr. CALDWELL: In the act it says $150?

Mr. MOTHERWELL: It is two-thirds of the value.

Mr. CALDWELL: Two-thirds of the value of the animal until the indemnity goes up to $150? In other words if the animal is worth $225 the owner gets $150? If the animal is worth $150 the owner gets $100? Am I right in that?

Mr. MOTHERWELL: The maximum valuation is $150. You do not see in the amending bill the two-thirds provision. If my hon. friend had read section 7 of the original act, with the amendment which he has before him, he would more readily have grasped the situation. Section 7 provides:

> The compensation, if any, shall be two-thirds of the value of the slaughtered animal, determined as aforesaid, before it became affected with infectious or contagious disease, or came in contact with or in dangerous proximity to animals so affected.

So the owner will just get $100 for that animal; that will be the maximum. I think a little less complicated method of computation may be worked out.

Mr. CALDWELL: I think so too.

Mr. MOTHERWELL: As we were just making the one amendment we thought we would not change the method until we were sure where it was going to land us, besides which it would have involved changes in the bill in probably several other directions. So we retained the same method. It is a little complicated but not so bad when you become familiar with it.

Mr. CALDWELL: Then the maximum compensation for a pure bred horse would be $200?

Mr. MOTHERWELL: It is set out in the bill.

Mr. CALDWELL: What is meant is that compensation would be paid up to the amount stated there?

Mr. MOTHERWELL: No.

Mr. CALDWELL: Only two-thirds of that valuation?

Mr. MOTHERWELL: Only two-thirds.

Mr. CALDWELL: When the bill was introduced and got its first reading I absolutely misunderstood its purpose. I certainly did not think the compensation was excessive. I am a pure-bred cattle breeder myself.

Mr. JACOBS: That is why you find the compensation too low.

Mr. CALDWELL: It is certainly. But I should say the same with respect to pure-bred cattle even if that were not the case.

Mr. JACOBS: It depends upon whose ox is being gored.

Mr. CALDWELL: It depends upon the ox of the hon. member; it will not depend on mine.

Mr. TOLMIE: In making a valuation of the diseased animal we must not forget to ask ourselves what a glandered horse is worth, what a pure bred cow with tuberculosis is worth, and what a hog with cholera is worth.

Mr. MILLAR: Is there any provision in this legislation for an appeal in case the owner of the animal is not satisfied?

Mr. MOTHERWELL: No. There is an appeal to the court from the Inspector's decision as to whether the animals were diseased or not, but no appeal as to amount, and, invariably, the appeals have not been sustained by the court. In other words, the courts have sustained the decision of the inspector. There is nothing compelling the owners to come under this act. It is not necessary to have your animals examined. If you are supplying milk to certain cities that come under this system of certified milk, then you must apply for inspection. In other respects, it is voluntary. Therefore, knowing the compensation, there is no grievance. As a matter of fact, hundreds of cattle were slaughtered before this was adopted, and the owner received no compensation, but anyone familiar with this matter knows that there is a general tendency, whether it be tuberculosis in the human family or in the bovine family, that there is a tendency to hide it, even from oneself, and simply go on with your eyes shut and try to convince yourself even against the evidence that you have not the malady. Where there is a big prospective loss, like this, the compensation encourages a man whether he is poor or in moderate circumstances. He feels there is somebody ready to help him in the event of the worst coming to the worst. The idea is not to purchase the animal, but simply to indemnify him, to a certain extent, and to safeguard his animals by inspection. What is the situation now? The fact that we have 150 odd herds waiting to be inspected shows that the public are clamouring for it faster than we can get the men and money to carry it out. If we gave more money, we would be wasting it, so far as the public treasury is concerned. And, furthermore, it would encourage the man, and give him a sense of security, because he is going to get nearly the value of the animal, and, perhaps, he would not be half as careful, in regard to the animal contracting disease. I know about it, because I had my herd examined and slaughtered. Unless a man is a loser to some extent, he will not have the same care

in regard to his herd, especially if it is a valuable herd. You must clean up your premises and get your animals inspected, and it must be done continuously, if you are to keep your herd clean.

Mr. CALDWELL: Is the inspection free?

Mr. MOTHERWELL: Yes.

Mr. CALDWELL: Only in pure-bred herds.

Mr. MOTHERWELL: No, any inspection done by the Government is free.

Mr. JOHNSON (Moosejaw): In the case of glanders in horses, does the minister say there is no complusion on the part of the owners to have the animals inspected and slaughtered, if it comes to the ears of the authorities?

Mr. MOTHERWELL: Unless you are near to a city or a community—

Mr. JOHNSON: Suppose it is a horse that is inflicted with glanders?

Mr. CALDWELL: I think, if there is a complaint made, these horses must be slaughtered. In our district, in a rural community, complaint was made and the horses were tested and slaughtered. What standard has the department to determine whether a pure-bred cow is a 100 per cent cow, or up to the perfect standard? What standard have you to gauge them? Do they have to make 30 pounds of butter a week, or what is the standard?

Mr. MOTHERWELL: Just the same standard as the judge would have. I do not care whether they have a score card or not, but my hon. friend is sufficiently familiar with it, and he would size up the cow. First it is the pure-bred cow. That would be one thing that would give it a value. That is a different class altogether. Then you would certainly look at the pedigree. The inspector would call for the pedigree, and it would have to be forthcoming before he would go into that class at all, and the age of the animal would be determined, if not by the rings on the horn, then by the pedigree.

Mr. CALDWELL: He might have no horns.

Mr. MOTHERWELL: There is a number of things about animals the inspector could not determine on a cursory examination,—how safe she was, as a breeder, what her progeny was, and all that sort of thing. It would entail a rather minute examination, but I think a competent inspector will get approximately near the mark.

Mr. KENNEDY (Glengarry): What is the maximum compensation?

Mr. MOTHERWELL: One hundred dollars.

Mr. JOHNSON: In the case of glanders in horses and hog cholera in swine, I am informed that it is compulsory.

Mr. MOTHERWELL: Yes.

Mr. JOHNSON: In that case, is there no appeal against the valuation of the inspector?

Mr. MOTHERWELL: No, and I hope there never will be. Somebody's judgment has got to prevail, and quite frequently without any appeal, and, if there is dissatisfaction, a new man is put on the job, and there is a second inspection.

Mr. JOHNSON: In other words, reinspection.

Mr. MOTHERWELL: Yes, and it is one of the most difficult duties, I think, I can conceive of for a conscientious inspector to examine a herd of cattle. A man will probably take 15 or 20 years to build up a pure bred herd. He is in the dairy business, and his whole living depends on it, and, just like a bolt from the blue, it is announced to him that his herd is tubercular. Well, the natural tendency for the inspector is to be sympathetic, and yet his judgment tells him that he must be just. There are two sentiments warring in him; one to be sympathetic and help out the man who has suffered a severe loss, then secondly he is dealing with the Government's money, and, as a matter of fact, it is the people's money—it is the same man's money. The inspector knows there is only a certain amount of it, and, if he is a good officer, he wants to show results and get the best out of that money. He knows his duty is to give a just valuation. If you had an appeal you would involve the whole thing with such a lot of cumbersome legal expenses and proceedings that I do not know where you would get. I know there is a sort of feeling that this should be something like an ordinary case in court, where a lower court renders a decision and you can appeal to a higher court, and so on. I think you would drive the Government out of business altogether, if that system were in effect.

Mr. TOLMIE: I might be able to throw a little light on this, having had a good deal of practical experience actually in the field, in enforcing the provisions of the Animal Contagious Disease Act. In the first place, in the event of an outbreak of glanders being reported at a certain place, an inspector is sent immediately and makes an inspection, and if he finds suspicions of glanders he makes out form 49, placing all the animals, stables and building in quarantine, preventing the owner moving the diseased animals out. Then he proceeds to test the animals with malleim and if he finds reactors, the reactors are destroyed and the buildings are disinfected. The premises are kept in quarantine and the remaining animals kept there for a certain period, until all danger is passed.

Mr. CALDWELL: That is just with regard to glanders?

Mr. TOLMIE: Yes, or any of those diseases scheduled in the Act.

Mr. CALDWELL: Tuberculosis in cattle?

Mr. TOLMIE: Yes.

Mr. CALDWELL: Is it compulsory that the man must have his herd inspected?

Mr. TOLMIE: The application of the law, as far as tuberculosis is concerned, is compulsory in connection with the testing of herds supplying milk to any city where the city has applied to have the milk supply herd tested.

Mr. CALDWELL: And not otherwise.

Mr. TOLMIE: Under the accredited herd system, you have to apply to the government to have your pure-bred herd tested. It was found necessary for us to adopt the system, for the reason that one of the greatest markets for pure-bred cattle is across the line. In the United States they have adopted the accredited herd system, and quite naturally the owner of an accredited herd on the United States side would hesitate before coming over to the Canadian side and buying cattle that were not accredited here. That was why the system was adopted; and by that system we are able, through an arrangement, to ship our cattle from an accredited herd to them without any testing on the boundary line. Cattle are tested when furnishing milk to towns over 5,000 population when application is made by the municipality.

As regards fixing the compensation in the case of a pure-bred animal, the animal, unless it is a very scrubby one, carries its pedigree on its back, and there is no difficulty in fixing the value, because if it is worth anything at all, it is worth as much as the amount of the valuation allowed on it. The amount of compensation is established not to exceed the amounts mentioned by the minister. In the case of a calf not worth that amount, the value is fixed by the inspector. In the case of a dispute, there is not much difficulty. In rare cases of dispute, it is usual to send for the chief inspector, who is a man of wide experience, and who can handle the public pretty well, and a satisfactory arrangement is arrived at without any further difficulty.

The Health of Animals branch in Canada stands as high as the Inspection of Animals branch in any other country in the world. In fact, the Health of Animals branch in Canada stands in a class by itself. I am very glad to say that, at the present time, our herds in Canada are freer from contagious disease than the herds of any other country in the world, with the possible exception of Norway. The situation is most excellent.

During the budget debate, I gave some figures in connection with hog cholera showing what a splendid improvement had taken place. For instance, in 1915, we had no less than 34,779 head of hogs destroyed for hog cholera. In that year we adopted what are known as the garbage feeding regulations, making it necessary to sterilize or cook thoroughly all garbage fed to swine. The result has been a gradual reduction in the number of swine destroyed. In that particular year just under $200,000 was paid for compensation. That has been gradually reduced, until in the year ended 31st March, 1922, only 429 hogs were killed on account of hog cholera, and compensation of less than $4,000 was paid. In my address on the budget—I think the Minister of Agriculture was not present at the time—I urged that he take advantage of the present occasion to clean up the herds of Canada so as to render them entirely free from this particular disease. We succeeded in doing that in British Columbia, and for two years prior to the time that I fell from grace and entered politics, we did not have a single case of hog cholera in British Columbia.

Mr. WARD: As one who has had some experience in having cattle tested and who has also sustained a serious loss running into many thousands of dollars, I heartily agree with what the minister has said with

reference to an appeal. I think it would be dangerous, to say the least, to introduce any appeal. My experience has been that the inspector's decision is usually a very fair one. I should like, however, to reply to the ex-Minister of Agriculture (Mr. Tolmie) in his reference to the value of a tubercular cow. I should like to draw the attention of the committee to a herd in northern Manitoba. Possibly the best herd of Shorthorn cattle in northern Manitoba was tested for tuberculosis last fall, and out of 41 head, 37 cattle reacted. Many of those cattle had been over a good part of Manitoba last year at the shows and had won many prizes; yet 37 of them went down under the test. Until those animals were tested they were just as valuable to the man who owned them as any other animals; in fact, one animal of that herd was sold for $800, subject to the test. Of course, the animal reacted, and the owner lost the sale of it.

As a breeder, I think a breeder who establishes and maintains a standard herd, is making the biggest sacrifice of any man who is in business in Canada, and he is not getting the encouragement that he should receive. I venture to say that there are not half a dozen men in western Canada who are raising pure-bred stock, who have not lost money every year for the last three years. Apart from the fact that such a man is losing money in endeavouring to build up a standard herd of cattle, there is the effect—I am not going into the details of that—that this has upon the human race. I would advocate that the compensation be left where it is, but that the matter be made more flexible. I agree with the minister when he says that owners of many herds in this country would be much better off if their herds were all slaughtered, if they got only $100 apiece; but those are not standard cattle; they are no better than grades. If a man is trying to build up a standard herd, he is not getting the compensation he should get, and if the compensation is reduced to $100 for a No. 1 animal, it simply means that the man who has a good herd will not risk having the herd tested. Some of the biggest breeders in the West have so far refused to have their herds tested because they claim that the loss might be too great. I personally would not risk having my herd tested. Those are matters that should have serious consideration.

Mr. LEADER: As one who has had experience also in this matter of testing cattle, it, perhaps, would be in order for me to give the House a few observations on this subject. I have some real interest in this work, and I have had some practical experience as to the operation of the accredited herd system. I do not say this in any egotistical spirit, but three weeks after the regulations came into force, my application was in Ottawa asking that I might come under this system. The system was inaugurated in September, 1919, and in October, my application was in. I do not know whether it was the first in Canada or not, but I know it was the first received from west of the Great Lakes. I am very proud of that. My practical experience goes through the whole system. I had my herd tested; I took my loss, and I operated under the system until finally last fall I received my certificate of accreditation. I am proud of that certificate. Not only does it give me the satisfaction of knowing that my herd is absolutely free from tuberculosis, but I have the additional satisfaction that my children and the members of my household are, so far as human science can determine, receiving pure and clean milk. I wish to congratulate the ex-Minister of Agriculture (Mr. Tolmie) who, during his regime, inaugurated and carried out these regulations, until the breeders of this country took it up with a desire and enthusiasm to clean up their herds. A great deal of credit is coming to the hon. member for Victoria City for the way in which he handled this matter. The inspectors under his charge gave great satisfaction, and the system is altogether working to the satisfaction of the breeders who really are the ones most concerned.

I wish to protest against the reduction of the indemnity paid for pure-bred cattle. I have received numerous letters and telegrams and I know if I stay here long enough I shall be besieged by sheaves of letters and telegrams in regard to this matter. Breeders are just waking up to the fact that there is going to be a reduction in the indemnity. I would just read this telegram that I received from C. W. McMillan, president of the Manitoba Shorthorn Club:

HARRY LEADER, M.P.
Ottawa, Ont.

I understand that the Government intends reducing the valuation of pure bred cattle destroyed under the accredited herd system from $250 to $150 and grades from $80 to $40. If this is so, I want to protest on behalf of the Manitoba Shorthorn Club and the cattle

breeders in general as this would have a tendency to discourage rather than stimulate the cattle breeding industry of this province. I am writing you fully to-day.

Manitoba Shorthorn Club,
C. W. McMILLAN,
President.

I believe also that this will have a tendency to curtail the work. We have spent considerable money, but not sufficient. Of $1,500,000 spent last year 50 per cent was paid to the inspectors and less than $500,000 to the owners of reacting cattle. Now is the time to begin a vigorous campaign against this disease. If I might be allowed to do so, I might mention my own case. When I decided to bring my herd under the accredited system I had one reactor in seventeen. The loss was not great, and the Government did not have to pay me much by way of compensation. To-day I have over 40 head and they are all absolutely free from the disease. We should begin right away to combat the ravages of tuberculosis, but if we go after the disease in any half-hearted manner and loaf on the job we shall certainly make no headway. I would urge upon the Government that we institute an aggressive campaign in this matter. No big victory was ever won in France as a result of passive defence; it took active aggression; and we must have an aggressive campaign if we are to conquer this disease. I have a report from the Veterinary General, Dr. Torrance, which shows that in 1904-5 there was paid for glandered horses $147,851, as against some $6,070, in 1920-21. In 1904-5 there were slaughtered 2,113 horses, and in 1920-21, fifty-nine. Now that concise comparison proves conclusively that an aggressive campaign will accomplish whatever you set out to do. Dr. Torrance, speaking at a meeting in Toronto last summer, said:

Our control work is having a marked effect in stimulating interest in tuberculosis in general;

This is in regard to cattle.

We may expect the movement to grow until tuberculosis is as rare a disease among cattle as glanders now is in horses.

I protest against the reduction in the indemnifications for cattle. One is astounded when he considers the losses that are sustained, economically and materially, from tuberculosis. But what about the effect of the disease on human beings? The statistics show that one child, in every three under the age of ten who have tuberculosis, contracted the disease through a bovine origin. Whether or not this is true, it is generally agreed by all doctors that tuberculosis is communicable to man from animals, and if we could save the life of one child our efforts would be fully warranted. I think we should do everything within our power to eradicate the terrible scourge of the white plague from the human race.

Mr. DENIS (Joliette): I agree with what has been said by my hon. friend (Mr. Leader) and I have a question to ask the minister. What steps are being taken to protect the public who buy milk that comes from uninspected herds? The former Minister of Agriculture (Mr. Tolmie) said a minute ago that there were some municipal regulations, but that is no protection at all. Is the Minister of Agriculture (Mr. Motherwell) going to wait for the municipalities to pass by-laws and see that they are observed, and so on? I think it is incumbent upon the minister to see to it that all herds that are kept for the purpose of supplying milk to the public should be thoroughly inspected, and if they are affected by disease they should be slaughtered according to law. I should like to know what steps are being taken to safeguard the public against the man who offers for sale milk that has been obtained from herds that have not been inspected.

Mr. MOTHERWELL: Reforms of this nature have usually to be introduced gradually and, at the beginning, voluntarily. After a certain progress has been made through voluntary action and co-operation, then probably the time will come for compulsory action. But my hon. friend (Mr. Denis) will probably be surprised to learn that even the provision with respect to cities was on the statute books for several years before advantage was taken of it, even voluntarily. The public sentiment must be aroused, and during the last three or four years this sentiment has grown to a wonderful extent compared with what it was seven or eight years ago, when the act was first passed. I do not remember the exact year the act was put through, but it must have been about eight years ago. It provided that cities of 5,000 and over might take action, pass a certain by-law, and get the health inspectors to take the necessary steps with regard to cattle that supplied milk to the particular municipality. And it took a distressingly long

11 p.m.

time before all that procedure was taken advantage of. Now, however, we have reached the stage where neither men nor funds are sufficient to keep up with the work. I do not know when the time will come when the Government can issue its fiat to all and sundry to have all their animals examined, irrespective of whether the municipality in which the milk is sold has passed by-laws or not. Compulsory action of that kind must depend on the state of public sentiment, and whether that sentiment is strong enough to warrant such action I do not know. I have no doubt the time will come, but as a matter of fact nearly all reforms are introduced first by the voluntary method. When half or two-thirds of the people have endorsed any particular policy the Government can then say to the rest of the country: "The majority of the people are desirous that this policy shall be adopted and therefore it is in the interests of the whole country that it shall be made general."

Mr. DENIS (Joliette): I submit that the people do want this inspection now. They want to be protected. I have a concrete case to submit to the minister. No longer than a week or two ago a veterinary surgeon told me that he had been called by a man who owned a herd of cows from which he sold milk to the public. One of the cows was sick and he gave it a cursory examination. From what he could detect, he thought it had tuberculosis. He wanted to submit it to the test but the owner would not consent because he was afraid that if the veterinary surgeon discovered that it was affected with tuberculosis the whole herd might be slaughtered and the man would suffer a heavy loss. This is a serious matter and it was my intention to visit the minister at his office and ask him the question I have just put to him. Is it not time that the Government should see to it that all owners of cattle who sell milk to the public should have their herds inspected? There is nothing that compels this man, to whom I have referred, to have his cows inspected. His cows may be tuberculous and yet he is allowed to continue selling milk to the public. This should not be done.

Mr. MOTHERWELL: I do not know whether the hon. gentleman was in the Chamber the other evening when I spoke on the budget, but I outlined what I thought should be the object of the Department of Agriculture in the way of development during the next few years. Among the various things I mentioned I referred to the extension of the accredited herd system. I suggested the acquirement of certain blocks of territory in three or four municipalities where we might have herds kept, cleaning up those areas entirely before starting on others. I instanced two particular cases where this might be tried to advantage because of the natural boundaries of the territories. These were Prince Edward Island on the east and Vancouver island on the west. In these two places the system might be tried with splendid results. We have an application from the province of Manitoba, where a certain number of municipalities have already petitioned that we adopt this plan. But if we adopt the plan I will have to come back here and ask for an estimate of about a million and a half dollars. If you are prepared to provide that money, I am prepared to spend it, but you cannot do things like that and still keep on objecting about sales taxes and the other taxes.

Mr. LEADER: Does the minister not think that it would be a good plan and in the interests of this nation if we took about $1,000,000 off the military estimates and spent that amount on the eradication of tuberculosis? An hon. member on the other side wonders if this is compulsory or voluntary. Of course, it is not compulsory yet, but I think it should be. The attitude of the public toward this disease is deplorable. As an indication of the extent to which the disease prevails, I quote the following from a statement by Dr. Schaffner, president of the Anti-Tuberculosis League of Canada, made in Toronto last summer:

> I repeat further a sentence from my address of last year. Devastating war took a heavy toll from our young manhood. 1914 to 1918 about 40,000 Canadian soldiers were killed in action.

I assume he did not take into account the ones who died of wounds or disease.

> During the same period 43,000 died of tuberculosis in Canada.

While 40,000 soldiers were killed in France and Flanders, 43,000 died at home of tuberculosis, and the nation thought nothing of it. The death rate from this cause in Canada is about 10,000 a year. I repeat that we should take off a few million dollars from the militia estimates and spend the money in the eradication of this dread disease.

Mr. TOLMIE: We all recognize the great importance of any work having in view the eradication of tuberculosis, but I

would point out the necessity for great caution in moving along these lines. An attempt was made to eradicate this disease in the state of New York, but it was finally abandoned. Similar efforts were made in Massachusetts and in Illinois. It was estimated in Minnesota some years ago that in that state alone it would cost $35,000,000 to make a real start in the eradication of tuberculosis. The work that has been commenced here should be carried on. We have started properly by creating centres which are free from tuberculosis. In British Columbia this work has been carried on perhaps longer than in any other part of Canada. We found there that in districts where people opposed the testing of their herds, as soon as some of the prominent breeders had their herds cleaned up the others would fall in line, and now whole districts are as free from the disease as it has been possible to make them under present conditions. Nobody is more enthusiastic than I am about the desirability of cleaning up the herds of Canada, but I would like to point out the necessity for moving very cautiously.

Mr. WALLACE: Would the minister feel like venturing an opinion as to what percentage of cattle in Canada have been found to be affected by tuberculosis?

Mr. MOTHERWELL: I think in the case of hogs it ran to about 17 per cent. I am not sure what the figure would be for cattle; I think it is about the same.

Mr. TOLMIE: For the year ending March 31, 1922, some 700,000 head of cattle passed through our inspected abattoirs; the affected animals amounted to about 5.6 per cent. In the same period, in the case of about 1,750,000 hogs, the average was about 22 per cent.

Mr. MOTHERWELL: At that rate it is really increasing.

Mr. TOLMIE: In the case of hogs the proportion increased from 9 per cent in 1910 to 22 per cent at the present time, and in the case of cattle from about 2.3 per cent to about 5.6 per cent.

Mr. MOTHERWELL: I know that the last figures I had, about two years ago, indicated a percentage of about 17. With regard to the caution of the hon. member for Victoria (Mr. Tolmie), I may say that we are not going to go into the work too extensively, for the very good reason that we have not sufficient money to be extravagant. If we could adopt the suggestion of the hon. member for Portage la Prairie (Mr. Leader) possibly things would loosen up. But the militia estimates were pretty well cut down, if I remember rightly; possibly we could take a chunk out of the Welland canal. However, as I am not familiar with the utility of that waterway, possibly I should not make that suggestion. I will read a sentence or two from my remarks on the budget:

> For the last year or two we have been spending annually half a million dollars in connection with the extermination of tuberculosis amongst our cattle. We are doing this for two purposes. I think, in the hearts of many of us, it is primarily for taking care of the youth of Canada.

So we are not entirely oblivious to the necessity of extending this work. The question is, first, what is the proper direction in which to extend it; second, how much are the people of Canada prepared to spend on it; third, how much do the farmers want by way of indemnity? The more you give per animal the less herds you will clean up for a given amount of money. That is the whole thing in a nutshell.

Mr. THOMPSON: When this question was discussed on a previous occasion I inquired whether the regulations with regard to inspection of milk applied to villages, and I was told that it applied only to milk sent to towns and cities. In view of the argument made by the hon. member for Portage la Prairie, I think that this matter should be considered. In many cases the milk is supplied to villages under exactly the same conditions as it is furnished to towns and cities. I would recommend that the regulations be amended so that they will apply to villages as well.

Mr. MILLAR: Is there any information available to show the extent, if any, to which bovine tuberculosis may be communicated to human beings through the medium of butter and cheese? There are many supplying butter in towns and villages who do not supply milk.

Mr. MOTHERWELL: It is thought to be communicable more largely by the medium of milk to children under five years of age than to adults. The danger has been modified by the pasteurization of cream, resulting in the production of butter which will keep better and stand exposure better than butter made from unpasteurized cream. But butter made from pasteurized cream is not, I think, absolutely free from power to communicate the disease.

I read an article recently to the effect that they are beginning to pasteurize milk for cheesemaking also. It is some forty years since I had anything to do with cheesemaking, but perhaps the hon. member for Qu'Appelle would know about that. At all events, there is very serious danger of communicating the disease not only through the cheese but through the whey, unless you pasteurize, and that is why the Dairy Standards Act of Ontario was passed to provide, not only for the buying of milk on grade, but for the pasteurization of whey in cheese factories. So from the fact that they are pasteurizing the whey, I would judge that they are not pasteurizing the milk, although I think they are talking about doing it.

Mr. LOVIE: Has the department taken any steps towards co-operating with the deputation that came down here from Carman, Manitoba, representing the three municipalities of Dufferin, Roland and Thompson, represented by Doctor J. H. Munn and Mr. Evans, Deputy Minister of Agriculture in the province of Manitoba? The farmers in those three municipalities want to clean up their herds. Has anything been done in the matter?

Mr. MOTHERWELL: A deputation did come down here about two or three weeks ago. I do not know whether I ought to divulge the extent of our negotiations, but I may say that it was partly as a result of that delegation coming down here that we have thought it wise to take up this additional work. The matter had been under consideration, but here was a deputation representing three municipalities, which came voluntarily to us and took the ground that the people there were practically a unit in desiring to have those municipalities cleaned up.

Mr. LOVIE: There are a lot of grade herds there as well as pure-bred, which they want cleaned up. I understand that Doctor Munn considered the compensation too high.

Mr. TOLMIE: With regard to butter communicating tuberculosis, I have no figures here in connection with children, but I do know of the experiments that have been carried on in the United States showing that tuberculosis is communicated to swine. There is another very striking thing. In those dairy districts where by-products are fed to swine, we find at the abattoirs that ten per cent more hogs are infected with tuberculosis than in the case of hogs coming from grain districts where no dairy products are fed. At the same time the percentage of infected cattle coming from these districts is just about the same, showing that it is the consumption of dairy by-products that communicates the disease.

Mr. MOTHERWELL: I promised that we would leave the bill in committee. I notice there has been no change suggested in compensation by anybody.

Mr. LEADER: I beg the hon. gentleman's pardon.

Mr. MOTHERWELL: Well, we will sleep over it. I am prepared to consider raising the compensation for pure bred cattle to a certain extent. It may be the figure is too small, but I am a little afraid of the consequences of raising it. However, there is no harm in trying it. We will sleep over it.

Progress reported.

SALE AND INSPECTION OF ROOT VEGETABLES

On motion of Hon. W. R. Motherwell (Minister of Agriculture) the House went into committee to consider the following proposed resolution, Mr. Gordon in the Chair:

Resolved, That it is expedient to bring in a measure to regulate the Sale and Inspection of Root Vegetables and to provide:—

1. For the marking and grading of potatoes when offered for sale in bags or barrels or in bulk, and to define the grades and quality to be prescribed; but the provisions of the proposed legislation shall not apply to new potatoes when shipped between 1st June and 15th September inclusive, nor to potatoes imported into Canada, nor to seed potatoes, nor when compliance would prevent the sale or exportation of potatoes to any foreign market.

2. That no person shall sell or offer for sale any potatoes in any package in which the faced or shown surface gives a false representation of the contents of such package, that is when more than ten per centum of such potatoes are substantially smaller in size than, or inferior in grade to the faced or shown surface; and no person shall sell or offer for sale any potatoes so diseased or otherwise depreciated as to render them unfit for consumption.

3. That whenever any potatoes in any package are found so packed that the face or shown surface gives a false representation of the contents of the package, any inspector may confiscate such package which may be destroyed or otherwise disposed of as the minister may direct; and whenever any potatoes in any package are found to be falsely marked, the said inspector may mark the same "below grade" or efface such false marks and place the proper grade marks thereon; and the inspector shall give notice to the packer within twenty-four hours, of his action in regard thereto.

4. That all potato barrels manufactured in Canada for sale in Canada, and all barrels

containing potatoes for sale in Canada, shall contain as nearly as praticable seven thousand and fifty-six cubic inches; and the Governor in Council may make regulations as to quality, form and dimensions of containers, and penalties for violation of the regulations.

5. That no person shall sell, or offer, expose or have in his possession for sale, potatoes packed in a barrel, for sale by the barrel, unless such barrel is well and properly filled.

6. That inspectors may enter upon any premises to make examination of any potatoes suspected of being marked or packed in violation of these provisions, and may detain any shipment of potatoes for examination, in respect of which he has reasonable grounds, for believing there is a violation of these provisions, upon giving notice thereof to the owner.

7. That provision be made for the marking, grading and inspection of onions, offered for sale by the bag, crate, or package; excepting what are commonly termed "green onions," and not applying to onions imported into Canada, nor when compliance would prevent the sale or exportation of onions to any foreign market.

8. That similar provisions as to false representation, and as to diseased or otherwise depreciated onions, and as to seizure, confiscation and examination of onions, be enacted as proposed in the case of potatoes.

9. That all potatoes, onions, artichokes, beets, carrots, parsnips and turnips offered for sale, shall be sold by the unit one standard pound avoirdupois: Provided that when any of the foregoing vegetables are offered for sale with the top leaves attached, commonly termed by the trade "green vegetables," this provision shall not apply.

10. That penalties be enacted for violation of the proposed legislation and for the procedure to be adopted in prosecutions therefor.

Mr. FIELDING: This whole matter will come up on the committee stage of the bill, and if there is no objection, it would facilitate the business of the House if we took the present stage to-night. Every opportunity will be afforded for discussion at the committee stage.

Mr. MOTHERWELL: We brought down a bill for this purpose last year, as a result of the large number of petitions received from various parts of the Dominion that provision be made for the grading of potatoes, onions, and such like. It is in accordance with the general tendency of the times to grade all produce. I know there are some who think we are going too far in the matter of grading, but I do not see how you can get a basis for dealing intelligently unless you have an established grade. Up to the present time we have been selling potatoes without a grade. Suppose a man in Edmonton sends a carload of potatoes to Montreal, and the price drops and the dealer refuses to take them; what is your basis of settlement? Without a grade there is no basis.

[Mr. Motherwell.]

I might just add to what the Minister of Finance has said that the law provides that any bill involving either money or the regulation of trade must be preceded by a resolution, and as this matter deals with the regulation of root vegetables we have had to proceed by way of resolution. The whole subject will be open for discussion when we reach the committee stage, and if there is no objection it will facilitate business if we could get the resolution through to-night.

Mr. CALDWELL: Are all the points that will be covered by the bill embodied in this resolution?

Mr. MOTHERWELL: Yes.

Mr. CALDWELL: If that is the case, I really think we had better proceed with the discussion now. I do not wish to insist on that, but I think that a bill framed on this resolution would be totally inadequate to meet the situation.

Mr. MOTHERWELL: Well let us have the discussion.

Mr. CALDWELL: In fact I do not see any grades established in this resolution.

Mr. MOTHERWELL: The grades are mentioned in the bill.

Mr. CALDWELL: Section 2 provides:

That no person shall sell or offer for sale any potatoes in any package in which the faced or shown surface gives a false representation of the contents of such package, that is when more than ten per centum of such potatoes are substantially smaller in size than, or inferior in grade to the faced or shown surface; and no person shall sell or offer for sale any potatoes so diseased or otherwise depreciated as to render them unfit for consumption.

This provision applies when more than ten per cent of such potatoes are substantially smaller in size or inferior in grade to the faced or shown surface. According to this bill the size is an indication of quality; evidently the larger they are the better the quality. Because the section states that if they are 10 per cent smaller in size than the face shows they are not up to grade. Last fall in the province of New Brunswick, in certain fields, the potatoes grew so large that the market would not take the large ones although they were sound and nice looking tubers. I know of one grower of potatoes who had as high as four barrels culled out of a load of sixteen barrels all over size, and he had to take them back because the market would not accept them. Yet

according to this bill those big potatoes would be the standard for quality—potatoes that our market would not take at all. It is a good thing for the Government to act in this matter and I am pleased that it is moving in this direction. I think, however, that in a proper grading act we should set up some standard for each grade. For instance, in our province we have graders with a wire mesh by means of which we grade potatoes in three different sizes. Any potato that will not go through a mesh of 1¾ or 1⅞ inches—I am not absolutely sure of the size—grades as No. 1 provided it is sound, free from blemish and so on. What goes through a 1¾ inch mesh but will not go through a 1½ inch mesh grades as No. 2, and what goes through a 1½ inch mesh grades as No. 3. But in this resolution there is no definition of grade. As to size the resolution indicates that the bigger the potatoes the better the quality, which is not the fact. Another objection I see to it is this—

Mr. MOTHERWELL: The bill itself makes that provision?

Mr. CALDWELL: I asked the question if the resolution contained all the provisions that would be embodied in the bill and the minister said "yes".

Mr. MOTHERWELL: The resolution contains all the principles but not the details. The bill itself is quite extensive. The main principles of the bill with regard to the regulation of trade, are incorporated in the resolution, but the bill itself is more detailed, and that is inevitable.

Mr. CALDWELL: Just one other point I would like to mention in connection with this matter, and I will not detain the House very long. Can the minister tell me if it is proposed to make the grades conform to the grades in the United States?

Mr. MOTHERWELL: I think the grade is one inch and three-quarters but I am not sure about that.

Mr. CALDWELL: I suppose I might as well cease the discussion now until I have a copy of the bill and have had a chance to look it over because it is an important matter and one in which I am interested, and I know something of the necessity for grading. I would also like to impress on the minister that I think it is absolutely necessary that any vegetable grading, especially for potatoes, should conform very closely if not absolutely to the grades in the United States, because I think the time is not far distant when we shall market our potatoes in that country again.

Mr. MOTHERWELL: The barrel will be the same size as the apple barrel.

Mr. CALDWELL: I think you are absolutely unsound in prescribing the size of the barrel. In New Brunswick we haul potatoes to the local shipper in barrels. This bill would penalize a farmer for hauling his potatoes to market in barrels which were not of the regulation size. In New Brunswick we do not buy any potato barrels, but we buy our fertilizer in barrels, and those barrels are of various sizes. This bill would compel the farmer to throw away hundreds of barrels which he has at the present time, and which he uses for hauling his potatoes to the market. We sell potatoes by the barrel because barrels are convenient to handle and haul, and lift on to the cars, and so on. I do not wish to discuss this matter at any length. I hope I shall be able to attend the meetings of the committee when it sits, although I have two or three other committees to attend that are sitting at the present time.

There is another provision I wish to draw attention to, contained in Section 3. That section reads as follows:

> That whenever any potatoes in any package are found so packed that the face or shown surface gives a false representation of the contents of the package, any inspector may confiscate such package which may be destroyed or otherwise disposed of as the minister may direct; and whenever any potatoes in any package are found to be falsely marked, the said inspector may mark the same "below grade" or efface such false marks and place the proper grade marks thereon; and the inspector shall give notice to the packer within twenty-four hours, of his action in regard thereto.

Now this resolution, and I presume the bill to be founded on it will follow it very closely, provides that if ten per cent of the potatoes in the package, below the surface, are under that surface size then the inspector may confiscate and destroy that package. It might well happen that on the surface of that package there would be these large potatoes that I have spoken of and that the market does not desire at all. The rest of the package may be of a smaller size than those on the surface and still be of better value. Yet with respect to that package of potatoes—it may even be a carload—the inspector is given absolute authority to confiscate and

destroy it. I have no objection to the confiscation and destruction of potatoes that are unfit for food; but here the result may be the destruction of potatoes of good quality and grade. I am offering these suggestions to the minister so that in framing the bill he may overcome some of the objections enumerated. I do not believe in giving authority to any inspector to confiscate and destroy another man's property unless it would be unsafe to put that man's goods on the market as food.

Mr. MOTHERWELL: The provision does look a little severe but there has been so much humbugging in regard to the packing of potatoes and apples that some action was called for. I am sure my hon. friends from the prairies who have bought apples in barrels have often discovered the fact that the apples on the top were very much superior to those lower down. I am not familiar with the practice of selling potatoes in barrels; but in this case it is not so much a question of big potatoes as it is a question of their quality. There may be nice potatoes on the top of the barrel and smaller potatoes in the bottom. You can plug a barrel of potatoes in the same manner as you can plug a barrel of apples. In regard to the matter of confiscation, unless you have a provision with teeth in it, it will not bite, that is all there is to it. I am a little bit familiar with provincial laws with regard to this matter. It looks a little severe, but, in the working out of it, there is no injustice. I might call attention to the act regarding fruit marks and fruit packages. One does not require a long memory to recall the day when there was no Fruit Marking Act. It was simply scandalous, and it can be improved a lot yet. However, it has been substantially improved since the following clause was inserted in the act.

> All packages of fruit not branded or marked in accordance with such regulations shall be forfeited to His Majesty, and may be destroyed or otherwise disposed of as the minister may direct.

That is pretty hard. The act was amended in 1907, 1908, 1912 and 1913; so that that provision has been there since 1913. There have been only two prosecutions under that clause, and they were such flagrant violations of the law that I asked Mr. Baxter, the fruit commissioner who recently left us, in regard to them. He told me there were two prosecutions, and that both had a very salutary effect.

Without the law, he could not have had the prosecutions. I do not think any inspector with any common sense—and if he has no common sense, he will not be in the position long—is going to worry the life out of people by prosecutions, unless he has substantial reasons. If he exercises his power indiscreetly, we will get rid of him. These prosecutions will have a salutary effect. We already have this power in regard to apples, and we are now adopting it in regard to potatoes. Can hon. gentlemen see any more danger in the provision in regard to potatoes than there would be in regard to apples? All law must be administered with a reasonable amount of common sense, sound judgment and discretion. If a man tried to make trouble, of course, he could make all kinds of trouble. With regard to the size of the barrels, anybody who has ever sold potatoes in any kind of packages, knows that they vary in weight just as wheat varies, but to say that the package shall hold so many pounds of potatoes—

Mr. CALDWELL: That is done already.

Mr. MOTHERWELL: Is that the American law, do you know?

Mr. CALDWELL: Yes, and the Canadian law.

Mr. MOTHERWELL: I will take that up with my staff. I can imagine that, with some kinds of potatoes, you would not be able to get the required weight in the package. We are trying to sell by weight, and it is thought this barrel will hold, with any reasonable kind of potato, the required amount. With regard to section two, it will be noticed that it provides for certain exemptions. Certain kinds of early potatoes come here before our own potatoes are ready for use. They are undersized potatoes, only partly matured. These would not qualify under the act, and are allowed to come in without being graded. There are certain other grades allowed to come in without being graded, because you cannot test them with the eye. You must have a test for fungus development in those potatoes, to see that there is no fungus disease, but not a chemical test. There are a number of exemptions of that nature. But I will not take up the question of the barrel now, because I do not feel any too sure about it. I frankly admit I do not know anything about it, but if we are going to designate it either by pounds or cubic inches, I rather think cubic inches is the preferable method.

Mr. CALDWELL: Originally a barrel of potatoes in Canada contained 185 pounds. I think in 1918 it was changed to 165 pounds, to make it conform to the American barrel. We were shipping to that market. I think it is unwise to change the weight because the United States has not changed the weight of the barrel. I very strongly urge the minister to leave the barrel at 165 pounds

Mr. MOTHERWELL: I will consider that.

Mr. CALDWELL: I would like to deal with the clause saying that it shall not apply to potatoes imported into Canada. I think it is making a regulation with teeth in it, that will bite the potato grower in Canada, and does not propose to bite the fellow who competes with him. Very recently, some potato shippers waited on the minister to see if something could not be done to eliminate the competition of the early potatoes from the United States, that we might be able to market the very large surplus in eastern Canada at the present time, which will be dumped over the hillside, to get rid of them, because the new potatoes will take their place. I think potatoes coming in competition with our own product should be subject to the same regulation as our own potatoes and I hope, by the regulation, that you will not bite any one. I will not detain the House now, but I wish to give notice of my contention in regard to this matter.

Resolution reported, read the second time and concurred in. Mr. Motherwell thereupon moved for leave to introduce Bill No. 133, to regulate the sale and inspection of root vegetables.

Motion agreed to and bill read the first time.

On motion of Mr. McKenzie, the House adjourned at 11.40 p.m.

Saturday, June 10, 1922.

The House met at three o'clock.

SUPPLY

RAILWAYS AND CANALS

The House in Committee of Supply, Mr. Gordon in the Chair.

Railways and Canals—Welland Ship Canal—construction, $8,000,000.

Mr. STEWART (Lanark): Will the minister state how the $5,000,000 appropriation for this item stood at the end of the fiscal year?

Mr. KENNEDY (Essex): That appropriation was all used up last year, and in addition there was expended $435,000 under a supplementary estimate.

Mr. STEWART (Lanark): With reference to the increase in the appropriation for this year, perhaps the minister would tell the committee what work is proposed to be done.

Mr. KENNEDY (Essex): The details in connection with the proposed expenditure of $8,000,000 are as follows: Sections 1 and 2, $2,000,000; sections 3 and 4, $2,700,000; section 5, $800,000; gravel, $40,000; sand, $200,000; cement, $1,000,000; metal work for locks, $330,000; timber, lock 1, $35,000; bridge superstructure, $250,000; moving superstructure, Grand Trunk bridge No. 11, $25,000; land expropriated not paid for, $110,000; engineering staff, $410,000; construction railway staff, $100,000; making a total of $8,000,000.

Mr. STEWART (Lanark): Would the minister inform the committee how the work is being carried on, whether on straight contract or cost-plus basis?

Mr. KENNEDY (Essex): Sections 1, 2 and 5 are being carried on under straight contract. On sections 3 and 4 the work was on a cost-plus basis. We have asked for tenders, and they are now in, and will be considered within the next day or two.

Mr. STEWART (Lanark): What new contracts have been entered into this year in connection with this work?

Mr. KENNEDY (Essex): No new contracts.

Mr. MACLEAN (York): Can the minister give the committee some information about any new scale of rents that the department is charging for water-power in connection with our canals? I believe that the new plant near Peterborough is coming into operation. What does the Government propose to charge the Hydro-Electric for that service?

Mr. KENNEDY (Essex): That matter is under consideration and has not been determined.

Mr. MACLEAN (York): What does the Dominion Power Company, of Hamilton, pay for the power rights it has on the old Welland canal?

Mr. KENNEDY (Essex): I am afraid I cannot give that information offhand, but I shall be glad to give it to my hon. friend at an early date.

Mr. MACLEAN (York): Also the information on the other point.

Mr. KENNEDY (Essex): I shall be delighted.

Mr. McCONICA: Will the minister tell us something of the present status of the work,—what new construction is ahead, how far this appropriation will go towards completing the work, and what the condition of the canal will be when the work is completed? I have been told that the channel both above and below the canal is such that when this work is completed the canal will be able to accommodate no larger boats than are now using the old canal; in other words, that this new construction will add comparatively little to the navigability of that water route.

Mr. KENNEDY (Essex): The original estimate of the cost of the whole canal was $50,000,000. Contracts for sections 1, 2, 3 and 5 were let in 1913, at an estimated value of $20,350,000. When the contracts were abandoned under agreement early in 1918, the total expenditure on the work to the end of 1918, including the purchase of plant, material and stores from contractors was $16,069,000. Work was resumed under cost-plus agreements in January, 1919, and total expenditure to March 31, 1921, was $25,340,000. Early in 1921, Section 5 was put under contract; later in the same year, Sections 1 and 2 were combined and re-let; and at present Sections 3 and 4 are about to be placed under contract. The estimated value of a schedule-rate contract for completion of Sections 3 and 4 combined is $16,500,000, which includes $2,000,000 for plant and stores which the successful tenderer will have to take over. The estimated amount yet required to fully complete the canal from Lake Erie to Lake Ontario is $55,000,000.

Mr. MACLEAN (York): Will the minister say what will be the position of the completed Welland canal in relation to the proposed further improved waterways system in order to allow the passage of seagoing vessels to the ports of the upper lakes?

Mr. KENNEDY (Essex): When this canal is completed, I understand, there will be a depth of 25 feet available for vessels, as against 14 feet in the old canal. There will be that additional draught which will mean increased tonnage.

Mr. MACLEAN (York): Could that depth of 25 feet be extended to say 30 feet without entailing any very great additional expense, or without interfering with navigation?

Mr. KENNEDY (Essex): I understand that could be done without interfering with navigation, and that all the locks are being built with an extension to a depth of 30 feet in view.

Mr. McCONICA: Do I understand that when this work is completed it will be possible for vessels of 25 feet draught to enter from either end of these canals? Will the lock depths and the depth of the route up through the Detroit river be sufficient to accommodate vessels of that draught?

Mr. KENNEDY (Essex): As I understand, at low water on the Limekiln crossing on the Detroit river there is a depth of 21 feet. Of course this canal will not be finished for some years, and by that time there may be considerable difference in the depth available for vessels passing up and down the lakes.

Mr. BRISTOL: I understand the minister to say that the estimated cost of completing the canal is $55,000,000? What amount has been spent already?

Mr. KENNEDY (Essex): Approximately $30,000,000. Fifty-five million dollars was the estimated cost when the work started.

Mr. BRISTOL: And that is the estimated cost now for completing it?

Mr. KENNEDY (Essex): Yes.

Mr. BRISTOL: In what period of time, assuming that normal conditions prevail, do you expect to complete the work?

Mr. KENNEDY (Essex): We expect to have these five sections completed in 1927.

Mr. BRISTOL: Would that be the whole canal?

Mr. KENNEDY (Essex): There are nine sections altogether. The date of completion depends absolutely upon how much money there will be available and how readily we can obtain it.

Mr. BRISTOL: Unless the conditions are favourable it will not be completed in 1927?

Mr. MACLEAN (York): Does the Government intend to avail itself of the co-operation of the United States?

Mr. BRISTOL: Will there be any benefit to navigation from the expenditure already made until the canal is actually completed?

Mr. KENNEDY (Essex): The depth for boats of the draught in use to-day is 14 feet, but they will have only seven locks instead of twenty-four as at present.

Mr. BRISTOL: What I am asking the minister is this: Presuming we spend the $55,000,000 in addition to moneys already spent, estimated to complete the work at present under construction will it benefit navigation?

Mr. KENNEDY (Essex): Yes.

Mr. BRISTOL: In what way?

Mr. KENNEDY (Essex): The sum of $55,000,000, it is estimated, will complete the whole canal.

Mr. BRISTOL: By 1927?

Mr. KENNEDY (Essex): If the money was available in all probability it would.

Mr. MARTELL: In view of the present financial condition of the country could we not get along very well without doing any more work upon this canal? I may say that in the town of Windsor, in the county of Hants, the country owned certain wharves, but in 1914 the government leased them to the Canadian Pacific Railway, and to-day the small lumbermen are paying 75 cents a thousand for shipping lumber over those wharves. If the minister is going to spend some eight or nine millions of the people's money at the present time on canals, I think he should at least take those wharves back from the Canadian Pacific and give the people of the county of Hants their wharfage for nothing, and remove that handicap from the lumber industry.

Mr. McCONICA: I would like to ask the minister this question: When this canal is completed, if there is no further work to be done on the St. Lawrence farther down the river, would it be possible for vessels of 25 feet draught to get into lake Ontario?

Mr. KENNEDY (Essex): When this canal is completed the largest vessel that is now on the lakes will be able to go as far as Port Colborne, and then on to Kingston and Prescott.

Mr. McCONICA: If we were to stop construction at the present time, except in regard to existing contracts, how much of this estimated expenditure could be dispensed with until we have more money in our treasury?

Mr. KENNEDY (Essex): That is rather a difficult question to answer. When we took up the question of the estimates for this year we went very thoroughly into the matter with a view of seeing whether it was possible to curtail the expenditure in view of the financial condition of the country. But in the case of at least three contracts we found that the material was on hand and that it would depreciate, and the expenditure of some $20,000,000 would be jeopardized. We therefore thought, after giving the matter every consideration, that the best thing to do would be to carry on as economically as we could in the meantime.

Mr. LEWIS: What proportion of the work on the canal has been completed?

Mr. KENNEDY (Essex): My recollection of the figures formerly given, and I think they are correct, is that about 33 per cent is finished at the present time.

Mr. LEWIS: And the expenditure has been in the neighbourhood of $25,000,000 so far.

Mr. KENNEDY (Essex): Thirty millions.

Mr. LEWIS: At that rate the total expenditure would be approximately $90,000,000, whereas the minister told us a few minutes ago that the total cost would only be $55,000,000.

Mr. KENNEDY (Essex): Well, the cost of the plant is included in that $30,000,000.

Mr. LEWIS: I presume the cost of the plant would be $4,000,000. Excluding that, the total amount would be in the neighbourhood of $75,000,000. And it must be remembered that since the canal has been started contracts have been let time and again at an advanced price.

Mr. MACLEAN (York): I wish to say I am thoroughly in accord with the plans of the Government in going on with the deepening of the Welland canal; I think it is

in the interest of the transportation service of this country. It is absolutely in harmony with our projects for improving the transportation systems of Canada, and lowering freight charges. All I regret is that the Government has not pushed its proposals more vigorously. I know there are financial reasons, perhaps, for not proceeding, but the sooner that work is done the better for the country and the sooner the Government decides to accept the offer of the United States the better. The United States have, for the first time, made an offer to co-operate with Canada in the direction of deep waterways that will allow the passage of seagoing vessels to the upper ports of lake Superior, to the great benefit of western Canada especially, which will give us a real competition in the matter of transportation charges of wheat and things of that kind.

Mr. MARTELL: What about the railways?

Mr. MACLEAN (York): My hon. friend is very sore about the railways. Let him go to the committee of this House considering freight rates at the present time, if he wants some information, and he will get some surprising information. But the point I wish to make—and I say it on behalf of the commercial interests of Canada, and the agricultural interests of the West, especially—that you do not often get a proposal made of this character by the neighbouring country, with the money it has at its disposal. It would probably be an easy thing to make a joint arrangement, as between Canada and the United States, for the early completion of the deep waterways from the St. Lawrence right up to the upper ports of lake Superior.

Mr. KNOX: I would like to ask the minister if the argument submitted in favour of continuing the work would not apply equally as strongly to some other projects? I have in mind the completion of the Hudson Bay railway.

Mr. KENNEDY (Essex): We might discuss that later in the afternoon.

Mr. STEWART (Lanark). With reference to the question of unemployment which has just been raised, I would like to make it perfectly clear that, so far as the continuation of this work is concerned, there is no question in this section of the House. But I desire to draw the attention of the House to the fact that in the contracts, as I understand them, that still exist in connection with this work, there is a provision that the work could be discontinued. I would like to have the minister give us a statement as to that—that is that the continuation of the work is a matter within the discretion of the Government and of the House.

Mr. KENNEDY (Essex): I understand that is correct. If the Government does not vote the amount, the contract will be suspended.

Mr. MEIGHEN: In view of the unemployment situation, perhaps never more severe than now, probably, the minister will consider it very unwise to take such a step.

Mr. CRERAR: I want to get a little information from the minister as to what real value the Welland Canal will be in the haulage of grain until the deepening of the St. Lawrence is carried out, and the work has been advanced so that it will enable the grain to be carried in large lake freights eastward as far as Kingston and Prescott. I cannot see that that will be of any very great advantage as reducing the transportation cost of grain. As a matter of fact, there are boats of comparatively small draught now that run from Fort William to Montreal, and the carriage of grain in large vessels down to Kingston will not prevent them from using the smaller boats for the whole distance. I believe that essentially the Welland canal project is a sound one, but it should certainly never have been undertaken until the whole scheme could be carried out, and these 20 and 25-foot vessels provided to carry the grain right through from Fort William to Montreal. I was opposed to the grant a year ago, and I see no reason for changing my position now. I quite realize that it might be a very costly thing to leave work, upon which twenty five or thirty millions have been spent and not carry it through. In other words, when you get a job half done it may be more expensive to leave it in that condition than to complete it. I would like to have some information from the minister upon that point. I wish to say that the results that will come from the completion of the Welland canal in itself, as far as moving grain from Fort William eastward is concerned, will be very small indeed.

Mr. BRISTOL: I may, perhaps, give the hon. member from Marquette (Mr. Crerar) some information on this subject,

as I have been connected with transportation matters more or less for a few years. With reference to the ships that come down from the head of the lakes to Port Colborne and Buffalo, I do not know just what their grain rate is, but I think it is 1¼ cents a bushel. It is true they often get a return cargo. They carry from 450,000 to 750,000 bushels of wheat. If the Welland canal were deepened to-day the boats would go to Prescott, and it is a cheap proposition from Prescott to Montreal,—probably half a cent a bushel would cover the cost of taking it to Montreal, and putting it on the ocean liner, or into the elevators. As a matter of fact, my information is—and I believe it to be accurate, because it is obtained from the best sources of information—that it would take practically seven boats, to-day to bring what the Grant Morgan would carry from the head of the lakes to Port Colborne, going through the canal. I think the highest capacity of these boats is about 100,000 bushels, and the average would be about 80,000 bushels. These large boats could run to Prescott for another cent or two, as against five cents, which is the cost to-day. Of course, the rates would vary. When you get a straight rate, it varies from four to eight cents, depending on how anxious they are to get the cargoes. It takes seven or eight of these smaller boats to carry what one of the large boats can handle, and the large boats have only about two more of a crew, so that the cost of operation of one of these small boats is about the same as the cost of the operation of a large up-to-date freighter. By this means relief would be given to the extent of about 3 cents a bushel to the farmers of the West, and I believe the St. Lawrence project would probably give them relief to the extent of another cent and a half. I favour the speeding-up of the Welland canal. There is competition between the two routes from the head of the lakes, between the line that goes through Canada to Montreal, and the line that goes through the United States to New York. The Americans have the use of our canal for nothing, and if they want to pay half the cost, let them do it. You cannot put a dollar into our canals, but the United States gets five times the benefit that Canada receives. The United States is willing to pay, and I do not know any reason under the existing conditions why she should not pay her share. There is no international complication that I can see, because you are going to have all the money necessary for our purposes. There is no reason why, if the United States are getting ten times the benefit of the canal, they should not pay their share. And the only reason they are making this offer to us is because it is worth ten times as much to the farmers of the United States as it is to our farmers. It would make a difference of 4 cents a bushel on the price of the wheat on the continent. That is a great deal of money. What influences are to-day at work to stop the St. Lawrence project, and prevent our friends in the Cabinet from conferring with the United States, I have not the slightest idea.

Personally, I think it is extraordinary that when the government of the great United States wants to talk about a project of this kind, one that affects vitally every farmer on the northern part of the American continent, we cannot at least listen to what they have to say. I am absolutely in accord with the statement that has often been made that the carrying out of this great project will mean a difference of three cents a bushel to the farmer, and I do not believe the railways of this country will suffer materially, because what has heretofore come by rail will continue to come that way. Some arrangement should be made about the matter in this way. The reason that we are getting via Montreal a great deal more grain than is going via Portland is because our transportation facilities are better than those of the United States, and as regards freight rates we are beating the Americans by two cents a bushel. Last year 47,000,000 bushels came to Montreal out of Chicago, and it comes a little earlier than the wheat of the Canadian Northwest. We should have some control of that situation, because it should not be possible for the situation to arise that when our Canadian wheat is being transported, the Canadian farmer finds that the elevators are already filled up with United States wheat that has come through our canals free. That is only an incidental matter; but you have to consider it. Wheat ripens in the United States two or three weeks earlier than it does in Canada, so that they are ready to transport it sooner than we are. Last year 138,000,000 bushels were shipped out of Montreal, and 47,000,000 bushels of that came from Chicago, for the first time in the history of the country. This grain is going to come

more quickly in future, and Montreal is found to be one of the greatest ports on this continent; nothing can stop that. There can never be any really intelligent opposition to this project from Montreal, and I do not think there is any. There is only one place as vitally situated as it is, although there may be certain ports that will store wheat at the head of the Great Lakes. The Canadian farmer is vitally interested in the price of wheat, and the price that he receives for his wheat depends upon the price of wheat at Liverpool and the cost to transport it to that city. If you can lessen the cost of inland transportation by three cents a bushel, you are going to make the price of wheat to the farmer three cents higher, because that will be the price for wheat grown west of the Great Lakes.

Mr. CRERAR: I recognize the force of the argument of the hon. member for Centre Toronto (Mr. Bristol), and it may be that the completion of the canal with the considerably larger vessels that can pass through it, will bring about the result, or, at any rate, part of the result that he has stated. I will admit that that aspect of the question is one that I have not looked into very closely. I believe, however, that it would mean the erection of elevators at Prescott and Kingston for the transfer of this grain from the lake vessels that brought it down to those points, to the barges that would carry it on to Montreal. What expense would be involved in doing that, is also a matter for consideration. I am free to admit, though, that my hon. friend in that respect may have substantial reasons to support his argument. My whole attitude to the question was rather governed by the idea that we should control, as much as possible, our public expenditures, in view of our financial situation, and I still think that is a consideration that should weigh with the Government. I am quite in agreement with what my hon. friend has said as to the attitude that should be taken by the Canadian government to the recent offer of the United States government to consider the question of the development of the St. Lawrence waterways. Without question or doubt, that great project will some day be undertaken; it must be undertaken. That great system of waterways which we have through the St. Lawrence and our great lakes into the very heart of this continent will be, and it should be some day, an enterprise that will be taken up jointly by these two governments. Canada and the United States are going to live peacefully together, and it is to their mutual interest to co-operate in a matter of this kind. As I understand the situation, the proposal of the United States does not involve any outlay of money at the present time, excepting in a very small degree. It was rather along the line of getting action started with the ultimate development of this project in the way that I have stated. I certainly believe that that matter should not have been turned back by the Government in the way that it was. They would have been well advised had they met the Washington government half way in a consideration of this enterprise.

Mr. MACLEAN (York): I should like again to present, on behalf of the people of Canada, the opinion that the Prime Minister (Mr. Mackenzie King) and his Government owe an explanation in regard to their decision that the present was not an opportune time to take the matter up. Why is it not timely? The Minister of Finance (Mr. Fielding) has been to Washington, and he must be of opinion that if there is some way in which we can co-operate, we ought to try to do so. The United States have come to this decision after their experience in connection with the Panama canal, the greatest proposition as regards canalization for the improvement of transportation, that was ever accomplished. The expenditure in that case was much larger than the original estimate; but they went to work and completed the canal, and by reason of their experience and success in connection with the Panama canal, they are determined to improve waterways elsewhere on this continent. They have made an offer, and for the time being the people of Canada are told that this is not the right time to take this matter up. I should like to have an answer from the Government—perhaps the Minister of Railways (Mr. Kennedy) will give it—why that offer has been declined for the present. If the question is one of money and the getting of money, I have no doubt that the money immediately necessary for expenditures in connection with deepening the waterways up to the Great lakes can be found by the United States without any trouble at less than four per cent. I imagine the United States Government can get all the money they want for the immediate development of the St. Lawrence waterways at probably 3½ per cent, and that they would charge us nothing more than that rate.

Mr. CARROLL: Did they make the same offer in connection with the Welland canal?

Mr. MACLEAN (York): That is what I want to know, and that is what the people want to know—whether they made the same offer in connection with the three waterways. All our chambers of commerce in this country are holding meetings and a great international association has been formed for the promotion of this proposal. It involves diplomatic relations and it necessitates correspondence. It involves the President of the United States, who is a man of his word, and who comes to a friendly government, as I believe he takes Canada to be, and makes an offer to us at this time when transportation is a fundamental question in America. We are, however, told in a short answer in this House, that this is not the time to take up the matter. I hope the Minister of Railways will give us more details about the correspondence and will give some assurance to the people of Canada and at the same time to the people of the United States, that Canada is prepared to consider this question and is ready, at least, to have the proposition laid on the Table, so that the people of Canada and of the United States may appreciate what the proposition is.

Mr. MICHAUD: I think it is about time that we should stop speaking of great schemes and of spending more money on transportation facilities. We have given the West three transcontinental railways; we are constructing the Welland canal, which requires a great deal of money. I think the scheme of deepening the St. Lawrence should be dropped immediately for the time being and we should go on with the Welland canal if it is necessary to finish it at an early date. If we had not spent so much money on that canal, we should discontinue it; but from what I can gather from the minister, he is obliged to go on in order to take care of the work that has already been done. As regards this great scheme of deepening the St. Lawrence, I think we have spent enough money for some years to come in transportation facilities, and our friends from the West and Ontario should be satisfied. We in the East are satisfied that our friends from the West and Ontario have sufficient transportation facilities for the moment.

Mr. CHAPLIN: During the last few years the work on this project has slowed up very considerably owing to financial stress and the necessities of the country in other directions, and in that period a great deal of damage has been done to the half-finished work. Now, the minister would be well advised in doing one of two things: he should either stop the work entirely or else go ahead and do it in a businesslike way. What is the use of allowing half-finished work to depreciate? It seems to me to be a piece of absolute folly, as any one will admit who takes a look at the work. I have seen bridge abutments go out and slip down into the canal, and I have also seen the banks slip. The minister will hardly pretend that it is reasonable to spend $25,000,000 on a work of this kind and then leave it in that condition. The thing is too childish to think of.

Mr. McCONICA: There is one aspect of the question that occurs to me. I thoroughly agree with my hon. friend as to the desirability of improving the St. Lawrence waterway, I am strongly in favour of that improvement being made as soon as it is possible to bring it about. I think the time will come when it will be absolutely necessary to do this in the welfare of the people of Canada, both from the point of view of the manufacturing centres in the East and from the standpoint of the grain producing regions in the West. I believe that the matter should be looked to very early and earnestly by the Government of Canada. But the question that suggests itself to me is this: Will not the improvement of the Welland canal be better carried on as a part of the whole project that is now under consideration than as a piecemeal operation undertaken by Canada when she is very much in need of money? I have no notion of wanting to delay the completion of that improvement, but I do question the propriety of our proceeding to piece out here and there this particular work while the whole project is under consideration. If it is proposed that we shall enter into this arrangement, as I sincerely hope it is, then would it not be better for us to undertake this work as a part of the whole scheme rather than do it on our own account?

Mr. HOCKEN: Of course, I am in favour of the completion of the Welland canal. But I have always thought it somewhat strange that we should have undertaken a work of that character unless we had it in mind to carry it a good deal further. The development of the Welland canal will allow us to bring boats

of very great tonnage into lake Ontario from the northern lakes and from lake Ontario into lake Erie, but it is very doubtful in my opinion whether the advantage we shall gain by the completion of that work with the limited amount of service we can get from it justified the undertaking at the commencement unless we had something else in view. My hon. friends from Montreal and the province of Quebec, as well as their newspapers, seem to be afraid that the development of the St. Lawrence is going to be injurious to their interests. To my mind that is a very shortsighted view to take of the project. I confidently believe that that work will be proceeded with before many years, and I venture the prediction that no province in the Confederation will profit more from its completion than the province of Quebec. It will enable them to transport their manufactured goods to the head of the lakes at a cost of perhaps one-eighth of what is charged by the railways to-day. That fact is all that need be stated to men engaged in large businesses in Quebec to convince them that the work will be of great benefit to that province. Such advantages as the manufacturers in the province of Ontario have in the matter of freight rates as against Quebec would be entirely eliminated, for a vessel could load at Quebec and be given the same freight rate as if it were loaded at Toronto. My hon. friends from Quebec and their newspapers enlarge on the cost and tell us, perhaps truly, that we have not enough money to embark upon so considerable a project. Well, as I think has been pointed out before, the Dominion of Canada does not need to raise one dollar to carry out the work. The plan that has been suggested is for the government of the United States and the government of Canada to charter a commission that will render the service at cost, giving that commission power to issue bonds. There can be no doubt that they could issue bonds at 4 per cent for two or three times the amount of money necessary.

Mr. MACLEAN (York): At 3½ per cent.

Mr. HOCKEN: At least, what I have stated is the opinion of very eminent men with whom I have talked on the subject.

Mr. FIELDING: Without government guarantees?

Mr. HOCKEN: No, both governments would guarantee the bonds.

[Mr. Hocken.]

Mr. FIELDING: That is another thing.

Mr. HOCKEN: But I submit that the project is of such a character that we should never be called upon to pay anything on our guarantee. I do not know that this is the time to go into the details of the question, but that is the plan that has been proposed, and to my mind it is one that is entirely feasible. The credit of the country would, of course, be involved, but the country would not be called upon to undertake the issuing of bonds at 5 per cent.

Now, with regard to the cost of the Welland canal, I think the problem will be largely solved by the completion of the larger work. The project, as set out in the report which my hon. friends have read, takes the Welland canal as part of the whole undertaking, and the cost of that canal—what we have spent and what is still to be spent—is to be part of the international obligation. That is a very material fact. It means that we go on and complete the Welland canal and make the waterway from the Atlantic ocean to the head of the Great lakes, and all the money that would be spent in completing the canal would be shared by the United States as a part of the entire project. I have been surprised that hon. gentlemen from the West, and the people of those provinces, have not gone into this international project more deeply and shown a greater interest in it than they seem to have taken. It means to them not only getting their grain out at somewhere between eight to ten cents a bushel less than it costs to transport it to the seaboard to-day, but all the manufactured goods that they take into the western provinces would share equally in the lower freight rates. And to my mind it is not to lower tariffs that my hon. friends from the West must look for relief, but to lower transportation costs.

An hon. MEMBER: Both.

Mr. HOCKEN: Well, you have a long way to go before you will get tariff reduction, as I think you must be convinced by what has happened this session. But, Sir, you have not very far to go to get the other, and personally I regret that the Government did not at least show more sympathy with the approaches made to them by the authorities of the United States than the newspaper reports would indicate. I do not think that there is anything before the people of Canada to-day that will give them greater relief from the burdens they are

carrying, and greater advantages for the future development of the country, than the completion of this great waterway. Providence has put in our hands something of inestimable value, and we are letting it lie undeveloped. The time will come when all the railways we have will not be sufficient to carry the traffic from the central and western portions of this country. That state of affairs has already arrived in the United States; that country must have other and better means of transportation for the products of the western and central western states. We are not as congested as they are yet, but we hope that that congestion will come, as it must come with additional population. Therefore it is wise for us to have some vision on a great project of this kind and if we are not prepared to say, "We will look with sympathy into those representations which have been made to us by our great neighbour to the south;" we might at least say, "Whatever we may do in the future, we think this is worth talking about and looking into." But, unfortunately, the Government has not gone that far, and I sincerely regret the course which the negotiations have taken.

Mr. MACLEAN (York): I still press the Minister of Railways (Mr. Kennedy) for an answer to the very fair question I put to him, namely, to give the House the reason why it is not informed of the policy of the Government in delaying action in this matter. To that I would add this thought. Imagine the relief that would be given to unemployment in this North American continent to-day if the policy which the President of the United States has in view, involving perhaps an expenditure of $300,000,000 or $400,000,000, for the building of a great highway, largely at the expense of the United States, were undertaken. I believe that money would be forthcoming at 3 or 3½ per cent. It was not long ago that the government bonds of the United States were saleable all over the world at a price that gave a return of 3 per cent. I believe that day is coming back again, I predict that when the building of that international waterway is undertaken all the money will be found in the first place by the United States at 3 per cent, and that we will not be charged any more than that rate for our proportion of the capital outlay. In that way relief will be given to unemployment, and, most of all, relief will be given to transportation.

With regard to the opposition to this project from Montreal, the people of that city think there is only one solution of
4 p.m. the transportation problem—by rail. There is, I contend, a better solution of that problem by developing our waterways and so enabling sea vessels to reach the upper lakes. Montreal's vision is distorted because it cannot see any other solution of the transportation problem, and this rail solution would perhaps be controlled by the Canadian Pacific Railway Company, of Montreal. Now, that company is in the ocean business and has large fleets of its own, but it would not like to see its vessels sent up to Duluth, Port Arthur and Fort William in competition with its railway. What is holding back this great undertaking? The railway interests of Canada and of the United States. But they cannot get by the President of the United States and the farmers' bloc. The President has brought forward this policy and has invited our co-operation—the first time that we have ever been approached by the United States to participate in a great international project. And yet the party that was in favour of reciprocal trade arrangements with the United States is not prepared to co-operate—or at least is prepared to delay entertaining the proposal for a solution of our transportation problem based on seaways as well as on railways.

Mr. FIELDING: Has my hon. friend read the despatch from the Canadian to the American government which was laid on the Table a few days ago?

Mr. MACLEAN (York): I have read it. But I have not read the reply of the Prime Minister to the despatch from the American government; that is what I want to see.

Mr. FIELDING: That is where my hon. friend has taken only a one-sided view of the case.

Mr. MACLEAN (York): Give us the other side.

Mr. FIELDING: It has been given already. If my hon. friend were looking after parliamentary affairs constantly instead of only occasionally he would know that that document was laid on the table.

Mr. MACLEAN (York): What is the policy of the Government?

Mr. FIELDING: I was just going to follow that up. If my hon. friend had read that despatch—

Mr. MACLEAN (York): I have read it. What is the policy of the Government?

Mr. FIELDING: He said just now that he had not read it.

Mr. MACLEAN (York): There was no definite statement contained in the despatch I read.

Mr. FIELDING: My hon. friend is asking what is the reason for the Government's action. All I suggest is that if he will read the despatch sent by the Canadian Government to the United States government he will find that that reason could not be expressed in shorter or more concise terms than those set forth in that despatch.

Mr. MACLEAN (York): What is the reason for the delay?

Mr. FIELDING: I have not a copy of the despatch in my hand. My hon. friend can send to the Clerk and get a copy.

Mr. MACLEAN (York): The minister ought to be able to state what is the policy of the Government.

Mr. FIELDING: It is not set forth in the despatch which my hon. friend admits he has not read.

Mr. MACLEAN (York): As a member of the House I request the Government to give an answer. What was the reply?

Mr. MILLAR: I am interested in the conflicting statements that have been made in regard to this matter. The member for West Toronto (Mr. Hocken) has just stated that there would be a saving of from 8 to 10 cents a bushel on grain from the West to Montreal if the Welland canal and the St. Lawrence river were opened up for seagoing boats. I find that in a discussion which took place a short time ago in the Senate a statement was made that it now costs 7 cents a bushel to carry grain from Fort William to Montreal. So how it would be possible to save 8 or 10 cents a bushel when the total cost is now only 7 cents is something that I cannot understand. From information I have received I understand that during last season a private company purchased and placed on the lakes five new boats for the grain traffic as they found the business so profitable. In looking over the report of the International Joint Commission I was struck by some of the information it contains. In the discussion that took place in the House some time ago in regard to this matter I was led to believe that the total cost would be $252,000,000. I have been rather surprised to find that that sum only covers the cost up to the Welland canal, and that to get at the total cost one would have to add $50,000,000 or $60,000,000 for the widening and deepening of the Welland canal, and that there has already been spent $2,900,000 on what are called the St. Clair flats. These would have to be deepened, as well as the Soo canal, in order to enable great boats to pass from Fort William to Montreal.

I have heard nothing in this discussion so far about great ocean liners from Liverpool going up the lakes to Fort William. I believe that prospect carried considerable weight at one time. In the evidence given before the commission I was surprised to find the statement that it costs three times as much to build a boat for the transatlantic traffic as for the lake traffic; and added to that is the fact, also rather startling, that one of those large boats would carry only about 60 or 65 per cent of the amount of cargo that a lake boat of similar tonnage would carry because of its deeper draught and special form of construction for deep sea traffic. Let me repeat that. A boat that is intended to carry grain from Fort William to Liverpool would have to be built so strongly that it would cost three times as much as a boat of the same tonnage on the Great Lakes. Think what that means in extra cost and overhead charges, and the greater cost in man power. This cost would have to be borne—and would bear interest—up through all these canals. I was also surprised to find that between Prescott and Montreal there are some forty-four miles of canal. It showed me how little I knew of the geography of my own country. The evidence given before the commission would show that a large boat could not pass through these canals at a greater speed than four miles an hour, and there is great danger of them being rubbed against the side, causing considerable damage, and hours delay before they can be released.

Mr. MARTELL: Does the hon. member think they could use some of the Canadian merchant marine boats on those canals? It would not be much loss if they were damaged.

Mr. MILLAR: I have heard some rumours about the merchant marine, but I would not like to pass any opinion on that question. One hon. member has said that there would be a saving of 1½ cents per bushel on grain passing through the Welland canal, and of 1 cent a bushel pas-

sing through the other canals to Montreal, or a total saving of 2½ cents a bushel. If we reckon up the interest on the large amount of money required to complete this waterway, and reckon what would be saved even if grain could be carried for two or even three cents a bushel cheaper,—and that would be near the limit, I believe,—we shall find that it would be a losing game, and that grain could be carried free, through the Welland and Lachine canals for less than the interest on the investment.

There is another matter that should be considered, because I believe some are still of the opinion that we can open up a route between Fort William and Liverpool or London. The great carriers that come across the ocean bring with them a cargo, That cargo at the present time, and for years to come, must be unloaded at Montreal. It is not a cargo for Fort William, and for many years to come Fort William cannot be a distributing point. Think what it would mean for one of these boats to stop at Montreal and unload, and then have to crawl empty, at the rate of four miles an hour, through 44 miles of canal, through the Welland canal, the St. Clair flats, the Soo canal and up to Fort William. Think of the lost time when they could be loading and unloading at the same time, as they must do if they are going to make dividends. You cannot load at one time and unload at another and make it pay.

I am not going to go more fully into the whole question of the deep waterway except to say that much of what has been said, and is believed, is based on information that is not well founded. We have our railway transportation problems at the present time, and great problems they are. While this waterway might result in a slight saving in transportation costs, it would take a certain amount of traffic from the railways. The time may come —I would not go so far as to say it never will come—when this route will be feasible and the Welland canal may pay, but at the present time, I am convinced, it will not pay, and considering that money is so much needed for other things I think it is unwise for the Government to expend this amount of money at this time.

The argument—and it is a very good one —has been made by the minister that much of the work that has been done would deteriorate if further amounts are not spent. But that argument also holds good in connection with several branch lines of railway. I referred to one some time ago, where the farmers were so anxious to have the railway that they offered to build it themselves and pay for it out of the freight. I receive letters quite frequently in regard to this branch line, saying that the farmers are drawing their grain nearly twenty miles, and that it is turned over to the Canadian Pacific rather than to the Government railway.

There is also the plea made on behalf of the unemployed. I think it would be much better if this Government would undertake to build with a part of this money some of the branch lines that are very much needed, and take those who are willing to work in the Welland canal district over the railways free to places where they are required, and bring them back again free. This would be work that would open up the country, and encourage an industry that is not now getting the consideration it should. These branch lines would serve as feeders for the present railways, would be an encouragement to agriculture, would produce freight, and, due to the greater buying power of those who are on the land, would help industry as a whole. On the other hand, I am convinced that if $8,000,000 is spent on the Welland canal this year, the benefit will be so small that very few will feel it. I think the Government would be well advised to reduce this item by one-half and spend the other $4,000,000 where it is much more needed. I do not say, spend it on branch lines necessarily, although I think that is perhaps where the money is most needed, but spent it wherever it is most needed. If there is any industry that is requiring assistance more than the agricultural industry spend it there. Certainly there are many ways in which it could be spent to advantage.

I know there is an inclination to pass this item without further discussion, but it is a large appropriation, and I do not feel I would be honestly representing my constituency if I allowed it to pass unchallenged. I would just like to ask the House for a little sympathetic consideration. How would this project look to the man—I know this is an extreme case—who in order to keep the sheriff from the door last fall borrowed $400 at 25 per cent interest, and the loan was partly or fully covered by giving in return a Ford car and some other goods. That man has worked hard all his life. How would this undertaking look to him?

I notice an inclination on the part of some people to say, and I have heard it said in this House: You farmers ought to quit grumbling and get down to work. I assure you, Mr. Chairman, that the farmers are not grumblers. With fair treatment, they are prepared to take their losses and gains without any grumbling whatever, but I can point to thousands of men who know the business of farming, who are slaves to work, and economizing more than they should be compelled to do, who waste nothing, and yet at the end of their year's work find — and this is no exaggeration — that they have not made one cent. The return they get for their grain in many cases does not pay the cost entailed in securing the seed, sowing the grain, reaping, harvesting and threshing it. Now, I know some will smile and say that statement is surely exaggerated. However, I venture the assertion, that if I could not prove it to be correct in a reasonable length of time, on the authority of hundreds of letters, I would be willing to resign my seat in this House. Bearing that fact in mind, if my seat mate will act as seconder, I am going to move that this item be reduced by one-half, that is reduced to $4,000,000.

Mr. EVANS: I believe this has been an ill-advised scheme from the beginning. To think of constructing a canal in the middle of this continent, without having the approaches at either end of the same capacity, is most unreasonable. Thirty million dollars have already been spent, which will not be revenue bearing, at least, until about 1930. By that time another $30,000,000 will also be spent, and the interest on that at 6 per cent would meet the cost of carrying the whole of the western wheat crop that goes by this route, clear across the peninsula. I am very much surprised to hear the warm advocacy of this scheme from our friends in Toronto. I believe they see the possibility of deriving more benefit from it than anybody else, and perhaps they are thinking only of their city.

Mr. HOCKEN: We are thinking of the West.

Mr. EVANS: The greatest surprise of all to me is to hear hon. gentlemen to my right warmly advocate the co-operation of the United States on the ground that this is an international undertaking when, only a few years ago they told us we were not to have "truck or trade with the Yankees" in relation to a scheme that would have been of international benefit, and revenue bearing from the very beginning. As to unemployment this project will not result in any lasting benefit, even though it may relieve unemployment for the time being. Our unemployment problem will rightly be solved by further developing some of our natural resources and building branch lines. As one hon. member has already stated these would be revenue producing from the time they were completed; and it would only take a few million dollars to furnish facilities for those in the West who to-day are not only suffering inconvenience, but absolute hardship. My hon. friend from Welland (Mr. German) has emphasized the unreasonableness of leaving a project like this remain unfinished and to deteriorate year after year. I can point out to him a project started in western Canada over ten years ago upon which $20,000,000 has been spent, and I see an item of $40,000 in the estimates this year to take care of the terminals of that railway only, although the grades are levelling down and the steel is rusting. I certainly oppose this estimate and do so with a clear conscience.

Mr. MANION: I do not wish at this stage of the proceedings to cause any delay in the passage of the estimates of any branch of the government. I do not think, perhaps, that this is the most suitable time to discuss the Great Lakes and St. Lawrence Waterways project, and I do not intend to do so except to offer two or three sentences which will perhaps clear the air a bit. My hon. friend from Qu'Appelle (Mr. Millar) has said that he did not see where the saving would come from in connection with this enterprise. Well, I am not authority enough to tell him exactly where the saving would come from but the best authorities in the world who have investigated this scheme say it will save anywhere from five to ten cents a bushel on the wheat handled, not only from western Canada but from the western states. Julius Barnes, perhaps the best authority in the world to-day on grain statistics, says in the report from which my hon. friend quoted, that it will save ten cents. Herbert Hoover makes the same statement. Some of the other authorities assert that the saving will be five cents on the wheat coming from the West to-day or at least very much of the wheat —I refer to the proportion which goes down to Port Colborne, or perhaps to some

of the Georgian Bay ports, and is there transferred and taken to Montreal. If the wheat does not go by the Canadian route, it is shipped to Buffalo where it is transferred either to the Erie canal or to railway cars and taken to New York. I believe the cost of shipping from the Georgian Bay ports and Port Colborne to Montreal, and from Buffalo to New York, is in the neighbourhood of nine or ten cents. The saving would be there. If wheat could be carried by boat all the way from the head of the lakes to Montreal that would result in a great saving. At present it is transferred at Port Colborne, or Buffalo, or some of these other points, and shipped by rail to Montreal and New York. That is where the saving comes in. My hon. friend made the statement—it was made by other members when this question was up before in the House; the hon. member for Lisgar (Mr. Brown) made the same statement if my recollection serves me correctly—that the interest on this expenditure was too great. But if the actual saving should happen to be five cents a bushel, if this scheme were carried through, it would mean a similar amount on every bushel of wheat grown in the prairie provinces. Not only that but as my hon. friend knows the price of wheat is fixed in Liverpool for the whole of the western provinces—not merely for the wheat sent to Liverpool—and supposing the saving in the carriage of wheat amounted to five cents a bushel, the total saving on 300,000,000 bushels would mean $15,000,000 a year which would pay the whole interest, as a mater of fact, on Canada's share of the cost of this entire project.

Mr. MILLAR: I would like to ask my hon. friend some questions. Is he aware that the Erie canal, which is a strong competitor with us in the carriage of wheat, has a draught of only eight or nine feet? Secondly, would he say positively that the present freight rate is more than seven cents from Fort William to Montreal? My figures are taken from a speech delivered recently in the Senate by Senator Casgrain.

Mr. MANION: Senator Casgrain is very much opposed to this scheme and loses no opportunity of expressing his opposition. Leaving that aside, in answer to my hon. friend let me say that I cannot give the actual figures, but I know that what I stated is correct. In the very report from which my hon. friend quoted, Herbert Hoover and Julius Barnes say that the construction of this enterprise will make a saving of ten cents a bushel on the carriage of American and Canadian wheat. However, cut it down to five cents, which other authorities in the same report say would be the right figure. I believe my hon. friend will find that you cannot carry wheat to-day with navigation open from Fort William to Montreal for anything like seven cents a bushel. I may be wrong, but I think I am right, I am quoting authorities from the report of the commission appointed by the two governments. They took up an entire year to investigate this matter and this is their report. I must confess that when I was told that five or ten cents a bushel would be saved I did not believe it; but when the report came out and gave that figure on the authority and as the finding of the commissioners I had no hesitation in accepting it, speaking generally. My hon. friend mentioned the idea of boats coming from Liverpool to Fort William, or to the head of the lakes. I do not think there is very much likelihood of that happening, at least not to any extent. The idea would be this: Wheat would be carried from the head of the lakes to Montreal and there transhipped to ocean-going vessels. There is a type of vessel projected for canal, lake and ocean service, and I am told by competent engineers that the construction of this class of vessel would not cost any more than the building of any other type of boat.

An hon. MEMBER: Some of the Canadian Merchant Marine vessels?

Mr. MANION: I am not referring to the Canadian Merchant Marine. Still, I have enough confidence in Canada to believe that we can build a merchant marine to suit this service. There seems to be a tendency, a continual tendency, to make fun of the Canadian Merchant Marine and at times, to make fun of everything Canadian. I admit many boats of the Canadian Merchant Marine are probably idle at the present time; so are many boats of the private corporations. I do not think there is anything particular to be gained by interjecting uncalled for references to the Canadian Merchant Marine, because it has nothing to do with the matter. The point I was making was that I had been told by competent engineers, one of them living in Ottawa, a representative of Sir Robert Perks, the gentleman who wishes to build the Georgian bay canal. This engineer has been studying the question for some years,

and he told me personally that a boat could be built to serve both lake and ocean at little, if any, greater cost than the ordinary cost of building boats for ocean or lake. However, the point I wish to make is that it is not the intention in this canal scheme mainly to have boats run straight across the ocean. They would probably run to Montreal or to Quebec. The saving would be in the carrying without breaking bulk from the head of the lakes to Montreal or Quebec. I do not think the statement of the hon. member from Qu'Appelle (Mr. Miller) should go unchallenged, especially when we have the report of the commission which states the opposite.

I think it is rather an extraordinary proceeding for the Government to have practically refused to discuss this question at all with the United States' government. I know that my hon. friend the Minister of Finance (Mr. Fielding) has suggested that the reason is the lack of money. I do not dispute that, and I do not argue that the Government should not take any particular stand they choose. That is their right. But it is an unprecedented thing, it seems to me—and some of the Washington papers made a similar statement when the matter occurred—for one government to absolutely refuse to discuss with another government a question of international importance such as this. I do not say this particularly with a desire to criticize the Government, but I think they might be well advised to reconsider the question of discussing this matter with the United States' government. The fact, that they consented to discuss the matter would not by any means tie them up to the proposition, and it would not in any way tie my hon. friends to my left or any of them, to the proposition, but certainly all information on such a subject as this might well be gained by all of us, and certainly by the government in power. So that, I submit, with all due respect to the Prime Minister, that he might well reconsider the stand he has taken on the question and listen to and take part in such discussion, if the opportunity arose, wholly in the interest of getting information for the Government, and for the people of this country. If, after those discussions the Prime Minister chose to take an attitude absolutely opposed to the building of the canal, it is his right, but I do not believe it is in the interests of the Government or of the country for the Government to absolutely refuse at this time, or any other time, to discuss a question of such great magnitude and importance as this.

Mr. MACKENZIE KING: The Government never refused to discuss it. We said it is not an opportune moment. We were asked to enter into a treaty, and we said no; that having regard to the magnitude of the matter, the expenditure involved and the importance of the question, we have not had time to consider it. We have not closed the door to discussion.

Mr. MANION: I am only going by the Prime Minister's own words. He said in reply to a question asked by Sir Henry Drayton:

—"the Government has replied to the effect that the present is not an opportune moment to take the matter up."

Mr. MACKENZIE KING: The hon. member was asking about entering into a treaty, and the reply was that this was not an opportune moment to discuss the question of making a treaty.

Mr. MANION: But has not the Prime Minister and the Government absolutely refused to discuss the matter at all with the Government of the United States?

Mr. MACKENZIE KING: Not at all. I am glad you have brought up the question. That impression is erroneous.

Mr. MANION: The hon. member for Marquette (Mr. Crerar) made a similar statement a few minutes ago, and he must have taken it from the words of the Prime Minister, as I did.

Mr. MACKENZIE KING: I laid the correspondence on the table of the House, and I think it was ordered to be printed. I do not know if it has been printed, but if hon. members will read the correspondence they will see that the communication received by this Government from the United States government related particularly to the question of entering into a treaty, and the reply related to the question of the treaty, and the discussion of the matter was not precluded. What I wanted to say particularly was that the Government had not had time to study the report. And until we have time to study the report, it would be unwise to talk about a treaty.

Mr. MANION: I am pleased to have the Prime Minister make the statement he has made. We drew a wrong conclusion from his words, but the conclusion drawn by me, the hon. member from Marquette, and other members of the House, was

drawn from the words of the Prime Minister. I admit I have not read the correspondence, but I took his words in the House. However, his statement now is more satisfactory. I do not dispute it at all, and I believe it better that this information should have been given to us all.

Mr. SALES: I would like to say a few words on this question before the vote is taken. The hon. member for West Toronto (Mr. Hocken) said that he was surprised that the farmers were not interested in a proposal which would save them so much money. The hon. member for Fort William (Mr. Manion) and the hon. member for Centre Toronto (Mr. Bristol) also spoke in the same strain. They are surprised we are not interested. Well, we are interested, but we are also sceptical. I wonder who the saving is going to be for.

Mr. MACLEAN (York): The farmer.

Mr. SALES: I doubt it. I say that we have spent millions of money on the waterways, and the more money we spend the higher our rates go. There was an increase from 1919 to 1920 of 2½ cents a bushel.

Mr. MANION: Could we get the crop of western Canada out of the country at all, if it were not for the money that has been spent on the waterways of the country?

Mr. SALES: That is all right, perhaps we could not, but the more money we spend the higher the rates go. Is that saving going to be for the farmers or for the big watered stock companies, such as the Canada Steamship Company?

Mr. HOCKEN: No. A commission will be appointed to work on costs.

Mr. SALES: This battle has been fought in this House time and again, year after year. for the control of the rates on our waterways and has been objected to by my hon. members on both sides of the House. They will not allow those rates to be brought under control, as the railway rates have been. A gentleman named Armstrong used to be a member of this House, and I find that, year after year, he brought up this question very very forcibly, and it was always resisted, and there was no control given over these rates whatever. Suppose we do improve these waterways, and we can carry the wheat and goods from the head of the lakes to Montreal so much cheaper, does that not mean that railway rates also will have to be reduced in the East to compete with that water transportation? And if they are reduced in the East, does it not mean they will be increased in the West to make up for it?

Mr. MANION: No.

Mr. SALES: My hon. friend says no, but that is the experience we have been having for years.

Mr. MANION: Let me answer the hon. member. The hon. member knows that today all of the wheat of western Canada, or at least a large proportion of it,—until very recently 65 per cent—went by the Erie canal and New York. I know that to be a fact. The building of these canals would permit that same wheat to go straight down the Canadian route, and there would be a saving. It costs I think in the neighbourhood of 10 to 11 cents to take it from Buffalo to New York. That saving could easily be made on that trip alone for sixty-five per cent of the wheat that is exported from western Canada at the present time.

Mr. SALES: The hon. member may be correct, but I have my doubts, because I find that the boat freight was 8.6 cents; it is now 11.8 cents all the way from Fort William to Montreal by the boats which we have now. In 1919, the rate was 11 cents, and in September, 1920, it was 13¾ cents. In October, when our wheat really begins to move and they could do us a service, they increased the rate from 11 cents, as it was the year before, to 15½ cents, and we have no control over them.

There is something else that I wish to know. There are a few boats running down from the head of the great lakes, boats like the Grant Morden—I have been to Fort William and Port Arthur and I have seen them—that can carry these big loads; but there are only a few. Does the Canada Steamship Company intend immediately to scrap all the boats it has at present which can go through the Welland canal and all the way to Montreal, and replace them by these big boats which can carry 500,000 bushels? I do not think so. Until the canals at Montreal are finished, I can see no good in this Welland canal project, because the boats which now can go through the Welland canal can now go through to Montreal. When you get your larger boats through the Welland canal, you have to build bigger elevators at Kingston and Prescott, transfer elevators, or the scheme is of no value at all. If my hon. friends would move that the whole

item be cut out except just what is needed to keep the canal from falling into decay, I would vote with them. I will vote with them as it is; but I think they do not go far enough. I think the whole proposition was a mistake, as the hon. member for Saskatoon (Mr. Evans) says, in beginning in the middle a scheme of this kind. At this time, when economy is needed, what is the use of talking about economy and then voting millions of dollars for a proposition like this? The Minister of Agriculture (Mr. Motherwell), last night, I think, had some matter on which he could spend $2,000,000 of this very money, and I would like to see the Minister of Railways (Mr. Kennedy) do what has been suggested without our having to take a division on the question. The Government should practice economy as well as preach it.

Mr. McBRIDE: In the first place, I think the Government used very good judgment when they said that the time was not opportune to enter into any agreement with the United States. We have heard a great deal about some people having a vision of a greater Canada, and some people think they can see further ahead than others. Some years ago we had that class of men in British Columbia, and they told us about some railways that were needed. They also told us that the proposition would not cost the taxpayers of British Columbia one dollar; but when it was completed, the taxpayers of British Columbia have had to foot a bill of over $40,000,000, and that railway is not making a cent. It started nowhere and it ends nowhere. We have too many people working up propositions in their own interest and not in the interest of Canada as a whole. I claim to know a little about steamboats, and there is in my mind a question whether ocean steamers of large tonnage would ever come up through the St. Lawrence canal when completed. If we take insurance and other things into consideration, I do not think it would pay them to do so. As an hon. member has stated, ocean steamers are built much heavier; the captains and engineers get higher pay; they have to carry a larger crew than would be required on the canal travelling at a low speed. While those boats were on the ocean, they would go at twelve or thirteen knots an hour, whereas, through the canal, they would have to go at three or four knots an hour. The wages of the crew and other expenses including the interest on the investment in the boat, would go on just the same. The heavy machinery and other things would add to the expense. I question, therefore, whether the proposition would ever be used to the extent some people think it would. I do not think, with the amount of burden that this country is carrying at the present time, this proposition should be given any consideration at all. We are not sent here to consult with the United States and to consider their propositions; we are sent here to represent the people of Canada, and to work in their interest.

Mr. JOHNSON (Moosejaw): Before I can intelligently vote on the amendment and on the resolution, I shall have to have some more information from the minister. I will ask my question first. What would be the probable cost to the Dominion were work discontinued on this project and it were allowed to stand over for a year or two? I should like to refer very briefly to the amendment and to the resolution. I should like very much to support the amendment of the hon. member for Qu'Appelle (Mr. Millar), but I fear that it is subject to the same criticism as was offered against the project generally,—it starts in the middle and does not go anywhere. If the principle is right, I think his amendment should have read to delete the entire thing except such as would be required to prevent loss, or else to go ahead with the thing in a whole-hearted manner and complete it. When the debate started, I had an open mind on this subject, although I was probably a little inclined to cut it out in the interest of economy, because I think economy is demanded at this time. I was, nevertheless, very much impressed by the remarks of the hon. member for Centre Toronto (Mr. Bristol). I am not able to judge as to the correctness of his figures, I should like to have them confirmed. If those large boats, as he states, can, by this expenditure, go through the Welland canal, unload at Prescott instead of at Buffalo, transfer their cargoes to barges which can cheaply be carried down the St. Lawrence river and unloaded at Montreal, that is a very desirable thing. The other day we had it on information given us by the Chairman of the Montreal Harbour Commissioners that 135,000,000 bushels of wheat passed through that port last year—I think the quantity was quoted by an hon. member a short time ago as 115,000,000 bushels; but my recollection is that the correct quantity is 135,000,000

bushels,—about 65 per cent of which was Canadian wheat. If we can, by a development of this sort, bring down a larger volume of wheat from Buffalo to Montreal and develop the port of Montreal rather than the port of Buffalo and, consequently, New York, that would be a very desirable thing. But it involves a considerable expenditure; it involves transfer houses at Prescott, while we already have transfer houses at Port Colborne and elevator space at Buffalo. Another hon. member, who represents, I think, one of the Toronto seats, referred to the return cargoes. In my opinion, that argument has very little weight, because, if I am correctly informed, the return cargo carried by those boats is principally coal from the Pennsylvania mines to western Canada. There is practically no heavy package freight going from Montreal up through the lakes to western Canada. Freight which goes that way has to go mostly over the railways.

Mr. HOCKEN: Why?

Mr. JOHNSON (Moosejaw): I suppose from the very nature of it; it is not bulky like coal. I do not know of any freight of any considerable volume going up the lakes to the western prairies.

Mr. HOCKEN: Why could the boats not take package freight?

Mr. JOHNSON (Moosejaw): Because package freight is a freight that has to be speedily carried through, and boats take a longer time to do that. The freight rate is not the consideration which it is on bulk commodities, on such heavy stuff as ores, lumber and coal. On the whole, I think that ultimately this entire project, in the interests of this country, must and will be carried through. I want to see it carried through for the development of the eastern ports and the various facilities which we have built at enormous cost. But at the present time, when the need for economy is so great and there are other projects requiring huge expenditures, when, according to the Minister of Finance (Mr. Fielding) under the best circumstances possible we can scarcely hope that our revenue will be equal to the expenditures that are to be made during the present year, unless it is necessary to spend a large amount of money in order that expenditures already made may not prove futile, I think we shall be very well advised if we cut out these expenditures for some considerable time. I cannot vote for the amendment, because it begins in the middle and goes nowhere; but for a reduction in the entire amount I shall be glad to vote.

Mr. KENNEDY (Essex): This whole matter was gone into very thoroughly by the department. We fully investigated the possibility of shutting down the work, and we have found that if we abandoned operations for two years it would involve a loss in depreciation and deterioration of between $5,000,000 and $6,000,000, to say nothing of the claims which the contractors would naturally put in for such work as has already been done. It must also be remembered that the five sections must be finished as nearly as possible about the same time. The only way you could reduce the vote by $4,000,000, would be to stop the work on one section. That would mean that you would finish four out of five and be unable to use them at the proper time. I can assure hon. gentlemen that we have gone into the matter very thoroughly, and while the members of the Government are as anxious as anybody else to avoid all unnecessary expenditures, we are asking for this vote only because we are convinced that it is absolutely in the best interests of economy.

Mr. JOHNSON (Moosejaw): I understand from the minister that the country would suffer a loss of between five and six million dollars if we postponed this work for two years.

Mr. KENNEDY (Essex): Yes.

Mr. JOHNSON (Moosejaw): Then we had better make the best of a bad job.

Mr. SALES: Has the minister been over this work personally?

Mr. KENNEDY (Essex): Yes, I have been over it with the engineers. We spent days discussing the matter with the chief engineer, and went thoroughly into the whole thing. We have not rushed things in any way, nor are we asking for this vote without the most careful consideration. We believe that it is in the very best interests of the country to spend this money.

Mr. MACLEAN (Halifax): In view of all the statements that have been made I think the mover should withdraw his amendment. It is quite obvious that the reduction from $8,000,000 to $4,000,000 does not give expression to any principle. It gets us nowhere, and I do not think the committee should accept the amendment. I do submit that under all the circumstances, the mover should withdraw it.

Mr. WARD: I do not rise to criticise the estimate at all, because I agree with the hon. member for Moosejaw (Mr. Johnson) that the minister having been quite convinced that it is necessary to go ahead with this work in the interests of economy, it would be unwise to reduce the vote. I do want to suggest to the minister, however, that he be consistent in all respects, and give to the various railways that are now half constructed the same consideration that he is giving to this particular matter. We have several miles of railway partly built in the West, and if the minister thinks it is in the interests of economy not to postpone the work under this vote, he should, I think, take the same view in regard to those railways and carry to completion the work in connection with them. The grades have already been built, and I would urge that he seriously consider the advisability of completing those lines.

Mr. MILLAR: In view of the fact that some of my statements have been contradicted, I should like to read an extract from a speech of Senator Casgrain. Some hon. members have referred to the fact that he was opposed to the project. If I might do so I would quote some remarks of his.

The CHAIRMAN: The hon. member would be out of order in quoting from the Senate debates of this session.

Amendment negatived.

Item agreed to.

Trent Canal—construction and betterments, $240,000.

Mr. STEWART (Lanark): How much remains unexpended of last year's appropriation?

Mr. KENNEDY (Essex): The amount voted last year was $339,000, all of which was spent.

Item agreed to.

Rideau Canal—construction of storehouse at Ottawa, $4,000.

Mr. MACLEAN (Halifax): I do not offer any criticism of this vote, nor am I moving to reduce or to strike it out. I see that on the next page there is a vote of $25,000 additional for the Rideau canal. Placed in such financial straits as we are, it is of course desirable that we should eliminate all expenditures that are unnecessary; and I submit that the minister should immediately decide to part ownership with the Rideau canal. It is as idle as a painted ship upon a painted ocean; economically it is absolutely useless. It handles not one single cent of traffic, although it is true that a few cart loads of sand are carried through it. I do not know what it costs to carry on the Rideau canal, but probably it takes a considerable sum. I should like to see the minister decide before twelve o'clock to-night utterly to abandon this canal, and hand over to the city of Ottawa the greater part of it, retaining the lower part for railway purposes. I do not suggest that we should strike out this item or the item on the next page, but I certainly do not think that there is any justification whatever for the further retention of this canal. The amount of the vote is small, it is true, but it could as well be expended in purchasing soap bubbles as in further operating the canal, and I hope the minister will rise and say that next week he will advise the city of Ottawa that he is prepared to donate the canal to them for the purpose of beautifying certain sections of the city, retaining the lower part, as I say, for railway purposes.

Mr. STEWART (Lanark): I would judge from the remarks of the senior member for Halifax (Mr. Maclean) that in his opinion the Rideau canal is limited to that part of the waterway adjoining the city of Ottawa, and that that is the reason why he would present it to the city. I submit, Mr. Chairman, that the point raised by him is much more serious than perhaps he appreciates. The Rideau canal was built by, and at the expense of, the British government and was presented to Canada upon an undertaking by our government that it would be maintained as a canal. So I feel that it would be impossible for the Minister of Railways and Canals (Mr. Kennedy) to act upon the hon. member's suggestion.

Mr. MACLEAN (Halifax): My hon. friend surely does not mean to contend that the British government would expect us to carry out that obligation now in view of changed conditions?

Mr. STEWART (Lanark): I would at least feel that it was an obligation on the part of the people of Canada that should not be decided by the minister inside fifteen or twenty minutes as suggested by my hon. friend; I would think there should be a conference between this Government and the British government before any action is taken as proposed by him.

Mr. FORKE: Was not the canal constructed for military purposes?

Mr. GRAHAM: No doubt that was the underlying consideration.

Mr. STEWART (Lanark): I presume that the British government one hundred years ago was influenced largely by military considerations in building this canal. But there is no doubt the canal was built at a very great cost, extending as it does from the Ottawa river here to lake Ontario at Kingston, considerable engineering difficulties having to be overcome, boats being raised 200 feet out of the Ottawa river by lockage between here and the height of land and then being let down 168 feet into lake Ontario. I am not urging that from the strictly commercial stand-
5 p.m. point there may not be something in what the senior member for Halifax suggests, but the canal has been operated since 1828, and the items in these estimates are surely not of sufficient importance to call for the offhand decision suggested.

Mr. MACLEAN (Halifax): I felt so sure of my ground that I thought my suggestion could be carried out instantly. But I will qualify that and say we might take a few days or a few weeks to put it into execution.

Mr. STEWART (Lanark): My hon. friend is entirely mistaken when he says that the canal is of no commercial advantage to the people of Canada. The canal is of very great commercial advantage to the people who live along its banks.

Mr. MARTELL: Is the commercial advantage commensurate with the cost to the people of Canada?

Mr. STEWART (Lanark): I am speaking of the advantage to the people who live along the canal. Since the question of transportation has been a live issue in federal politics we have heard arguments not only in favour of maintaining but of constructing railway lines into territory where there was no suggestion that the traffic returns would justify the cost of construction.

Mr. MARTELL: Not from western Nova Scotia.

Mr. STEWART (Lanark): I am not talking of Nova Scotia. We have here a means of transportation that is of very great convenience to the people whom it serves.

Mr. MACLEAN (Halifax): I would be very glad to be informed about that. I understood that there was practically no business carried on through the canal, with the exception of a little sand brought down to Ottawa from a point a few miles up the river.

Mr. STEWART (Lanark): Well, my hon. friend has not been properly informed. I am quite free to confess that the traffic upon the canal has been very seriously interfered with by the construction of the Canadian Northern Railway along the south shore of the Rideau lakes. Prior to the advent of the railway the canal served all the villages and settlements between Ottawa and Kingston, and even yet boats ply to and fro. I am not prepared to say that the traffic would justify the government of Canada or any one else in the construction of this canal as an original enterprise; but we have the canal there, and if after having constructed locks which make the waterways altogether different to what they were in a state of nature we abandon this canal we would at once place the people who live along its banks at a serious disadvantage. The canal is of very great use to those people and they should not be deprived of the service they and their predecessors have enjoyed since 1828. I do not wish to be understood as saying that the freight traffic or any other remuneration that the government gets would justify maintaining this canal, but I do think my hon. friend has an exaggerated idea of its cost of maintenance. It is a splendidly built canal, and if my hon. friend has not gone over its whole course it would do him good to do so, for he would see a wonderful piece of engineering and would pass through the most picturesque part of Canada—a part exceeding in natural beauty the Thousand Islands that we hear so much about. In a word, my hon. friend has suggested something which should not be entertained by the Government.

Mr. BROWN: When I came down to Ottawa as a new member I naturally wanted to get busy, and one of the first matters I inquired about was the cost of the Rideau canal, which was suggested to me from noticing that repairs were being made to the locks here. I therefore consulted the Auditor General's reports to find out the cost of this canal for the last six years. I am not much accustomed to going through these reports, but my figures are as nearly accurate as I could make

them. I found that during the past six years we have paid for the upkeep of this canal in salaries and repairs a total of $1,205,534.66. The revenue derived from it in the same period amounted to $40,798.-63. Being interested in the matter I put a question on the Order Paper—

Mr. MARTELL: What was the revenue derived from?

Mr. BROWN: I presume from tolls.

Mr. STEWART Lanark): There are no tolls charged on the canal.

Mr. GRAHAM: The revenue was from water-powers probably.

Mr. STEWART (Lanark): There are developed water-powers on the canal.

Mr. BROWN: As I was saying, I also put a question on the Order Paper, but the answer, I confess, does not mean much to me. This is my question, which will be found on page 734 of Hansard:

How many vessels and what tonnage passed through the Rideau canal during each year since 1915?

The answer will be found on the same page, but I shall not read the figures as they can be very easily referred to by hon. members. Those figures convey no idea to me because I do not know what was the nature of the traffic. As the season opened up I saw that a considerable amount of work was being done on the canal here, but I question very much if, apart from this end of the canal and possibly a few other limited sections, very much traffic is going on.

When the hon. member for Halifax made the suggestion that it be presented to the city of Ottawa, it occurred to me offhand that that was just the thing to do with it. I am not certain that the figures given by the hon. member for Lanark as to what this canal has cost are absolutely correct. I was out at his town of Perth the other day. It is situated at the head of that famous ditch, as we used to call it; we heard of it back in the elections of 1896. I was interested to know just what that canal looked like, and what it was being used for and from the information I could gather I would suggest that the Tay canal be presented to the city of Perth. I confess after seeing that canal in the town of Perth, some of my prejudices were removed. While there was no traffic on it to any extent, there is a basin and some docks, and no doubt it is a very beautiful thing for the town, but it is absolutely useless from a commercial standpoint. I believe the Tay canal does help to take away the sewerage from Perth and give the town better drainage. So I would suggest that the Tay canal be presented to the town of Perth. I came across a little item,—it is a trifling sum in the Auditor General's report,—showing that it costs $95 a year to put down, take up and care for the buoys in the Tay canal. I doubt if the canal is even worth that much for commercial purposes. I admit that the Rideau canal for scenic purposes and excursion parties undoubtedly is some value to the people of Canada, but as a commercial proposition I do not think it is worth considering. I would again call attention to the figures. The Auditor General's report shows that for 1916, 1917, 1918, 1919, 1920 and 1921 the people of Canada have spent $1,205 534.66 on this canal. To what extent it would be wise to continue that expenditure in future, I am by no means certain, but certainly it is not a commercial proposition.

Mr. GARLAND (Carleton): I think that some of the work my hon. friend mentions should be charged up to the Ottawa Improvement Commission, and not to the Rideau canal.

Mr. BROWN: I think the figures I quoted are accurate. If anything, I think the expenditure would be more rather than less.

Mr. GARLAND (Carleton): The hon. member said that when he was here last March he saw a lot of work being done along the Rideau canal. That work was being done for the relief of the unemployed and should be charged, I think, to the Ottawa Improvement Commission, and not to the Rideau canal. There was a retaining wall built, for instance, to give work to the unemployed.

Mr. GRAHAM: I am very strong on the financial situation. I believe that we ought to be economical, but there are cases where it is a mistake, I think, to insist on estimating the value of a certain work in dollars and cents. The Rideau chain of lakes forms one of the most beautiful spots on the whole North American continent. There is no question about that in the mind of anyone who has seen them. The tourists who spend their summers along these lakes bring thousands and thousands of dollars annually to the Dominion of Canada. We often discuss

in this House the desirability of opening up beauty spots in Canada, and it would not be wise, I think, for the sake of a few dollars to close up this one. It has a historic value, to my mind, apart altogether from its commercial value. It was originally constructed by the Imperial government, I believe, for the purposes of defence, and anyone who will take a trip through this chain of lakes and inspect the masonry will discover something that would be a revelation to the modern mason. On several occasions I have given many Americans the trip from Montreal to Kingston, through the Thousand Islands, down the Rideau chain of lakes, through the canal, and down the Ottawa to Montreal again, and although I am very proud of the Thousand Islands and think it a wonderful beauty spot, the Rideau chain of lakes is in a class by itself. We have spent millions of dollars to build the Trent canal, and the great argument in its favour was that it would enable those living inland and farther west up towards Georgian bay a short and quick method of transportation for light draft freight. The Rideau canal affords the same facilities. It may be that during the last two or three years little freight has been carried over it, but let me point out to the committee that during the war a great many things went wrong. Before that time I know of my own personal knowledge that coal was transported from lake Ontario to points along the Rideau waterway. There are many bright little towns bordering these lakes, Westport, Portland, Smith's Falls, Perth, and many others I could name. These have all been served for years by this waterway, and I would hesitate for the small expenditure involved to give away this waterway that belongs to Canada. The city of Ottawa could not look after it, and this end of the canal would probably be used as a yard for the railway companies if it belonged to the city. The proposition was made to me when I was Minister of Railways that this end of the canal, where it empties into the Ottawa, should be transferred to one of the railway companies, to increase their facilities and allow them to make a tunnel from that point down to the other end of the city. I pointed out that if they would arrange another outlet into the Ottawa that would be just as satisfactory, we would discuss the matter.

As to the expenditure, hon. gentlemen will see at a glance that if we gave up the proprietorship of this waterway tomorrow, we would still be obliged to keep up the bridges over this stream. The committee will see, when we come to the estimate, that quite a large amount of the money expended has been spent on maintaining the old bridges and constructing new ones over this stream, and we should still be obliged to look after them if we gave up the canal. It is a matter that might be investigated, but certainly this House is not in a position to give instructions to the Minister of Railways at this time to interfere with the situation that has existed for many years. The canal is not altogether useless financially, and otherwise it is a great asset to the Dominion of Canada.

Mr. WARD: If it is the grand summer resort my hon. friend says, and I have no doubt he has stated the facts correctly, has any effort been made to induce tourists to come here? If this is the most picturesque spot on the American continent, let us advertise the fact and get people here and make the canal pay.

Item agreed to.

St. Lawrence ship canal—surveys and investigations, $50,000.

Mr. MACKENZIE KING: It might be opportune for me to take advantage of this item to make a statement with regard to the point raised in discussion on the St. Lawrence ship canal. I have in my hand the communication from Mr. Charles E. Hughes, Secretary of State, Washington, which was sent to the British Ambassador on May 17, 1922, and which, amongst other representations, contains the following statement:

> The report of the Joint Commission and the accompanying report of the Board of Engineers have doubtless by this time been considered by the Canadian government. I am authorized by the President to state that he favors the negotiation of a treaty to be framed on the basis of the report of the Joint Commission, or such modifications as might be agreed upon, and I should be glad to be informed whether the appropriate British and Canadian authorities are disposed to undertake the negotiation of such a treaty.

The communication was forwarded by the British Ambassador to His Excellency at Ottawa and came before the Government a few days after it was written. The Government's view on the matter was expressed in a report to Council, the essential

part of which is contained in the following paragraph:

> The minister represents, in connection therewith, that Your Excellencys' advisers have not thus far had opportunity to give to the report of the International Joint Commission and the accompanying report of the Board of Engineers appointed to examine the subject, that careful consideration which their importance merits, and that moreover, having regard to the magnitude of the project and the very large outlay of public money involved, the Government is of opinion that it would not appear to be expedient to deal with this matter at the present time.

The whole correspondence, hon. members will observe, relates to the immediate negotiation of a treaty. This Government deems it desirable to have a careful study of the report made, and possibly further expert opinion obtained in regard thereto, before a final answer is given. There was no intention to preclude further consideration and discussion.

Mr. MACLEAN (York): Has this correspondence been brought down?

Mr. MACKENZIE KING: It has been on the table for a couple of weeks.

Mr. HANSON: I would like to ask the minister for some little explanation of this item. I am told that a staff of engineers has been employed by the department for some time past making surveys along the St. Lawrence waterways. I merely rise for information, not to oppose the item, but in making my statement I would like to point out that I have learned that the more expensive members of this staff are being retained, and the junior members, or the lower priced men, have been let out. Now, that hardly seems fair especially, as I understand, it has created a certain amount of hardship in connection with the staff. If the work is not to be proceeded with it does not seem to me that it is necessary to retain an expensive staff, especially when we remember that expert engineers are paid as much as $10,000 a year. In view of these facts I would like to have an explanation from the minister.

Mr. KENNEDY (Essex): May I say that this item of $50,000 is exactly the same amount that was in the estimates last year, but under a different heading. Perhaps it will appeal to some hon. members who have argued in the past that the Government have rushed into expenditures that upon consideration might not have been undertaken, if I state it was felt that in so far as the deepening of the St. Lawrence is concerned the department itself, and the Government of the day, should have every possible information. The engineering staff employed are taking borings and investigating and checking matters up, so that when the issue does arise we will be in possession of first hand information on the matters to be decided. As far as my hon. friend's question is concerned I understand the staff is not larger than is absolutely necessary; there may have been some dismissals, but they were perhaps made for the reason that economy was in the air. I am told by my department, and I have every reason to credit what they tell me, that we are not carrying a single official more than is absolutely necessary to give the Government intelligent information.

Mr. HANSON: Is any boring work being done now?

Mr. KENNEDY (Essex): Some borings are being made.

Mr. HANSON: Where?

Mr. KENNEDY (Essex): At the Long Sault rapids.

Soulanges canal—improvements, $214,000.

Mr. STEWART (Lanark): I notice that the appropriation under this heading last year was $9,500 as against $214,000 this year. I would like to ask the minister why there should be such a large increase?

Mr. KENNEDY (Essex): The increase in the amount asked for this year in comparison with last year is largely on the account of the necessity for re-surfacing the roadway along the canal. The road along the canal is one of the main highways between Montreal and Cornwall. Built at the time of the construction of the canal twenty years ago, it has only been superficially repaired since and is now gradually disintegrating under heavy traffic. It is proposed to re-drain the whole road and reinforce it with macadam and asphalt binder.

Sir HENRY DRAYTON: What is the length of the road.

Mr. KENNEDY (Essex): Fourteen miles. We are now under legal liability for the proper maintenance of this roadway, this being a condition when settlement was made for the lands taken for canal purposes, and those situated to the north of the canal were cut off from access to existing roads. We simply have the legal liability, we cannot get away from it. The amount is the estimate that was arrived

at by the engineering department and the work is absolutely necessary at the present time.

Sir HENRY DRAYTON: How do you propose to do the work by contract or day labour?

Mr. KENNEDY (Essex): By contract.

Mr. McCONICA: What proportion of the appropriation goes to the building of the road, and what amount to the maintenance of the canal itself?

Mr. KENNEDY (Essex): The amount necessary for re-surfacing the roadway along the canal is $168,000 The other items are:

Reinforcing Weir No. 4	$20,000
Shop for construction of lock gates	16,000
Spare lock gates	10,000

Item agreed to.

Welland canal—improvements, $150,000.

Mr. JOHNSON: Is this in connection with the present canal?

Mr. KENNEDY (Essex): Yes, in connection with the present canal.

Item agreed to.

Rideau canal—improvements, $25,000.

Mr. BROWN: The matter of the Rideau canal has come up, and I would like to repeat what has been said by the Minister of Militia (Mr. Graham), that we must not measure everything in dollars and cents. I am heartily in favour of the principle of maintaining everything in our country that has any historic interest, and that canal has an historic interest. I think it might possibly be preserved on that account, if it would not mean too heavy a drain upon the country to maintain it, ostensibly for commercial purposes which, perhaps, it may not serve. In order that the House may know the way in which the money is being spent on that canal, I will read some details I gathered from the Auditor General's report. I do not criticise them, because I do not pretend to be in a position to do so. Perhaps those in charge of the operation of the canal will know whether the money was well spent. The figures are as follows:

Rideau Canal 1919-1920

Staff	$ 66,877 80
Bonus and sundry labour	34,679 60
Bonus	7,338 75
Repairs	102,140 94
Dredge vessels	28,965 25
	$240,002 38

The revenue was as follows:

Revenue

Kingston Mills	$ 333 00
Ottawa	3,696 66
Smiths Falls	3,198 95
Other revenues, fines, etc	385 00

I need not give the other years. They follow similar lines, and the minister might well inquire whether the money that is being spent ostensibly for commercial purposes is really serving those purposes. At the same time I would like to endorse most heartily the suggestion that the canal should be preserved because of its historic associations.

Mr. KENNEDY (Essex): I will be glad to look into the matter, but I might say, in so far as the lockmasters and other officials are concerned, that they are under the control of the Civil Service Commission, and we do not regulate the wages.

Mr. BROWN: But the matter of repairs is in your department?

Mr. KENNEDY (Essex): Yes.

Sir HENRY DRAYTON: What is the improvement?

Mr. KENNEDY (Essex): The amount asked for is required to replace the present inadequate bridge across the locks in the town of Smiths Falls. This bridge is situated upon a main thoroughfare of the town and is wholly inadequate to carry modern traffic. The present bridge was built in 1887 and has of late years required frequent repairs. The above work will be performed under contract.

Mr. KNOX: This is being charged to income and I would like to know what income we have from the Rideau canal.

Mr. KENNEDY (Essex): That is simply a matter of book-keeping, to differentiate between income and capital account. We could not charge it up to capital account; so we charge it to expense account.

Mr. KNOX: There is really no income?

Mr. KENNEDY (Essex): No.

Item agreed to.

Railways—to supplement pensions allowances payable under the provisions of the Intercolonial and Prince Edward Island Railway employees' Provident Fund Act so as to make the minimum payment, during the current fiscal year, the sum of $30 per month instead of $20 as fixed by the said act, $50,000.

Mr. STEWART (Lanark): I think that item was carried when these estimates were before us previously.

Mr. KENNEDY (Essex): I thought so, but was not quite sure.

Mr. JOHNSON (Moosejaw): I wish to bring before the minister a matter which perhaps is not relevant to this item, but I telephoned the Department of Railways this morning, and was told this would be the place to mention the matter. It is in connection with branch line extension. If I am not in order now, and the hon. minister will mention the item under which the subject may be considered, I will defer the discussion of it. The matter to which I refer is a small branch line extension in the southern part of the province of Saskatchewan.

The CHAIRMAN: This item relates to Prince Edward Island.

Mr. JOHNSON (Moosejaw): I quite agree, but I do not know the item under which this question might be discussed.

The CHAIRMAN: If the committee is satisfied, the hon. member may proceed.

Mr. JOHNSON (Moosejaw): This is a branch extension of the Canadian Northern Railway known as the Bengough extension. In 1919 I believe an appropriation was made for its construction. Owing to some little difficulty which arose as to location it was not constructed, although I understand the money was twice voted for its construction. As to the nature of this railway, I will not weary the committee with any of the information I have, except on one point. I desire to mention certain figures I have from one township, which is typical of the very large territory which would be served by this railway. I sent out some time ago letters asking for specific information. One of my correspondents was more specific than the other, and in order to be brief, I shall take his figures for a certain township. The figures are:

Township 1, range 30, west of the second meridian.

I asked the amount of crops produced there last year, the number of settlers, how much they could grow if they had not the railway facilities, and how many people would leave if the railway were not constructed. My correspondent has given me that information in regard to the farms in this particular township as follows:

Farmers; population of this township	151
Number of bushels of wheat grown in 1921	44,375
This township was hailed over 50 per cent on an average last year.	
No. of acres under cultivation	8,030
No. of acres that can be put under cultivation	15,760
No. of acres that will go unseeded	1,000

Thirty one farmers have left by not having the railway.

I will not give any more figures to prove the facts, except to say that this is typical of a great number of townships. I took the matter up with the Minister of Railways, the deputy minister and the chairman of the Canadian Northern Railway in Toronto. I quite realize the situation presented by the minister, that money cannot be granted for railway extensions this year, particularly in view of the proposed re-organization of the board. I might say incidentally, that it seems to me high time that some steps were being taken to have that re-organization completed if we are going to get it in time to be of service to us. The officials I have mentioned have given me the assurance, verbally, it is true, very largely, but also by correspondence, which I could read but would prefer not to, that this branch to which I have referred is recognized as most important, and having one of the first claims. This information was given to me in correspondence from the department and also by the minister and the chairman of the board of the Canadian Northern verbally. I have taken their word. I ask one further concession which I think the people of that country are entitled to and which will not cost the Government anything. I refer to the location of the branch line. It was delayed two years owing to some difference of opinion over the location of the three surveys going through the country. I asked the minister, I think in April, if he could assure me that the location of this railway would, at least, be definitely settled during the present year. It will make a great deal of difference to the people in that locality, if they can know just where this railway is to go when funds are available for it. Seeing that that was a verbal communication and that it was very important to me, I rather think I endeavoured to steal a march on the minister. I do not know whether I succeeded or not. I acknowledged that verbal report in writing, in order that I might have the record for my file. I wrote the minister this letter on April 26:

Dear Sir,—I wish to give you written expression of my appreciation of your verbal promise of Monday that you would undertake to see

that the location of the Bengough extension of the C.N.R. is definitely settled during the coming summer.

While of course, in view of the imperative necessity of early construction of this line, assurance of such construction would be more welcome, the assurance that the location will be definitely settled during the present summer will give some measure of encouragement to the settlers along that line.

I may add that representations of the most decided character continue to reach me.

That was on April 26, and I thought the matter was settled then. On May 2, I received a letter from the department, and I will read the last sentence which is as follows:

It is the intention that, when the new board of directors is appointed, they will go into the matter of branch lines very thoroughly, and, no doubt, the proposed Bengough line will be one of the first to be considered.

That was not definite enough for me, so I replied, and on the 23rd of May I received a letter which again made me sceptical. The minister, I am sure, will pardon me if I say that this letter from his department on the 23rd of May appeared to me as being evasive. I wanted that promise very much, so I wrote him again on the 25th of May. I wish to read this letter, and then I will ask the minister to tell me whether he intends to carry out his promise or whether he recognizes it. This letter was written on May 25 to the Deputy Minister of Railways:

Dear Sir,—Replying to yours of April 5th, again setting forth the attitude of the Government towards branch line extensions and stating that it is the intention of the Government to submit the whole matter to the new board of directors, when such is appointed, I quite agree with you that such action should be taken. Permit me to say, however, that in my opinion, the Government cannot thus entirely avoid all responsibility in the matter.

Promises have been made in years past on behalf of the government of Canada, that such lines would be extended at the earliest possible date, and it makes no difference what political party may be in control, the government of Canada is still the government, and must be responsible for any contract entered into, or promises made on behalf of the Dominion.

I fully understand from my frequent interviews with yourself, the minister and the president of the Canadian National, that these lines cannot be built during the coming year. I have, however, distinct recollection of the promise of the Minister of Railways, and by Mr. Hanna that, recognising the importance of the Bengough extension, it should be one of the first to have consideration when construction work is again commenced, if they have anything to do with it. I further have the verbal promise of the Minister of Railways that the location of this line will be definitely settled during the present summer.

While conceding, under present circumstances, that the line cannot be built during this year, I still rely on the promise of the minister and of the President of the Canadian National Railway that this Bengough line will be one of the first to receive consideration and that the location will be definitely settled during this summer.

It is on those two points that I would like a word from the minister.

Mr. KENNEDY (Essex): I think, perhaps, my hon. friend has answered himself, because I gather, from what he has said in that letter, that he still relies on the Minister of Railways and the president of the board of directors of the Canadian National Railways. I say again that this shall be one of the first extensions that shall receive the consideration of the new board. I understand that the delay in building the line was largely because the people in that locality could not decide where they wanted the line. There were two factions; one wanted it to run in one direction, and the other in another. As I told my hon. friend when he called upon me, the matter of locating a line by the board of directors of the Canadian National Railways will not be at the whim of the people of the particular district, but rather it will be located where it is essential in the interest of the people of this country.

Mr. JOHNSON (Moosejaw): I know this difficulty existed; but the local difficulty has been done away with, I think, almost entirely by conference of the people concerned. People have money invested in that locality. Only two or three days ago I received a letter from a gentleman in Montreal, who has a farm along the line, and he does not know what to do with it until the location is settled. I quite agree with the minister that, when the people have a difference as to the location of a line, the Department of Railways or the board must take the responsibility. I am quite prepared to accept that. The thing I wish to know is whether we can get this location settled during the present summer, so that people will know what their investment is and whether they will stay on and wait for the railway. They are going out now by hundreds.

Mr. KENNEDY (Essex): I have no doubt the hon. member will get the decision this summer. This is a matter which the board must decide; but I appreciate the importance of the extension, and I cannot for the life of me see any reason why they should not settle this summer where the location shall be. I certainly will bring

the matter to their attention at the earliest possible moment.

Mr. MACLEAN (York): Perhaps the minister will tell the committee and the country when we are likely to have the appointment of the new railway board, and when the work of consolidation will be undertaken.

Mr. KENNEDY (Essex): My hon. friend will, perhaps, appreciate that, in order to answer a question of that kind, I would require the consent of the Governor in Council, in view of the fact that the board has not yet been passed upon by the Governor in Council. When the right time comes—and I hope it will be in the near future—I shall have pleasure in telling my hon. friend.

Mr. MILLAR: When it is possible for the department to undertake building new branch lines, will preference be given to branch lines where road beds are already built?

Mr. KENNEDY (Essex): That is a matter which the board of directors will have to decide. As they will be railway men and men of experience who will acquaint themselves with conditions throughout the country, I have no doubt branch lines will be built where most needed in the public interest.

Item agreed to.

Railways and Canals—chargeable to income—arbitrations and costs of litigation, $2,000.

Mr. MARTELL: I think this is a fitting opportunity to bring to the attention of the Minister of Railways (Mr. Kennedy) and the Government as a whole, the question of the ridiculous incongruities which exists as regards legal costs. Some time ago, I moved for a return of fees and costs paid to barristers and solicitors of the Supreme Court of Nova Scotia, and in going over the return, which is only partly here, I find that different departments of government are paying different amounts of fees. For instance, I find that where a man is asked to advise on a claim to property, that is to say, to search the title to the property, make an abstract of title and so on, he probably puts in an account of $25 or $30, which I consider to be a very reasonable amount, as he has drawn up a deed and so on. But this is very often taxed by the secretary of the Department of Justice down to the sum of $18 or $20. On the other hand, I find that governments have been prone in the past—I do not blame the last government any more than the present Government—to differentiate as between solicitors, whereas the bar societies of the respective provinces to which these gentlemen belong do not recognize a difference. For instance, regarding tthe Grand Trunk arbitration, the Government of Canada paid one gentleman from the province of Nova Scotia over $27,000. This man received fees of $150 a day; he also received $20 a day for living allowance and a sufficient amount to pay his fare wherever he was going. He is not a poor man by any means; but the government, at the outset of the arbitration, advanced to that man $12,000 for the purpose of carrying him on. That is quite a good advance to give a man, particularly when he only had to go from Halifax to Toronto and Ottawa.

Mr. POWER: Who is he?

Mr. MARTELL: Mr. Hector MacInnes K.C. of the city of Halifax. I only want to call a spade a spade. When I see other lawyers from Nova Scotia being paid $30 a day and expenses for work that they have come to Ottawa to do on behalf of the government of the country, I submit that it is absolutely unjust and unreasonable to give Mr. Hector MacInnes or any other solicitor from Nova Scotia $150 a day and $20 a day expenses.

Mr. MARCILE: Was he a candidate in the last election?

Mr. MARTELL: Yes.

Mr. MICHAUD: Is he still receiving some money?

Mr. MARTELL: I do not know; the members of the Government will probably tell you that.

Mr. CANNON: Did that gentleman have something to do with the vote overseas in the 1917 election?

Mr. MARTELL: I think so.

Mr. POWER: Then he deserves $150 a day.

Mr. MARTELL: Not out of the public treasury, though. Now, I protest against a system of this kind. I know these two members of the Bar in Nova Scotia, neither of them a political friend of mine—they are both Conservatives, I may say—who came to Ottawa and did some work for the government. One man did a lot of hard work and received $30 a day, the other man.

with no more ability,—I doubt whether he had as much—was given $150 a day and expenses. It is high time that there should be some co-ordination in the matter of legal services rendered the Government, so far as the question of allowances and taxation of costs is concerned. The people are told that it is necessary that we should have government ownership and operation of railways; and while I am not committing myself as to which side of this question I prefer, I should like to see the deficit of $70,000,000 wiped out. But if you are to have a successful administration of the railways you cannot secure it by paying $150 a day and $20 expenses to solicitors. When I moved for this return I did so for the purpose of showing to the Government that in this particular matter there is confusion worse confounded. But this is also true of every other branch of the public service; and the sooner the leader of the Government (Mr. Mackenzie King), and every individual member of it, examine into the whole system of public administration and the expenditures that are made in every department, the better it will be in the interests of economy in this country. As things are at present you have department overlapping department. One department pays a solicitor a certain sum of money for work done, and another department pays another solicitor, in no better standing in his profession, twice as much. The same thing exists in the engineering department, and it is time that the people of this country got a fair accounting and had things run in a business way. To-day the citizens of Canada are crying out, in the words of Revelation, " How long, O Lord, how long?"

Sir HENRY DRAYTON: Things are getting bad.

Mr. MARTELL: But the time is coming when they will no longer raise that cry but will wreak vengance on those who are squandering their money without adequate returns. I think that this is one of the most flagrant pieces of legal robbery ever perpetrated in the Dominion. It is a most serious matter that is not to be lightly brushed aside; it is a matter of vital importance to the people of Canada. I think that if the people could only come to the city of Ottawa and go through the various public departments, where they would find men falling over one another and three men filling one man's job, there would not only be a state of Bolshevism, but there would be a rebellion that, I think, would eventually be almost condoned by any parliament. I would urge upon the minister therefore that in future we have these bills of costs taxed. This bill of Mr. Hector MacInnes has never been taxed by the Department of Justice. Now, why should Mr. Hector MacInnes of Halifax receive better treatment at the hands of the Government of Canada than any other individual? As my hon. friend from Cape Breton South and Richmond (Mr. Carroll) has pointed out, he is no better than any other lawyer who practises at the Bar in that province, and why should he not have his accounts taxed the same as any other barrister? Is this mighty Mr. MacInnes any greater than any other man? I do not think the electors of Halifax thought so in December last when they elected the present member for that constituency (Mr. Blackadder) to represent them, Mr. MacInnes almost losing his deposit. This is an important matter, and I shall ask the Government some other time to submit to the House a fully itemized statement of the costs paid to every solicitor in connection with the Canadian Northern deal and the Grand Trunk arbitration. The people will then no longer wonder why it is that government ownership does not pay.

Item agreed to.

Board of Railway Commissioners for Canada —maintainance and operation of, $221,635.

Mr. COOTE: I would bring to the attention of the Minister of Railways and of the Government a statement made by the Hon. George Langley in his evidence before the special committee appointed to consider the question of railway transportation costs. He said:

> If we do not get the Crowsnest pass agreement reinstated, we are immediately thrown into the hands of the Board of Railway Commissioners and I want to say this just as emphatically as I can say it that the farmers of the West have lost all confidence in that body.
>
> As a proof of that, when Mr. Motherwell the Minister of Agriculture, was running his election in Regina, he made this statemtnt and it is in print and he won't repudiate it. He said if he was elected as member for Regina he would put on the order books of the House of Commons as one of the first things he did a motion asking for Mr. Carvell to be removed from the Board of Railway Commissioners.

Mr. CHAPLIN: Did he do it?

Mr. COOTE: I am not sufficiently familiar with the rules of procedure of the House to know whether it is customary for

ministers to do this sort of thing. I thought that possibly the Minister of Agriculture (Mr. Motherwell) might have made representations to the Government since he assumed office, and I would ask the Government or the Minister of Railways whether or not he has made such representations, that is, to the effect that we should have a new chairman of the Board of Railway Commissioners.

Mr. KENNEDY (Essex): I am sure the hon. gentleman will appreciate that the proper authority to ask is the Minister of Agriculture (Mr. Motherwell). As Minister of Railways I have no knowledge of the matter.

Sir HENRY DRAYTON: The Minister of Agriculture is here, and I have no doubt he will tell us.

Mr. MOTHERWELL: Mr. Chairman, if the hon. gentleman will wait a moment, I think I have the statement in my desk—

Mr. MACKENZIE KING: I may say that the Minister of Agriculture has made representations to the Government which have been carefully considered.

Mr. COOTE: Is that as far as the matter got, or has any definite decision been reached? I am asking this question because the people in western Canada are very much interested in it.

6 p.m.

Mr. MACKENZIE KING: That is as far as the matter got.

Mr. COOTE: Then, Mr. Chairman, in case the Government needs a little encouragement to proceed in that investigation, I want to state plainly that I believe opinion, in western Canada at least, is very similar to that expressed by the Minister of Agriculture in his election address, and I think we have good reason for entertaining that opinion. As it is six o'clock I do not wish to detain the committee, but if desired I will read a statement which Mr. Carvell made in Calgary while the Railway Commission was in that city.

At six o'clock the Speaker resumed the Chair, and the House took recess.

After Recess

The House resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS

Bill No. 126 (from the Senate), for the relief of James Hosie.—Mr. Clark.

Bill No. 127 (from the Senate), for the relief of Mary Ila Cameron.—Mr. Kay.

Bill No. 128 (from the Senate), for the relief of Frank Hamilton Bawden.—Mr. Clarke.

Bill No. 129 (from the Senate), for the relief of Harry Alexander Smith.—Mr. Rankin.

Bill No. 130 (from the Senate), for the relief of Allen Richard Morgan.—Mr. Rankin.

Bill No. 131 (from the Senate), for the relief of Mildred Emma Blachford.—Mr. Rankin.

SUPPLY

RAILWAY COMMISSION

The House in Committee of Supply, Mr. Gordon in the Chair.

Board of Railway Commissioners for Canada, maintenance and operation of, $221,635.

Mr. COOTE: Before the House rose at six o'clock the Minister of Agriculture stated that he would make a statement to the House regarding what he had said about the chairman of the Railway Commission, and before proceeding with my remarks I should like to hear that statement made. It might not then be necessary for me to speak.

The people of western Canada are very much dissatisfied with the Railway Commission as at present constituted, and they were, I think, greatly interested in the statement the Minister of Agriculture was reported to have made in his campaign address which, I believe, was to the effect that he would have Mr. Carvell removed from the board. As the Minister of Agriculture has not yet made his statement on that point, I wish to give to the committee some reasons why he should persist in carrying out his promise to the electors of Regina.

When the Railway Commission was sitting in Calgary on April 18, 1921, the chairman is reported to have said to Mr. Wood and Mr. Brownlee, when they attempted to present a statement from the United Farmers of Alberta regarding existing freight rates, that there had been a misunderstanding and that the only evidence which the commission would hear would have to be in relation to the equalization of freight rates between the East and the West. Mr. Brownlee and Mr. Symington both protested against that attitude on the part of the chairman, but he was very obdurate, and although he finally consented to hear Mr. Wood, he warned

him that the evidence he was submitting would not be considered unless it had a direct bearing on the equalization of freight rates as between the East and the West. The following day the commissioner addressed the Canadian Club at a luncheon in Calgary, and in the Daily Herald of April 19, he is reported as saying:

"A healthy railway system is just as necessary to the country as sunshine and rain, and without it the West would still be left to the Indian and the buffalo. It is not pleasant to have a man like H. W. Wood, President of the U.F.A. make the statement, as he did, that he had no faith in the railways, and that because the rates on grain have been increased the railways are no good." The speaker said that he liked and respected Mr. Wood, but that he was a man of one idea, a thing he admitted himself. He was working for the farmers alone, while the Railway Board were in such a position that they had to consider justice for everybody, not one particular section.

"I don't think that a man like Mr. Wood is entitled to very much credence," said Mr. Carvell. " I would far rather take the opinion of the average business man who is vitally affected by railway and freight rates and let him be the judge.

Now, what I would like to ask the minister is this: Does this country pay the chairman of the Railway Commission a salary of $12,000—I believe that is his salary, if not, I stand to be corrected—for the purpose of travelling around Canada and telling people that he would put no credence in the word of a man who was working for the farmer? Do they believe that we should have a different status in this country for a farmer than for a business man? I would like to point out that I think the farmer is more vitally interested in freight rates than is any ordinary business man. The ordinary business man adds the freight that he pays to the cost and he charges that to the purchaser of his goods. The farmers' price is set at Fort William and the freight is deducted from that price.

An hon. MEMBER: I thought the price was fixed at Liverpool?

Mr. COOTE: Well, Liverpool; it does not make any material difference as far as I can see. When I sell my grain I know it is always quoted at a certain price f.o.b. Fort William. I think it would not be out of place if the minister would give us his opinion in regard to this matter—whether we should continue to pay this salary to a man who travels around this country making such statements as that. The Minister of Agriculture (Mr. Motherwell) addressed a meeting in Regina on November 16 at which the Prime Minister, the then leader of the Opposition (Right Hon. Mackenzie King) was present. Speaking of the necessity for reduction in freight rates Mr. Motherwell said:

He would expel Mr. Carvell from the Board of Railway Commissioners if for nothing else, but for the improprieties which he has been committing in addressing club dinners throughout the country and trying to justify existing rates.

I would like to have the Minister of Railways answer this question, if he will be good enough to, and then I think this item should be allowed to stand until the Minister of Agriculture is present and reads us a statement, which he offered to do before we adjourned for dinner.

Mr. KENNEDY (Essex): In answer to what my hon. friend has said I am sure he needs no assertion that the Government has not instructed the chairman of the Board of Railway Commissioners to go through the country making the statement that he had no faith or belief in what was said to him by farmers. My hon. friend will readily understand that no government would issue such instructions. As far as the chairman of the Railway Commissioners is concerned, the position is one of a semi-judicial character, and there must be a way under the rules of the House to lay a charge if such is warranted. I am not sufficiently conversant with the act to express an opinion, but I believe there must be some other way of dealing with the matter than the one proposed by my hon. friend when he asks that the vote for the salaries of the staff be allowed to stand over for the time being. I think this item is one which concerns the whole department, practically, and I think it is only fair and reasonable, at this period of the session, to ask that this item be passed. If my hon. friend has any charge to make against the chairman of the board I have no doubt that a means will be found to enable him to do so. The salary of the chairman, I may explain, is not included in the item under discussion.

Mr. SHAW: I think that at this stage we are entitled to a declaration from the minister in regard to the policy that is proposed to be inaugurated in respect to this matter. Mr. Motherwell, who is now the Minister of Agriculture, sitting on the same platform as the present Prime Minister made the assertion to the electors of the city of Regina which has been quoted

for reasons which have already been indicated by the hon. member for Macleod (Mr. Coote). I may say that I had the privilege of hearing the remarks of the chairman of the Railway Commission at the dinner in the city of Calgary on the occasion referred to. There was a great deal of talk at the dinner dealing with the justification of existing freight rates, indicating the high labour costs and indicating also that apparently the Canadian Pacific Railway Company, at all events, must get a dividend of seven per cent per annum. Now my point is simply this: If the attitude of the chairman of the Railway Commission was so unworthy of that official on November 16, 1921, it seems to me that the situation has not particularly changed since. What we want to know now is whether or not the Minister of Agriculture has implemented the promises that he made the electors of the city of Regina at that time, and if not, what action if any, is proposed to be taken in connection with this matter? The item we are discussing, I understand, deals with the salary of the Railway Commission, and I think we have the right to know what the policy of the department is on this subject.

The CHAIRMAN: I may tell the hon. member that this vote does not include the salaries of the chairman or the other members of the Board of Railway Commissioners.

Mr. COOTE: May I ask the minister whether the salary of the chairman of the Railway Commission is paid by the department? If so, has the vote for that purpose been passed, and if not, under what item does it appear?

Mr. KENNEDY (Essex): My hon. friend will see, if he refers to the Estimates the item on page 36:

> Authorized by Statute—salaries of Board of Railway Commissioners, $58,500.

The item under discussion does not deal with the salary of the chairman of the Board of Railway Commissioners.

The CHAIRMAN: Shall the resolution carry?

Mr. COOTE: May I ask the minister if stenographic reports of the evidence given at all the hearings of the Railway Commission are available at any place either for the public or for members of Parliament?

Mr. KENNEDY (Essex): I understand that when the commissioner goes out through the country he takes his stenographer with him. Stenographic reports of the hearings are taken and the transcripts of the evidence are kept. No doubt they are available for members of Parliament.

Mr. COOTE: Would the minister be good enough to take into consideration the suggestion that copies of these stenographic records should be placed in the Library of Parliament? I think it would be a very proper thing if the records of all this evidence were available to members, without having to apply to the Railway Commission for them. It is sometimes very hard to get them, through the commission. I was told by the secretary of the Railway Commission, if I understood him, that he would have to send to Toronto to get copies. It seems to me that when the proceedings are recorded, a duplicate might be placed in the library and made available to members.

Mr. KENNEDY (Essex): It seems to me the suggestion is a reasonable one. I cannot, for the moment, see any reason why it should not be complied with. I shall be glad to look into the matter, and, if possible, will have the hon. member's wishes acceded to.

Mr. WOODSWORTH: I should like to ask the minister if we might have some declaration of policy with regard to the personnel of the Railway Commission? I notice in the pamphlet headed "Liberals and Labour", published from the National Liberal Committee rooms, 115 Sparks street, Ottawa, the committee rooms of the Right Hon. W. L. Mackenzie King, the statement that:

> In Parliament the liberals have advocated the appointment of representatives of labour on permanent boards and commissions like the Board of Railway Commissioners and the Board of the Canadian National Railway.

It seems to me we might well ask whether this principle has been carried out, and whether the labour people have a representative on this board?

Mr. KENNEDY (Essex): They have at the present time Mr. Lawrence, who represented organized labour before his appointment to the board. He is one of the commissioners.

Mr. WOODSWORTH: Have they a representative on the board to-day?

Mr. KENNEDY (Essex): Yes, Mr. Lawrence is a commissioner on the Board of Railway Commissioners, and he was

connected with organized labour when he was appointed.

Mr. STEWART (Lanark): When the House adjourned at six o'clock I think the Minister of Agriculture (Mr. Motherwell) was about to make a statement. He is now in the House and possibly, we might have the statement.

Mr. GARLAND (Bow River): I support my hon. friend's request that we should have a statement.

Mr. GRAHAM: He does not have to.

Mr. DUFF: There is too much nonsense to-night.

Mr. COOTE: I think the Minister of Agriculture stated that he would read a statement to us. I know the people of western Canada, at least, are anxious to hear it.

Mr. STEWART (Lanark): Before the resolution carries, I think we ought to know whether or not the minister refuses to make a statement.

Mr. DUFF: The hon. member has no right to say that he has a right to know whether the minister refuses to make a statement or not.

Mr. STEWART (Lanark): I do not know whether the hon. member from Lunenburg (Mr. Duff) is the authority as to what is proper.

The CHAIRMAN: The Minister of Agriculture is not introduced in this item.

Mr. STEWART (Lanark): I am simply asking if that is the position.

The CHAIRMAN: He does not require to answer the question. The Minister of Railways and Canals (Mr. Kennedy) is here, and he should answer questions relating to these estimates.

Mr. STEWART (Lanark): The matter was raised in the House, the question was asked, and he was prepared to answer, but if he does not care to answer now, all right.

Mr. STEVENS: I remember very distinctly quite a discussion in regard to this matter which, I think, arose again this afternoon. I have just one brief remark to make: The Minister of Agriculture pledged himself to the public in Regina, that when, and if he came to Ottawa he would fire the chairman of the Board of Railway Commissioners. Now, I took issue with him on a previous occasion on his power to do so. I think he was exceeding by far all his anticipated powers at that time.

Mr. GAUVREAU: It was a slip of the tongue.

Mr. STEVENS: I rather agree with my hon. friend from Temiscouata (Mr. Gauvreau).

Mr. DUFF: Then why talk about it?

Mr. STEVENS: But the tongue of the Minister of Agriculture is altogether too slippery. Sometimes it is desirable—

Hon. MEMBERS: Order, order.

Mr. DUFF: That language is not parliamentary.

Mr. STEVENS: If any hon. member desires to rise to a point of order, I shall be very glad to take my seat and let him raise the point but I think I am in order. I was going to point out to hon. members, as I did on a previous occasion, that there is always a constitutional, a sensible and an orderly way of doing these things. I have before me the Railway Act of 1919, and this is the way, in my estimation, that steps should be taken to criticise, question, or discipline any member of the Board of Railway Commissioners. Subsection 3, of section 9 of the Railway Act, under the heading "Board of Railway Commissioners, —Constitution"—I find the following:

> Each commissioner shall hold office during good behaviour for a period of ten years from the date of his appointment, but may be removed at any time by the Governor in Council, upon address of the Senate and the House of Commons.

As I intimated to my hon. friend on a previous occasion during this session, the constitutional method would be to impeach the chairman of the Railway Board if he were guilty, or thought to be guilty, of any act which was inimical to the best interests of the country at large, or a violation of the position that he held, and, certainly, the hon. Minister of Agriculture owes to the House and the country some explanation of the very rash, and I think irrational, statement which he made in Regina in regard to this matter. I am not here to defend the chairman of the Railway Board, but I say that it is in the interests of good government and respect for law and order, that every public body, such as the Railway Commission, the

Supreme Court and all the subsidiary courts, should have the respect of the people of Canada, and that they should not be open to attack, except by constitutional method. I have stated the constitutional method. If the minister is not prepared to file a charge against the chairman of the Railway Board, he owes to him, to the country, and to his constituents, an explanation of the statement that he made on that occasion.

Mr. MOTHERWELL: I will make a statement to the House in reply to the hon. member, if it is proper. The Prime Minister (Mr. Mackenzie King) made a statement in reply to the hon. member who raised the question before we rose at six o'clock which would seem to cover the point. However, if the Chairman will rule that a question raised in this committee on a matter that has occurred in the Railway Commission, and which has not yet been reported to this House, is proper, I will have no objection to reading the statement I did make, and hon. members will find, after their curiosity has been satisfied, that there is not very much in it. I will submit to the ruling of the Chair as to whether a statement made by a witness before another committee, before it has been reported to this House, is properly in order for discussion.

The CHAIRMAN: The ruling which I wish to give and to draw to the attention of the hon. member who introduced this particular matter of discussion is this, and I am reading from Bourinot at page 358:

> All references to judges and courts of justice and to personages of high official station, of the nature of personal attacks and censure have always been considered unparliamentary and the Speakers of the British and Canadian Houses have always treated them as breaches of order.

If the discussion does not go beyond the bounds of that rule, I do not know that there is any serious objection to its continuance; but I would draw the attention of the hon. member to the fact that, in this particular item, the salaries of the Board of Railway Commissioners, including the chairman, are not included; but they are included in item No. 141, and the discussion has already gone beyond the bounds of relevancy to the item under discussion.

Mr. GRAHAM: The salaries of the commissioners are paid under statute; the commissioners are appointed under statute, and we could not very well reach the chairman of the Board of Railway Commissioners in this House in this way if we wanted to do so. As a matter of fact, I had something to do with the Railway Act in the matter of the appointment of one or two of the chairmen, and the Railway Act was framed to prevent just what we are doing here now.

Mr. MACLEAN (South York): Firing the chairman?

Mr. GRAHAM: No. The Railway Act, as regards the appointment of the Board of Railway Commissioners was drafted to conform to the act under which judges are appointed and the act under which the Auditor General is appointed, so that his conduct, as theirs, is not open properly to review in the House of Commons and in the Senate in any way that might tend to influence his judgment, except in one way, and that is the way stated in the statute, of impeaching him. If he has done wrong, there is a proper method of procedure to bring about his dismissal, just as there is a proper way to go about accomplishing the dismissal of a judge or the dismissal of the Auditor General. No government in power in this country can dismiss the Auditor General, because that would make his life miserable, and it would make him inefficient in the performance of his duties. The same applies to judges, and that applies to the appointment of the chairman of the Board of Railway Commissioners just for the purpose of getting him above discussion from political or any other standpoint. The only way by which he can be reached at all is as I outlined a moment ago. If any member of this House wishes to impeach the chairman of the Board of Railway Commissioners, he must proceed as he would if he purposed impeaching a judge. On the joint resolution of the House of Commons and the Senate of Canada, he can be impeached and he can be dismissed; but in no other way can that be accomplished.

Mr. DUFF: The discussion is out of order.

Mr. COOTE: Might I ask the minister (Mr. Graham) who has just spoken, whether, if we refuse to pass the item for the salaries of any particular body, he thinks we could get rid of them in that way?

Mr. GRAHAM: No.

Mr. SHAW: The question which I addressed to the Minister of Railways (Mr. Kennedy) is to this effect: Having regard to the report of the utterances of the Minister of Agriculture (Mr. Motherwell) made, as pointed out by the hon. member for Macleod (Mr. Coote), at a public meeting in Regina on the 16th of November, at which public meeting the present Prime Minister (Mr. Mackenzie King) was present, is it the intention of the Governor in Council or of the Government to commence impeachment proceedings against the chairman of the Railway Commission? That is the question we want answered.

Mr. DUFF: No. That is a foolish question.

Mr. MOTHERWELL: I made the statement I did as a private citizen. I am now a minister of the Crown, and there seems to be in the minds of some members of this committee a doubt as to the propriety of my making the statement in this House. If I were even a private member of this House, do you think I would stand this taunt about this matter for five minutes? Not at all; but as I am a minister of the Crown, there seems to be some impropriety as such. I shall have much pleasure in showing the hon. member for Centre Vancouver (Mr. Stevens) the actual statement, and he will wonder what the trouble is all about. I am willing to show this statement to any hon. member of the committee; I am just as anxious to show it to them as they are to see it.

Mr. STEVENS: Give it to us then.

Item agreed to.

Surveys and inspections and general expenditure: Railways, including salaries and expenses of experts employed temporarily	$ 50,000
To provide for payment of expenses in connection with the acquisition of the Grand Trunk and associated railway systems and the arbitration proceedings in connection therewith	400,000

Mr. COOTE: Seeing that the salaries of the Railway Commission come under this item—

Mr. KENNEDY (Essex): They do not.

Mr. COOTE: I understood the Minister of Railways to say that they did.

Mr. KENNEDY (Essex): I beg the hon. gentleman's pardon; I said that this was immediately under item 141. If the hon. member will look at his book of estimates, he will see item 141 for $450,000; and then underneath that comes "Authorized by statute: salaries of Board of Railway Commissioners." They are not covered by this item at all.

Item agreed to.

Canals—staff and repairs, $2,265,000.

Mr. STEWART (Lanark): Will the minister give the particulars of this item?

Mr. KENNEDY (Essex): There is a decrease of $5,000 as compared with last year's vote. This vote is required for the maintenance and operation of canals.

Quebec Canals—	
Quebec canals, salaries	$ 38,000
Lachine canal	309,000
Soulanges canal	177,000
Chambly canal	129,000
Carillon & Grenville	77,000
St. Anne's lock	15,000
St. Our's lock	16,500
Quebec canals dredge fleet	58,000
Hungry Bay dyke	15,000
Ontario-St. Lawrence Canals—	
Cornwall	177,300
Williamsburg	84,300
Murray	14,900
St. Peter's canal	14,750
Rideau canal	208,250
Dredge vessels	30,000
Sault Ste. Marie canal	79,000
Trent canal	220,000
Welland canal	520,000
Miscellaneous	.....
General	7,000

Item agreed to.

Miscellaneous—compassionate allowance to the widow of the late James Innes, electrical foreman, who was electrocuted while in discharge of his duties on the Lachine canal, on September 30, 1921, $2,000.

Mr. CAMPBELL: Is this an annuity?

Mr. KENNEDY (Essex): No, it is merely a gratuity.

Item agreed to.

Canadian Government Railways—toward any deficiency in receipts and revenues necessary to meet working expenditures for the twelve months ending December 31, 1922, the management of the railways being hereby authorized to apply receipts and revenues toward payment of the said working expenditures, $7,000,000.

Mr. KNOX: I think the wording of this resolution is comprehensive enough, and the amount involved large enough, to justify me in speaking on a matter which I have been waiting for some little time to bring to the attention of the House. I have reference to the Hudson Bay Railway project. Earlier in the session I placed a notice of motion on the Order Paper in connection with this matter, but in deference to the wishes of the minister, on the day

that I expected to take it up I allowed it to stand; and as private members' day has now passed I have been waiting for an opportunity to bring the subject to the attention of the Government. The question I refer to is the consideration of the report of the Senate Committee in regard to the navigability of the Hudson bay and the fishery resources therein, and also in regard to the ports and railway. On the 23rd of April, 1920, the Senate of Canada ordered that a special committee of the House be appointed to take evidence and report upon these matters. The order reads:

> That a special committee of twelve of this House be appointed to take evidence and report at this session upon the navigability and fishery resources of Hudson bay and strait, and of the character of the ports of said Hudson bay with regard to their fitness as railway terminals, and that such committee shall have power to call for persons and papers, and that the said committee do consist of the honourable Messieurs Bostock, Casgrain, Dandurand, Daniel, DeVeber, Fowler, Lougheed (Sir James), Michener, Schaffner, Sharpe, Watson and Willoughby.

This matter has been a live, burning question in the West for very many years. In fact, it has been discussed on the public platforms in that part of the country for over 40 years, and I have personally heard it so discussed for three quarters of that time in Saskatchewan. The people who discuss it believe earnestly in the feasibility of the project and are looking forward to the time when the matter will be brought to a successful conclusion. Some years ago it was so prominently before the minds of the people of Canada, and its success was so apparent, that both political parties adopted it at that time as part of their policies. During the discussion of this subject last year the views of the leaders of both the old parties in this House at that time were placed on Hansard, so that I need not repeat them on this occasion.

Mr. LOVETT: What has Hudson Bay to do with the item before the committee?

The CHAIRMAN: I understand that the Minister of Railways intimated in committee on a previous occasion that, with the consent of the committee, the question of the Hudson Bay Railway might be discussed on one of the last items. If there is no objection, therefore, the hon. member (Mr. Knox) may proceed.

Mr. KENNEDY (Essex): That was absolutely the understanding. When the estimates were before the committee on a former occasion we passed an item in regard to the Hudson Bay Railway on the assurance that hon. members might discuss that subject when the last item was before the committee. This item therefore affords the hon. member an opportunity to take the matter up.

Mr. KNOX: In 1910 the government of Sir Wilfrid Laurier had this matter well in hand, and in that year a bridge was constructed over the Saskatchewan river at the Pas. That was the beginning of the project, and if I remember rightly the present Minister of Militia (Mr. Graham), who was at that time Minister of Railways, turned the first sod on the occasion of starting the work. I look upon that hon. gentleman, therefore, as the godfather of the project, and I am sure we shall have his sympathy in our efforts to have this matter taken up by the Government. In 1911, the Conservative government on assuming power held up the work only long enough to check matters over, and then continued what had been begun by their predecessors. It progressed fairly satisfactorily, though slowly, right through the war years until 1918. I think the last work was the building of a bridge across the Saskatchewan river at Kettle rapids. The total cost of the project up to that time is stated in the following extract from the evidence of Major Bell, Deputy Minister of Railways, given before the committee.

> The total cost of the Hudson Bay Railway, which includes the total expenditure of every kind and covers the Nelson terminals to 31st March, 1919, was $20,851,816.53. Of that amount $14,526,560.43 is applicable to the railway, $6,325,256.10 is applicable to the terminals at Fort Nelson. The original estimate for the terminals at Fort Nelson was approximately $25,000,000. Up to date I find no report that that amount will be exceeded. If the work had continued, without interruption, and had been completed, it would not have exceeded that estimate. Of course, as traffic grows at Fort Nelson it will necessitate extension to the harbour. The original estimate of the work would not have been exceeded, but owing to the closing down of the work it will increase the cost. That estimate comprises the dredging to deep water. The $25,000,000 covers the railway and all, including one storage elevator. —maintenance and operation of, $221,635.

From this you will see, Mr. Chairman, that three years ago the expenditure amounted, roughly speaking, to $21,000,000, and had the work been continued, according to Major Bell another $4,000,000 would have carried it to completion. But although the work had been continued right through the war years, up to 1918 the government of that day saw fit to close it down.

The Senate Committee, as I said, was appointed on the 23rd April, 1920, and after taking sworn evidence from witnesses drawn from all over the Dominion, brought in a report on the 4th June following. I regret to have to take up the time of the House, but I think under the circumstances this report should be placed on Hansard, because I am afraid it has not been considered as carefully as its importance deserves. It is as follows:

Final Report

The Senate,
Committee Room No. 534,
Friday, June 4, 1920.

The special committee of the Senate appointed to take evidence and report at this session upon the navigability and fishery resources of Hudson bay and strait, and of the character of the ports of said Hudson bay with regard to their fitness as railway terminals, beg leave to make their Second report, as follows:

We have held some fifteen meetings and called and examined twenty-one witnesses drawn from all parts of the country. The committee had in view acquiring information on the following points:

1. The length of the season during which the bay and strait were reasonably navigable, having in view the presence of ice, the occurrence and persistence of snowstorms, the advantages to be gained by aids to navigation such as wireless telegraphy, lighthouses, fog signals, and hydroplanes.

2. The style and size of vessels to be used for the carrying trade.

3. The relative merits of the two ports, Nelson and Churchill, and the relative cost of the development of each port.

4. The fishing resources of the bay and strait and of the rivers emptying into the bay.

5. The mineral resources of the country tributary to the bay.

6. The utilization of the country for the production of meat and furs to be obtained from the reindeer and musk ox, which would subsist upon the extremely nutritious grasses grown there.

A large number of witnesses were called with respect to the length of the season during which the bay and strait can be safely navigated. There was some variation among the several witnesses regarding the length of the season of navigation, but all agreed that the minimum would under ordinary circumstances be at least four months, while the maximum would not likely exceed five months. Voyages have been made through the strait as early as the fifth day of June, and as late as the first part of November with the ordinary type of vessel without meeting any difficulty, but these were admittedly rather exceptional cases. All were agreed, however, that modern navigating appliances such as lighthouses, wireless stations, hydroplanes and fog signals would greatly facilitate navigation in these waters and in a large measure overcome the natural difficulties from ice and snow. In order that the route would be able to compete with the more southerly channels of communication between this country and Europe, it would be necessary to have a type of freighter capable of carrying from 5,000 to 10,000 tons of dead weight, and in the opinion of this committee, from the evidence adduced before us, there would be no difficulty in handling so large a vessel on the route, provided it was properly strengthened and protected in the forward part. Of course, heretofore only vessels of smaller size have been used because ships of larger capacity have not been required.

The concensus of opinion is that Hudson bay remains open all the year through and that the ice does not extend beyond thirty or forty miles from the shore. The strait is also open for the greater part of the year, and would probably be open all the time except for the ice which comes down late in the autumn from Fox channel and obstructs navigation in the strait. It was generally conceded by the eight witnesses who gave evidence on this point that the aids to navigation which might be installed along the strait would greatly facilitate the passage and considerably extend the season of navigability.

Your committee took a large amount of evidence regarding the relative merits of the two western ports, Churchill and Nelson, and there was a considerable divergence of opinion among the different witnesses as to which of the two should have been selected, having in view the shorter railway haul in the one case and the cheaper construction of the port itself in the other. Churchill was shown to be an absolutely land locked harbour entirely protected from every wind no matter from which quarter it should blow, where a few ships could at all times ride at anchor in perfect security. Nelson, on the other hand, has no natural protection from the sea except such as it receives by reason of its remoteness from the body of the sea, there being a twenty-mile stretch of shallows between it and deep water. A narrow channel bordered by wide shallows connects the proposed harbour of Nelson with the open bay. A very large amount of money has already been expended upon the harbour improvements of Nelson but a much larger sum is still required before the present plans can be carried out. There seems to be considerable doubt whether or not, even when the proposed plans are completed, the harbour at Nelson will be an entirely safe one against an easterly gale. To utilize Churchill it would be necessary to build about eighty miles of road across a country which has been described by one witness as very difficult, it having a stretch of thirty miles of morass almost impossible to cross owing to the difficulty of getting a firm foundation for the roadbed. This is, however, denied by the testimony of two witnesses by each of whom the committee was greatly impressed. Both J. B. and J. W. Tyrell testified that there was a perfectly good and comparatively short route from the present route deflecting at a point some fifty-six miles from Nelson and going north and east to Churchill. The present harbour of Churchill is rather small, but, according to the evidence of the Messrs. Tyrell, uncontradicted, could easily be enlarged enough to accommodate all the trade likely to offer for many years to come. Beyond the present deep water harbour there is a large basin of shallow water, the bottom of which is composed of hard clay mixed with boulders, which could be easily dredged and the resultant harbour would be of its size one of the finest on the continent. The Tyrell Bros. are very familiar with the country around Hudson bay, having spent several years each in research and in examination of these regions. Mr. J. W.

Tyrell spent one winter at a station in Hudson strait taking observations for the Canadian government and also looked over the country from The Pas to Churchill on behalf of a company who had some intention of building a railway in that part of the country—a scheme which was afterwards abandoned. He had no hesitation in saying that no difficulty whatever would be found in extending the railway to Churchill. It is the opinion of this committee that the Government would be well advised if before expending any more money on the harbour works of Nelson they were to appoint a committee of expert engineers and railway builders to examine the route to Churchill and ascertain whether or not it is really possible, as the Messrs. Tyrell say, and what would be the cost and advantage of making Churchill the port and terminus of the Hudson bay road rather than Nelson.

In the meantime, the laying of the rails could be completed to Nelson, and that port could be used for the present in its present state.

While no one was able to speak with certainty as to whether the cod fish were plentiful in the bay or not, there is no doubt as to the strait. All the rivers flowing into the bay teem with fish, and walrus and seal are also found in large numbers in the strait. No doubt as soon as the Hudson bay route is established a very large and lucrative fishing industry will be established there. Recent discoveries have shown that the country surrounding Hudson bay is strongly and richly mineralized, particularly in gold and copper.

Mr. Stefansson, the distinguished Polar explorer, gave evidence before your Committee. He is a devout believer in the possibility of utilizing what have always been known as the barren lands of the north, and the islands within the Arctic Circle, in the cultivation of the reindeer, caribou and musk ox for the production of meat. He gave evidence as to the splendid quality of the flesh of these animals as food for the people, and as to the cheapness with which it might be produced. He said that the wild lands of the north which have always been looked upon as worthless could carry at least fifty million head of reindeer and ten million head of musk ox, and that the cost of handling these huge numbers would be trifling in comparison with the profit to be made. The effect of this upon the world's food supply would be tremendous, and your committee would strongly recommend that the matter be energetically taken up by the Government.

Your committee makes the following findings upon the evidence adduced before them:—

(1) That the Hudson bay route is feasible and will probably in time be profitable.

(2) That the season of navigation under present conditions is at least four months in length and may by reason of improvements in aids to navigation be considerably increased.

(3) That in the opinion of this committee sufficient care was not taken in the selection of Nelson as the terminus of the railway, and that the Government should not make further important expenditures upon this port without first making a new and thorough examination into the relative merits of Churchill and Nelson as a terminus for the railroad.

(4) That the waters of the strait and rivers tributary to the bay teem with fish and valuable marine animals, and we believe that the bay is equally well stocked but there has not yet been sufficient data collected as to the extent of the fisheries of the bay to enable an authoritative statement to be made as to their value.

(5) That the mines already discovered in the Hudson bay district are of sufficient number and richness to indicate the existence of great potential mineral wealth.

(6) Your Committee feel that they cannot too strongly endorse the valuable suggestion of Mr. Stefansson as to the cultivation of the reindeer and musk ox, and would urge upon the Government that the Department of Interior be empowered to take hold of this matter, earnestly taking advantage of what has been done in this regard by the United States government.

(7) Your Committee, although it is somewhat outside the scope of their mandate, cannot close this report without making some reference to the national value of the explorations of Vihljalmur Stefansson. He has completely revolutionized our ideas of the region within the Polar Circle. He has demonstrated that it is possible for white men to live and thrive in that northern region though drawing from no other resources than those afforded by the country itself, and he has proven that those lands which were looked upon as barren and utterly worthless will eventually be a valuable asset to Canada. The committee ventures the hope that the Canadian government will not be unmindful of the great services performed by Mr. Stefansson, whose reward so far has not been commensurate with the national importance of the work he has accomplished.

(8) Your committee expresses its thanks to the gentlemen who have voluntarily come forward and given valuable evidence upon the important matters under consideration.

(9) Your committee submit herewith an extract in narrative form of the evidence given before the committee, and beg to recommend that 1,000 copies of this report and the extract of the evidence be printed in pamphlet form for general distribution.

All which is respectfully submitted.

GEO. W. FOWLER,
Chairman.

Having given this summary of the evidence, I think it is unnecessary for me to go into detail, but I should like to point out one or two strong reasons, as they appear to me, in addition to those outlined in the committee's report why the completion of the railway and the development of a port on the Hudson bay should be proceeded with.

Since 1918 delegations have waited on the government here on a number of occasions, seeking to have this work pushed forward to completion. I have been a member of some of those delegations, and I might say I was a member of a delegation that waited on the present Government only recently in regard to this matter. Resolutions to the same effect have also been passed by boards of trade in the West on innumerable occasions, and recently the associated boards of trade of Saskatchewan passed a very strong resolution urging that this project should be

pushed forward to completion. In view of the fact that railway men claim that the average life of a railway tie and the woodwork of a trestle is only seven years, more particularly when the railway is not being operated I would urge that something be done because this work will certainly deteriorate very rapidly if it is not kept in a state of repair. I know that some slight appropriation is set aside for keeping it in repair, but from the fact that 92 miles of grade remains without steel laid, we must draw the conclusion that that grade will undoubtedly be deteriorating, as it cannot be kept in repair. I might point out that steel was laid to that bridge at Kettle rapids on the Saskatchewan river, and for 92 miles between that point and the bay grading has been done but no steel laid. Judging from the conclusions of the Senate committee, I think it would be advisable for the Government during the present summer to have engineers go over the route described by Tyrell Bros., to look into the advisability of branching off at the point they mention south of Nelson and going to Churchill, because from all the evidence submitted we are forced to the conclusion that Churchill is the better harbour of the two.

Naturally I would like to see the project pushed to a conclusion right away, but I know the policy of the Government at the present time is economy, and that is my policy also, but I think a small appropriation could be made to inquire into the feasibility of this route to Churchill. I have discussed the matter with J. W. Tyrell, and he is perfectly confident that there is good railway building all the way to Churchill. He says there is a ridge of gravel running parallel to the coast which has probably been the beach of an ancient sea, and on which there is as fine railway building as could be found anywhere.

I would also point out that wonderful mineral discoveries have been made in that portion of northwest Manitoba and northeast Saskatchewan close to the Hudson Bay railway. Companies, American, British and Canadian, have secured properties there and last year 813 claims were recorded in that district, and during the month of March of the present year 240 claims were recorded, so I think we may conclude that the mineral wealth in that district is well worth looking after. In fact, the district tributary to the railway has been described as containing enough mineral wealth to pay the national debt. I would not take it on myself to go that far, because our national debt is very large at the present time, but I do know that there are very large deposits there well worth looking after.

I might also allude to the agricultural possibilities in the regions nearest to the bay, which have been settled for many years. Owing to the fact that they receive a reliable rainfall they can depend on a sure crop every year. In my own district, which is some 600 miles distant from the bay, and has been settled for over forty years, there has not been a single crop failure during that time, and from that portion of my constituency known as the Carrot river valley I have information that the amount of grain shipped during the past season ran between seven and eight million bushels. This region is even nearer the bay than the Prince Albert district to which I first referred.

We have lately been hearing something of the possibilities of shipping western wheat and western meat to the European market via the Panama canal. While this may be feasible at the same time it is difficult to believe that it will be profitable because of the length of the haul and the time it takes a ship to get around and to negotiate the canal, and also by reason of the canal tolls that have to be paid. I find from the Panama canal record that last year only 3,500 tons of Canadian wheat passed through the canal, and the tolls amount to something like $1.20 per ton. I think, though, that that represents a ton's space as known to nautical men. However, it is a very considerable handicap on the price received by the producer. I would further point out that the distance from Vancouver to Liverpool via the canal is 8,572 miles. The distance from the Hudson bay ports to Liverpool is only 2,926 miles, not much more than one-third of the total distance from Vancouver to Liverpool, and the distance from Montreal to Liverpool is 3,000 miles, so that the ports on the bay have the advantage by some 74 miles even over Montreal. This is something which, I think, should set us all pondering, whether we are interested in developing the great waterways to the head of the lakes, or otherwise. We have here a port distant I would say, only 1,000 miles from the very centre of the wheat producing area of the West. This project

is something that people out there have been looking forward to seeing brought to fruition years before this, and they are still looking forward to it.

Now, Sir, I would like to point out, in view of the evidence given before the Senate committee and the report founded thereon, that in all fairness to the western provinces this project should be sympathetically considered, and some steps taken on the part of the Government towards completing the railway at as early a date as possible. I know I shall be asked the question: when is that possible? To that I would say that if we can expend between eight and nine million dollars on the Welland canal then, in all justice, let us apply at least one-half of that amount to the completion of the Hudson bay project. By so doing the Government will regain the confidence of the West, a confidence which, I must admit, has been waning of late. It has been shown that the project is perfectly feasible. The climatic conditions are not by any means an insuperable obstacle. Meteorological readings show that the temperatures were higher than those recorded at Winnipeg during the same year. It has been shown that the districts tributary to the railway and the bay carry enough mineral wealth to justify the building of the line. It has also been shown that immense quantities of fish of unsurpassed quality can be secured in this northern region, so located that they are within easy reach of the markets in the centre of the continent. Last, but most important of all, it has been shown that the project would bring the grain and the beef of the western provinces nearer an ocean seaport, and consequently nearer the markets of the world by a distance of 1,000 miles. Surely this should warrant the Government in making a favourable pronouncement on the matter. I have a firm conviction, Sir, that Providence placed the Hudson bay as a natural outlet for the great grain and beef producing areas of this Dominion; and I have enough faith in predestination to believe that it was predestined to carry, at no very distant date, the produce of the western provinces to outside markets. I would most respectfully ask the Government through the minister, to give us some assurance that this project dear to the heart of the western producer, who is so seriously handicapped at the present time, will be sympathetically considered and brought to a successful conclusion at an early date. Such an assurance would do much to restore a feeling of confidence on the part of the West, which, as I have already said, is fast ebbing away.

[Mr. Knox.]

Mr. MOTHERWELL: I would ask my hon. friend if he would recommend the building of the Hudson Bay Railway in advance of the construction of branch lines in the West that are being so earnestly pressed for at the present time? I would enumerate the following branches: Turtleford to Prince Albert; Bengough westward; Prince Albert straight north; Thunder Hill branch westward, and many others. Is it not a case of giving consideration to the most pressing demands first? The feasibility of the Hudson Bay Railway can only be proved by building it first. The kernel of the whole thing is the matter of priority. What undertakings are the most greviously needed? These branch lines that I have enumerated, and others that could be mentioned, or the Hudson Bay Railway?

Mr. KNOX: In reply to the minister I would like to say that I certainly wish to see the branch lines completed, and I emphasized that fact on previous occasions. As to the Hudson bay project I think there should be an investigation of the merits of Churchhill as a port before any further work is done at Nelson. I have already suggested that that work of investigation should be proceeded with during the present summer. I certainly desire to see the branch lines completed because the settlers in the districts concerned are in serious straits for the want of transportation.

Mr. MILLAR: I quite agree with what the member for Prince Albert (Mr. Knox) has said that it would not be wise at this time to complete the Hudson Bay railway in view of the necessity for the construction of branch lines. I would also like to add my support to the request that he has made that the Government should take steps to decide which is the better port on Hudson bay. The opening of the Hudson Bay railway may seem to be a matter in which the industrial centres of the East are not very much interested, but it appears to me that if they would look into the matter very carefully they would see that the project is one of very great importance to them. They should realize what the opening up of the provinces of Alberta, Saskatchewan and Manitoba means to the East. There was a time I think, when it was said that the construction of the Canadian Pacific Railway would not pay for the axle grease, but after the lapse of a few years it was found that the construc-

tion of that railway was of very great value to the East.

Now I wish to touch briefly on a few points in connection with the territory north of where the member for Prince Albert now lives, because he is located pretty close to the northern boundary line of the settled district. Let me refer hurriedly to the southern states and say that there they can grow cotton but they cannot grow corn. A little farther north they can grow corn but they cannot grow wheat. Farther north still, in Manitoba, Saskatchewan and Alberta, they can grow wheat but in the extreme north we find a territory where wheat cannot be successfully grown. Nevertheless they can raise oats, barley and the coarser grains much better than we can farther south. Just a week ago I was talking with a man who had spent a few weeks in Athabaska, which is about 100 miles north of Edmonton. This man was brought up on a farm in Ontario where he spent nearly all his life and he made this statement. He said "The best hundred acres of wheat that I have seen in my life I saw last summer at Athabaska" and as I already stated that district is 100 miles north of Edmonton. He told me of the districts up there where there were large settlements of foreigners. Both men and women worked the land there and were making a great success of it. I was also surprised when he told me of a large settlement of negroes, a fact of which I was not aware. Going over the report to which the hon. member for Prince Albert Mr. Knox) has referred, I say that this country that will grow rich grass, that will maintain millions of heads of caribou and musk-oxen, is a country well worth paying attention to. In the report I notice this statement:

> Muskox are found as far north as 400 miles from the North Pole.

And they are grass-eating animals. One explorer tells us he saw a herd that he estimated at a million and a half. Another explorer states that he saw a herd that he estimated at three and a half million.

Mr. STEWART (Lanark): When was that?

Mr. MILLAR: Just a few years ago. They are there in millions now. The caribou is practically the same animal as the reindeer, and in the Yukon they are being ranched and herded like sheep. The Americans are making a great success of the business. Stefansson, the explorer, says that the muskox is probably the most valuable animal in the world at the present time, and that it yields about three times as much wool of as fine quality as the sheep, and about three times as much meat. The Eskimo herd them as they would a flock of sheep. When you come to consider what cheap meat is going to mean in the near future, when you consider that our lands further south have become too expensive for ranching, and that we do not get the rain-fall they do further north, it gives one some idea of that great country north. To put it briefly, the rivers and bays are teeming with fish. I suppose some of you have the idea "Oh, that country is simply a great tract of ice and snow, that will never be settled." Why not? The same explorer states that the snowfall there is very much less than in Winnipeg. I believe the figures are from 25 to 50 per cent of the snowfall in Winnipeg, yet Winnipeg has a population about three times as large as Ottawa. In speaking of the islands of the north and of the coal area, he mentions five large islands in succession, and he states that these islands are all rich in coal, except one. It is well known that coal is very plentiful on the mainland. Some time ago I was talking to a man who had travelled around the country a great deal. He is quite a fancier of pure-bred stock, and he said: "I have never seen at the Chicago exhibitions, or at any of the other large exhibitions, animals better finished than I have seen on the grass in what is known as the Carrot river country." That is, I think, a little east of where my hon. friend from Prince Albert lives. He referred to this district in his address a moment ago.

I wish to add a word in regard to the two ports. I have looked into the matter very carefully, have studied all that I have been able to get hold of in the last two weeks in regard to the two ports, and it seems to me a mistake was made in choosing the port of Nelson. The port of Churchill is protected from all quarters from the wind. It is quite plain from the report that it could be made into one of the best—in fact, the words that were used were one of the best—ports of its size in the continent, with very little expense. I am going to make one further request, and that is this. The American people have taken steps in the Yukon—I do not know just how long ago, but some years ago—to protect their herds of caribou from the wolves. They are animals that do not

readily protect themselves. Only at certain seasons of the year are the muskoxen in very great danger from the wolves, but the caribou are in danger all the year round. They have engaged a number of rangers, and are paying them from $4,000 to $5,000 each to destroy the wolves in order to protect their great herds of caribou, but the rangers turn the pelts back to the government, and the return from these pelts pays nearly all of their expenses. It may look a long way off, but I would ask the committee to consider, if a farmer had a flock of sheep, and the wolves were destroying those sheep, would he not be ready to take some steps to protect them? These are our flocks. They are a long way off, it is true, but they are ours, and the time will come when we can make good use of them, and I think in the very near future the Government ought not only to take steps to discover which is the best port, and what it will cost to build to that port, but also to take steps to gather further information about that north country, and look into the plan adopted by the Americans for the protection of their great herds of caribou and muskoxen.

Mr. BIRD: I regret to have to trespass on the time of the House in these crowded closing hours of the session, but the Hudson Bay railway is in an important part of my constituency and perhaps hon. members will tolerate me for a short time. I understand the reason for discontinuing this project was the state of our country's finances at the close of the war, and I judge that the same reason obtains as to the further suspension of the enterprise. I am not at all disinclined to give the fullest weight to that consideration. There are times when every part of the world is called upon to restrain itself, even in regard to its legitimate desires, for the sake of the common weal. But I do not think that any part of Canada ought to be asked to suffer from a discriminating economy of any kind, and I would like to see the Hudson Bay railway put into the same category as the enterprises of a similar kind in the eastern part of Canada.

I think there is a tendency in the public mind to entertain a somewhat distorted view as to the relative cost of this enterprise, and consequently as to its demand upon the public purse. Some few weeks ago I was privileged to view the Quebec bridge, and I was told that this enterprise cost something like $25,000,000, and yet there it lay quite comfortably within the

sphere of my unarmed vision, a single link, a golden link if you like, in the long extensive chain of communication between the West and the East. In the Hudson Bay railway, you have, not a single link, but an entire system of communication between the great prairies of the West and a whole hemisphere; that is it opens up the prairies to trade with the Atlantic and every shore on the Atlantic. By adding less than one per cent of the total mileage of our Canadian railways, you bring the prairies actually to the sea at the mere cost of a Quebec bridge. I think that is putting the matter in the right focus.

I want to say a few words regarding that aspect of the question which deals with the natural obstructions which lie in the way of the completion of this enterprise. As regards those obstructions that lie overland, they have already been accurately measured and completely overcome, so that does not enter any longer into the discussion. The real difficulty begins only at the seaboard, and it must be admitted at once that nature has not very richly endowed the Hudson bay with natural harbours. With respect to Port Nelson, I think the facts are pretty well known already. It seems that nature has left very much to the engineer as regards that port, but in such a way as not to make it impossible for the engineer to make a very workable and successful harbour. I think a fair-minded review of the evidence shows that the advocates of Port Nelson have very much in their support, and I believe they are right in prophesying for that port a great future. It is almost worthy of a great future, standing as it does at the mouth of one of the world's greatest rivers. I am sorry this controversy has been revived at the present time to becloud the issue.

As regards Fort Churchill, it seems that nature has been a little more generous, and that there you have, in a somewhat miniature way, a natural port. It seems, however, from all the evidence that I have read, that Fort Churchill does not possess those possibilities of expansion that might conceivably some day be required. In addition to that, it would require 100 miles of additional railway to reach that port, which lies further north in a more inhospitable climate, and we are told that that railway would have to pass over very difficult ground, in fact, over a morass 30 miles in extent. If that matter could be settled in a satisfactory way, I feel that one would

have to admit that Fort Churchill might be the proper place for the port in this scheme, at least, during its experimental stages. Supposing it was established as a port, and afterwards it was demonstrated to be inadequate, it might even then, when it had to give place to Port Nelson, serve as a subsidiary port especially in times of bad navigation.

It is scarcely necessary, however, to discuss the matter of a port, because the crux of this situation lies in the Hudson bay strait. The whole difficulty with respect to this scheme centres in the Hudson bay strait, where the drift ice from Baffin bay and Fox channel moves backwards and forwards with the tide all the year round and provides a serious obstacle to navigation. I have no doubt that we cannot in any way mitigate the seriousness of the obstruction that there exists to all-year-round navigation; but that it is navigable, there has been no doubt for the last 300 years. Hudson, the famous explorer, entered that strait on his fatal voyage early in July, and since that time we have records to prove that the strait has been navigated from the 5th of June until the early part of November. I think we may assume that the minimum period of navigation—and this is proved almost conclusively by the Senate committee and the evidence given there—for the Hudson bay strait is four clear months of the year. That is the irreducible minimum, therefore; but on the other hand we are told that the Hudson bay strait never freezes over; that with a properly constructed ship you could get through there at any time of the year. So, between these two limits, between the minimum of four months and that larger limit of almost twelve months in the year, you have quite a margin for the operation of modern science as applied to navigation, and he would be a bold man who would set any limit to achievements in that direction. The Senate committee had no less than eight witnesses to show that by modern appliances the strait might be navigated considerably longer and with greater safety than it can be at the present time. Having read all the evidence that is available on this aspect of the question, I have to conclude that these obstacles are not such that a born Canadian would willingly admit to be in any way insuperable. Our history is a succession of just such conquests as this enterprise sets before us.

In the history of Canada there have been many enterprises that have seemed absolutely insuperable until they have been reviewed in the light of the possibilities that lay behind them. Therefore, I want to say a few brief words in regard to the incentives that exist to overcome those admittedly serious obstacles. First of all, as regards the Hudson bay itself, this immense inland sea with approximately half a million square miles, deserves, on its own account, a humble connection with civilization. An eloquent member of this House, in the early part of this session, compared the Great Lakes with the Mediterranean sea. With greater truth I think the Hudson bay might be called the Baltic of the North American continent. The differences between the Hudson bay and the Baltic are these. It is a little more to the south than the Baltic; it is about twice the area, and it connects with an interior which is not only vaster in extent, but infinitely richer in natural resources. The Baltic has played a great part in the history of Europe. As we were told, it was the scene, in the middle ages, of a great trade league that placed Europe on the map of the world, and in later years, we are sorry to say that it witnessed the rise of a nation that was so powerful as nearly to put Europe off the map. If the Hudson bay ever becomes to this continent one tithe of the value that the Baltic has been to Europe, it will certainly have a great history before it.

Its waters, its estuaries, its rivers, are simply teeming with all kinds of finny wealth, marketable, edible fish; and its interior, as we have been told to-night, abounds in mineral and animal wealth which some day will be of great commercial importance to this country. Now, as to the land that is traversed by the railway itself, I need hardly say that the resources of the district through which the Hudson Bay railway passes are forever beyond the sphere of speculation. In agricultural value, in mineral value, in fur, wood, pulp and power, that land can no longer be classified as barren. On the Nelson river alone it is estimated that there is a potentiality of 2,500,000 horse-power, which, as is well known, is equivalent to 20,000,000 tons of coal a year. And yet there are those who would contend that this country through which the Hudson Bay railway passes is a barren and impossible country. That 2,500,000 horse-power is equal to our share in the possibilities of the St. Lawrence water scheme, and it is altogether our own, secure within the Canadian hinterland.

Now, our western wealth is not dependent upon the products of our mines, and forests, and rivers. Our future depends on our wheat fields, and some of us on this side of the House have been yearning for the sight this spring which we have missed for the first time in many years. I refer to the young growing wheat, as with swift strokes it paints the prairies and the beautiful rolling lands to the north of the three provinces. To look upon a growing field of wheat through the yellow haze of a quiet spring night is one of those things which to have seen once is to love the West forever. Some of us have yearned for that sight during this spring. On an occasion of that kind you can almost hear nature making her promise of the great wealth of autumn. Our wheat crops, in quality and quantity and in ease of production, have no equal in this wide world. But unfortunately they have one almost fatal drawback, and that is their distance from the ultimate market. The Premier of Alberta, speaking recently, said that if our western crops were as near to the markets as the crops of Ontario they would be worth approximately 100 per cent more than at present. That is a very serious consideration for the western farmer, and added to that drawback there is the immense cost of production, which is another story. It is only under great difficulties that many of our western farmers, even in the best wheat growing districts, carry on at all; and if they were as sensitive in the matter of profits as other Canadian business men are they would have given up long ago. But the farmer is not so very sensitve to the rise and fall of profits. There is a good deal of elasticity about the economic position of the farmer. Rather than give in he will take it out of himself and unfortunately out of his family. He will take it out of his bank account rather than give in. I read the remarks of, I think, one of the British Columbia members, who I presume is a protectionist, who in going through a boot factory some time ago turned to one of the western farmers and said: "Would you put these people—mostly girls in their teens—out of work for the sake of a few cents on a pair of boots?" The obvious retort was: "Would you put hundreds of thousands of farmers out of business for the sake of a few cents a bushel on wheat?" And that is what it amounts to. The western farmer stays by it and he and his family sometimes suffer considerably. Here, then, we have a scheme that brings the wheat belt within 500 or 600 miles of the sea; it brings us within easy touch of the seaboard, within a few miles as near to Liverpool as is Montreal. A speaker in this House said a short time ago that Montreal owes its superiority over Quebec as a seaport to the fact that it is 100 miles nearer to the sources of production than is Quebec. What would you say about a port 1,000 miles nearer the sources of production than Montreal? It could afford to have a good many more obstacles than it has at present. In order to put Montreal in the same position as Port Nelson with reference to the western wheat fields, you would have to transplant it to a point a little east of Winnipeg.

I think our contention goes a little deeper than I have already indicated. The western people are proud of the West. We do not talk so much about it perhaps as the eastern people do about the East, but we are just as proud of our country all the same. At the same time, while in the bottom of our hearts we are proud of it, we sometimes feel its isolation. I know I do, living 400 miles from any city of importance. We are hemmed in on all sides. To the west there is one of the world's greatest mountain ranges; to the south one of the world's greatest tariff walls; to the north the frozen regions inhospitable to man; and to the east a wilderness that is almost as forbidding as the frigid north. I wish I had more weight in order that what I say here might impress the House, but I want hon. members to feel that these conditions have had their influence upon the West in a way no easterner can imagine. No one who has not lived in the West can realize what these conditions have meant to those provinces during the last few years. They have welded us together, and given us a self-consciousness. They have brought us to the point where we have one outlook economically, one social feeling, one aspiration. One would think that in the West where we have such a miscellaneous population, of whom over 50 per cent are Europeans, there would be an ideal opportunity for the maximum of religious, racial and political friction, at least to a greater extent than in Ontario. But what do you find? In all these respects, in racial matters, in religious matters, in political matters, we have been brought together. We have been unified and at the present time we are at one in many

things. Those hon. gentlemen opposite or on the right who are looking for any serious reversion in the West to the old state of things, politically or in any other sense, are, I am afraid, inviting very serious disappointment to themselves, because they are leaving out of consideration the economic factors that have driven us together in recent years. Out West if Protestant and Catholic, Jew and Gentile, European and Canadian, and Grit and Tory did not get together and capitalize their humanity, life would not be worth living at all. They simply have to do it, and I should like this House to remember the tremendous urge that is behind the movement represented in this quarter of the Chamber.

So it would be unreasonable, Mr. Chairman to expect that such a large body of population as we have in the three prairie provinces existing under the same economic conditions practically one unit, a vigorous, ambitious, self-conscious people, should permanently be content to be frustrated of even a visionary hope of getting an avenue to the sea—the great way of commerce. I do not think it reasonable to expect that we will forever submit to being denied a "place in the sun".

Now, it would be very regrettable if any other section of Canada should obstinately refuse to the West this privilege because, mark you, Mr. Chairman, if you read history rightly, it is just the opposition to that kind of aspiration that causes all the trouble. We have heard a lot about the origin of the Great War. What was its origin? It was simply that the great bullying commercial nations of Europe denied to little Serbia its right to an avenue to the sea for the purposes of commerce. That was the beginning of the war. I do not think, in fact I am sure that there is no such sanguinary possibility in these circumstances, but statesmen are always willing to take into account the remotest considerations when the uniting of a great country like this is concerned.

I for one stand very solidly for the loyalty of the West, despite its 50 per cent European population. I think there is no section of Canada more loyal than the West. But, mark you, I am not inclined to get sentimental about it, just the same, because I recognize that loyalty, sterling virtue as it is, is always finally over-ridden by economic necessity—the first law of our being.

Now, as you pass up the St. Lawrence and enter Canada you are struck with one feature in particular—those narrow strips of farms, so picturesque and peculiar, that run back from the water's edge away to the distant bush. I presume that that condition of things arose in the early days when the St. Lawrence was the only channel of inter-communication, and that the original settlers were indisposed to be pushed back into the interior and denied access to that channel. That method of planning out homesteads is not economically justifiable. But it has led to general contentment and has certain picturesque characteristics. But I mention that peculiarity because the feeling of the original settlers is something like that which the people of the West feel —they want to be at the front, to have a place at the water's edge. That is all the West wants. It wants a breathing point, an ocean avenue whereby it can come in touch with the rest of the world.

Coming into this building one notices this inscription above the doorway:

> The wholesome sea is at her gates,
> Her gates both east and west.

I wonder who was responsible for selecting that inscription. It must have been some one who was against the Hudson Bay Railway proposition, I know. I think some day that couplet ought to be amended, and if I am a judge of poetry, you could not very well hurt its poetic qualities by adding these words:

> —and the north.

I hope that amendment will be made so as to render the inscription apt and accurate to the condition of things which will then obtain.

Mr. STEWART (Humboldt): Mr. Chairman, speaking in this House the other day I remarked that the people of western Canada believe that the case for the completion of the Hudson bay railway had been made out. That belief has been entertained for many years, and as long ago as I can remember in the West the people have referred to this project as feasible. In 1906, I believe it was, the Hon. Walter Scott, the first Premier of Saskatchewan, speaking to a large audience of farmers of that province, remarked:

> "The people of western Canada refuse to take their eyes off the Hudson bay route. For twenty years they have been looking that way."

That was in 1906. The hon. member for Prince Albert (Mr. Knox) stated to-night that this project had been in the minds of the people of western Canada for forty years, and this is borne out by the facts. The Hon. Walter Scott continued:

"I have received an assurance that the Dominion government admit this project to be a national undertaking, and that they will not deny their responsibility."

It was a number of years later before the Dominion government assumed that responsibility.

I want, if possible, to make clear to this House some of the reasons why the people of western Canada believe that they have made out their case conclusively with regard to the Hudson bay project, and to this end I shall quote the words of Sir Wilfrid Laurier. I believe the first time that in a public way the admission was made that this was a national undertaking, and would be undertaken in a national way, was at Niagara Falls in September 1908, and these are the words of Sir Wilfrid Laurier as reported at that time:

"We have undertaken the construction of another railway, the Hudson bay railway. The Hudson's bay railway, I am sure, does not appeal very much to the people of Welland county. It concerns more the people of the West. But I say to you, gentlemen of Ontario, and you will agree with me, that what concerns one portion of the community concerns every part of the community. Now, we have come to the conclusion that this railway is a necessity, owing to the condition in which our fellow-citizens in the west are placed. This railway will give an alternative or optional route. At the present time all the wheat as soon as it is tracked is sent out to lake Superior. We want to provide another railway by Hudson's bay. There will then be the present route and the Hudson's bay route and the man who raises wheat and cattle will have two outlets for his production. We have been asked: "Are you not going to hurt the trade of the St. Lawrence, if you do that?" Oh, ye of little faith! the trade of Canada is too great even for these two outlets. What we see coming will be more than sufficient for both the St. Lawrence and the Hudson's bay routes. We have come to the conclusion that the time to build this railway is now; not to-morrow, but now; and we have surveyors in the field looking at the condition of the country and preparing plans for us, which we shall be prepared to put into execution as soon as we receive them. The Government will build the railway, or rather somebody will be entrusted with building it for us, but whatever we do, all the terminals and all the elevators shall be built by the Government, and retained under all and every circumstance by the Government so as to insure the largest measure of benefit possible to the Canadian people in the North-West provinces."

Speaking that same year and referring to the speech of Sir Wilfrid Laurier, Mr. later Sir Robert Borden, said:

The Conservative party has been pledged to the building of that railway since 1895, when it was promised by Sir Charles Tupper. The present Government has reached the same conclusion in the thirteenth year of its administration.

[Mr. C. W. Stewart..]

In the light of those statements, Mr. Chairman, I think it is only reasonable to assume that the people of western Canada believe their case is well made out, and they feel that if there is opposition to this route on the ground that it is not feasible, they have a right to claim that a report shall be made to them setting forth the circumstances in that respect.

I also want to place before the committee a few extracts from other reports which have been quoted in western Canada. The hon. member for Prince Albert (Mr. Knox) has given to the committee tonight the last report that has been placed at our disposal, but for many years, at least since 1905, there have been a great number of reports made available to the people of this country on the Hudson bay project, and I believe that all these reports are now available to members of this House in the Library of this Parliament. I have gathered a few extracts from these reports which I shall give to the committee to show why the people of western Canada, having faith in the accuracy of these reports, believe they are justified in demanding that this route shall be carried through to completion.

The first extract is from a report made by Walter Dickson, for twenty years in the employ of the Hudson's Bay Company:

"From what I have observed of the movement of ice in Hudson bay during the summers I passed there I am perfectly assured that an ordinary screw steamer would never have any difficulty in getting through or around that ice which is usually met with in the bay or strait. The chief reason why the old sailing vessels of the Hudson's Bay Company often met with detention in the ice was that in the season when floe ice is met with, there is generally very little wind, and sailing vessels are as helpless amongst ice as they would be in a dead calm in the centre of the Atlantic or elsewhere. The bay has always been found of ready access to a good and careful navigator. From what is known, and my experience already obtained on the subject there is every reason to believe that were the Hudson bay thoroughly surveyed it would be found to be one of the safest of known seas. I have known the season when the harbours were accessible for seven months of the year.

Another captain in the employ of the Hudson's Bay Company, James Hackland, for thirty-nine years with the company, says: "The strait is open all the year round." Captain Colin Sinclair, for six years with the Hudson's Bay Company, says: "No unusual danger or difficulty in navigating the bay or strait." Captain Silsby, in the employ of the company from

1884, "saw no reason why steamships could not make excellent speed on that course to and from Europe for four months certainly in the year, and in open winters, five months." Captain Kennedy, with the company ror eight years, "found no ice after July first and only once on November first. The currents which open up the channel of ingress and egress are very regular and convert the bay and strait into a pathway for commerce."

These reports from which I have quoted, and similar reports, are probably the basis upon which the people of western Canada argue that the Hudson bay route is feasible. Their reason for requiring that route has been put before the committee with some detail in this debate by hon. gentlemen who have preceded me, and I am not going into that part of the question at this time. I simply want to point out that agriculturists in western Canada, in the position in which they find themselves at the present time are forced to look for every means which might alleviate their circumstances, and they have found that by attacking those things which were a hindrance to them and overcoming them, one by one, they have for a great many years been able to carry on in the face of countless obstacles. The cost of transportation before them at the present time is a problem they feel they must tackle and overcome. They believe that if this route were open, although it might not add greatly to the returns, would be of material help. The most optimistic figure is that it would add very materially to the returns, and that it might possibly mean all the difference between Fort William and Montreal, which is eleven or twelve cents a bushel, at the least. The most conservative estimate is that it would mean a difference of five cents a bushel on wheat, which at the present time would be something worth while for the western farmer.

Two or three hon. members who have spoken on this subject to-night have been so situated locally that this project appeals to them and their constituents in a personal way, because they are so close to the route and to the bay, comparatively speaking, but we must remember that all of western Canada is very much interested in this project, and not only western Canada but the northern states as well. It is perhaps not generally known that Winnipeg would be 600 miles closer to Liverpool via the Hudson bay route as compared with the railway route at the present time via Montreal. Duluth would be 470 miles closer than it is via the Great lakes. St. Paul perhaps the greatest market in the western states for their grain, would be 150 miles closer to Liverpool via the Hudson bay route than it is via Chicago and Montreal. This is something that should be taken into account in considering this question.

In conclusion, I wish to refer to a letter I have in my hand, not that it has any particular bearing on the subject for, as I stated in the early part of my remarks, this is a national undertaking, as the Hon. Walter Scott said, and one which must be undertaken by the federal government, but it is from a correspondent who lives in a community which is in the unique position of having gone after a railroad and got it—not that they persuaded any great railway company to build for them, but when they could not get the railway company to build it they went to work and got out a charter and constructed the railway themselves. It is now a part of the Canadian National system. This correspondent urges me to take up this matter of the Hudson bay route, and suggests that if the Dominion of Canada is not in a position to finance it at the present time a charter should be granted to some of the western farmers, and they would finish the road themselves. He states in his letter that he is ready to pay $1,000 into any company that would be formed for that purpose, and he believes the project would meet with success. That shows you, Mr. Chairman, that the farmers of western Canada are not talking about this project as something which they believe in only theoretically, but they regard it as something that is absolutely practical.

Mr. CALDWELL: After listening to the recent speeches, I cannot help but agree that the Hudson Bay railway is needed, and needed badly. I know something of the want of an outlet for the produce of our farms in the East, and while I do not live in western Canada, I believe that unless we can look at these questions from a broad national standpoint and be willing to help the other fellow as well as ourselves, we shall not get very far. But I did not rise to speak on this subject. Would the minister inform the committee who are the directors of the Canadian National Railways at the present time.

Mr. KENNEDY (Essex): Mr. Hanna, Mr. Mitchell, Mr. Riley, Mr. Hobson, Mr. Wood, Sir Hormisdas Laporte, Mr. Barnhill, and Mr. Bell.

Mr. CALDWELL: Is Col. Cantley still a director?

Mr. KENNEDY (Essex): No.

Mr. CALDWELL: Is it proposed to make any changes in the personnel of the directorate of the government railways at the present time?

Mr. KENNEDY (Essex): The whole question of the directorate of the government railways will be taken up by the Government in Council when the consolidation of the railways is considered.

Mr. CALDWELL: My purpose in asking this question was because we had a speech in this House by the present Prime Minister on May 19, 1921, a small portion of which I wish to place upon Hansard. When I have done that I think it will be obvious why I asked the question I did.

Mr. MACLEAN (Halifax): It is in Hansard now, are you going to put it on record again?

Mr. CALDWELL: Yes, with the permission of the House I am going to put it on record again because very few members ever go back and read last year's speeches. It is punishment enough to listen to some of the speeches this session.

Mr. GRAHAM: We are doing it.

Mr. CALDWELL: I have not wasted very much of the time of the House this session, and I think what I am going to read is very pertinent to the present question, if it were not I would not seek to waste the time of the House. The debate from which I am about to quote took place on the refusal of the former government to give information to this House in regard to certain expenditures by the board of directors of the government railways. I am not going to quote all the speech because, I think, that speech occupied a longer time in delivery than all the time I have taken up in speaking in this House possibly for two years. Beginning at page 3609 of Hansard of 1921, the right hon. gentleman said:

> Compare this now with the methods devised by the present administration in the expenditure of public moneys on those vast transportation systems. Both in the case of the Canadian National railway and the merchant marine, the government has constituted boards of management. These boards are composed almost exclusively of the government's own friends; almost without exception the gentlemen who compose these boards are associated with large industrial enterprises and businesses which are engaged in the manufacture, selling and distribution of the equipment and supplies required by these government undertakings. In the awarding of contracts, they are given a perfectly free hand. They may award to whomever they please, in whatever quantities they please, and at whatever prices they please. That of itself one would think, where there was no personal liability, and where the moneys to meet the required payments were not coming out of the bank accounts of the parties concerned, but out of the public treasury, would be sufficient to encourage an all but unlimited degree of extravagance. But what is to be expected where, in addition to this opportunity of helping one's friends, an undertaking is given by the ministry that, no matter what the transaction, notwithstanding it is out of the taxes of the people that payments have ultimately to be made, the people's representatives in Parliament shall be denied all right of inquiry, all right of information, on the score that such right and knowledge are not in the public interest? And yet, Mr. Speaker, that is exactly the situation as it has existed for the past couple of years, and as it exists to-day. Is it any wonder there are huge expenditures and colossal deficits? The wonder of wonders would be how deficits could be avoided under such a system.
>
> Now, Mr. Speaker, that it may not be said this is a mere theorizing, let me give to the House the names of the members of the boards concerned, and the names of the companies with which these gentlemen are concerned. But, first of all, let me give a list of a few articles of commerce required in connection with the equipment and supplies of these transportation systems. It requires no understanding of human nature to believe that, unless the gentlemen who are directors of companies directly or indirectly concerned in furnishing such equipment and supplies are woefully neglectful of the business interests it is alike their duty and personal advantage to watch and further in every manner possible, the companies of which they are directors, or businesses associated with such companies, are not likely to be forgotten in the contracts awarded, and in the prices paid for the articles necessary to the equipment and supplies of these vast transportation systems.
>
> But before I speak of the companies with which these gentlemen are connected in a business way as directors, let me refer to the classes of commodities which are likely to be required in large quantities as supplies and equipment for the government railways and the government merchant marine.
>
> Iron and steel (locomotives, rails, cars, castings, couplers, bolts, bars, etc.)
> Cement.
> Oil; coal oil, white lead oil, boiled linseed oil.
> Gasoline.
> Lumber and timber, for car decking and roofing and for construction (fencing).
> Paints.
> Cotton and wool waste.
> Uniforms for conductors and employees.
> Coal.
> Foods of all kinds.
> Ties.
> Pullman and sleepers materials.
> Electric materials.
> Fuses.
> Wheels.
> Hose.
> Air-brake materials.

Tie plates.
Hotel supplies.
Insurance.
Advertising.
Printing.

It requires only the mention of this list to show what enormous patronage is extended through this particular source—a patronage running into millions of dollars; and all of it, mark you, under this arrangement is disposed of by the Government's friends just where they think best, and the people's representatives in this Parliament are denied all knowledge of where the contracts are placed. Now who are the members of the Board of Directors of the two companies? The personnel of the two directorates is the same, and is as follows:

Mr. D. B. Hanna, of Toronto.
Mr. A. J. Mitchell, of Toronto.
Mr. E. R. Wood, of Toronto.
Mr. R. Hobson, of Hamilton.
Major G. A. Bell, C.M.G., of Ottawa.
Sir Hormisdas Laporte, of Montreal.
Mr. A. F. Barnhill, K.C., D.C.L., of St. John, N.B.
Colonel Thomas Cantley, of New Glasgow, N.S.
Mr. R. T. Riley, of Winnipeg.

What are the companies with which these gentlemen are connected? Now, Mr. Speaker, I wish it distinctly understood that I make no reflection upon any of these gentlemen or their business integrity, I merely place the information before the House and let it speak for itself. This list is taken from the annual Financial Review for June, 1920, and, by the way, it does not, I believe, begin to include the companies with which these gentlemen are connected in an indirect way, nor is it complete as regards the companies of which they are directors, Mr. D. B. Hanna, is president of the Canada Flour Mills and a director of Canada Steamship Lines, Limited; Electrical Development Company of Canada, Limited; Canada Mortgage Investment Company; British-American Assurance Company; Western Assurance Company; Canadian North Prairies Lands Company; Brazilion Traction, Light and Power Company, Limited; Rio de Janeiro Light and Power Company; Sao Paulo Light and Power Company. Mr. A. J. Mitchell is a director of the Western Canada Flour Mills. Mr. R. T. Riley is vice-president of the Union Bank of Canada and of the Great West Life Assurance Company. Mr. Robert Hobson is president of the Steel Company of Canada, Limited, and a director of the Canadian Locomotive Company, Limited; Bank of Hamilton; Tuckett Tobacco Company, Limited; North Star Oil and Refining Company; Chartered Trusts and Executor Company; British Empire Trust Company; Dominion Power and Transmission Company; Toronto General Trusts Corporation. Sir Hormisdas Laporte is a director of Credit Foncier Franco-Canadian; Société d'Administration Générale; Frontenac Breweries, Limited; La Sauvegarde Life Assurance Company. Mr. A. P. Barnhill is president of the New Brunswick Electrical Company and the Acamac Land Company, Limited, and a director of the Eastern Trusts Company; St. John Iron Works, Limited; James Pender and Company, Limited; Telegraph Publishing Company; Fenton Land and Building Company; Westfield Land Company; Times Publishing Company. Colonel Thomas Cantley is a director of Eastern Car Company, Limited; Nova Scotia Steel and Coal Company, Limited; Brandram-Henderson Paints and Varnishes. Mr. E. R. Wood is president of the Central Canada Loan and Savings Company, vice-president of the Canada Life Assurance Company; National Trust Company; Brazilion Traction, Light and Power Company, Limited, and director of British-American Assurance Company; Western Assurance Company; Canadian Bank of Commerce; Dominion Steel Corporation; Toronto Savings and Loan Company; Calgary Power Company; Mexico Northwestern Railway Company; Barcelona Traction, Light and Power Company, Limited; Rio de Janeiro Tramway Light and Power Company; Soa Paulo Tramway, Light and Power Company; Mexico Tramway Company; Mexico Electric Light Company; Toronto Railway Company; Toronto Power Company, Limited; Toronto Electric Light Company, Limited; Electrical Development Company of Canada, Limited; Dominion Securities Corporation, Limited.

Major Bell, being the Deputy Minister of the Department of Railways and Canals, is not included in the list of directors of any companies. I imagine that if he is doing his full duty as a deputy minister, which I believe he is, his whole time is taken up in the department and practically none of it can be given to the work of this Board of Management.

In this connection, Mr. Speaker, let me repeat that I do not for a moment desire to be considered as reflecting upon the honesty or business integrity of the gentlemen connected with these various boards. All I wish to say is that if these gentlemen are directors of a large number of business enterprises from which commodities in the nature of supplies and equipment for the railways and merchant marine can be or are being obtained, they are not true to their obligations as directors of those business concerns if with the inside knowledge they have of what is available in the way of contracts they do not go after those contracts and try to get them for the companies with which they are connected. That is their duty. The duty of a director is to watch the interests of the businesses with which he is connected, and I say that these gentlemen being on the board of directors of various companies, and having knowledge of large numbers of contracts running into millions of dollars, it is certain that they would not be doing their best by the companies of which they are directors if they did not look out for the interests of those companies.

Could interlocking of directorates be carried to a degree of greater perfection? Just think of it, Mr. Speaker, all these vast industrial concerns, and many more, to all intents and purposes represented by this little circle of favoured individuals who comprise the board of directors of the government railways and merchant marine, who have a free hand in the disbursing of millions upon millions of the public moneys, with a guarantee that no information will be given to the people through their representatives in Parliament as to how or to whom the moneys were distributed. Need we look further, Mr. Speaker, for an explanation of the size of the deficits in these undertakings, and the vastly increased expenditures, and consequent increased taxation to which the people of Canada are being subjected. Would a more powerful combination of business interests be imagined? What government under such a system should be able to keep itself in power indefinitely?

In view of this statement by the hon. member who is at the present time Premier of Canada—and we are told that this board of directors is the same to-day, as it was at that time, with the exception of one man, who, I presume resigned in order to run as a candidate in the election last fall—in view of the fact that we saw in the newspapers just before the election last fall, in big headlines, a statement to the effect that contracts had been let to the Canadian Locomotive Company and the Eastern Car Company, amounting to an aggregate of $25,000,000, and this was used as campaign literature last fall, and in view of the fact that we are asked to vote $114,049,500 for the upkeep, or for payment of the deficits on the national system, I think it is due this House that some explanation should be made, and that some guarantee should be given that if this condition was as terrible as it was declared to be last year, there should be some changes in this board before the vote is passed. I have not discussed this matter with any other member of the House. I happened to be absent from the House this afternoon and when I came in I found the House was in the middle of the estimates.

I want to offer these few remarks and comments in the manner I have done, and I think an explanation is due to the House, as to what is proposed to be done, in connection with the present board of management of the government railway.

Mr. KENNEDY (Essex): My hon. friend stated that he was not in the House this afternoon, but I may tell him that the hon. member for South York (Mr. Maclean) asked a question this afternoon bearing on this point, and, in my reply, I told the hon. member that the Government hoped at an early date to be in a position to announce its board of directors to govern, not only the Canadian National lines but the Grand Trunk as well; in a word, the board would be provided for when the co-ordination took place. When the time comes the Government will make the announcement to the public. In the meantime, I can assure my hon. friend that what he has said, and everything, indeed, that bears upon the question of the fitness of any gentleman to occupy a position on that board, will be fully considered before the appointment is made.

Mr. CALDWELL: Has any investigation been made into the report that huge contracts were let to the Eastern Car Company and the Canadian Locomotive Company just previous to the election. If those contracts were let at what date were they let; what was the size of the contracts, and who let them?

Mr. WARD: Before we leave that question of the new directorate, I would like to ask the minster if he intends in the reorganization of that board to give the employees representation on it.

Mr. KENNEDY (Essex): That will also be considered when the opportune time arrives. In regard to the question the hon. member (Mr. Caldwell) asks, I do not understand that there were any contracts given to the Canadian Locomotive works just previous to the election.

Mr. CALDWELL: It was so reported in the papers, and I never saw any contradiction of it.

Mr. GARLAND (Carleton): I wanted information in regard to the highways, and I thought it would come up under item 134, but I observe that only provides for payment for services. I asked some questions in regard to the Ottawa-Kingston and Ottawa-Pembroke highway, and the reply was that nothing had been done in regard to having the highway projects submitted to the federal government. The question was asked by the hon. member for Wentworth (Mr. Wilson) as follows:

Road projects in Ontario

Mr. Wilson:

1. What road projects have been submitted to the Department of Railways and Canals by the Ontario Department of Public Works?

The answer gives a list of some 30 roads, but neither of the roads that I have referred to is mentioned in the answer. The next question is

What road projects have been approved by the Department of Railways and Canals?

And neither of these roads appears in the answer. These roads are pretty well on the way to completion, and I wondered in what way the amount was paid from the federal treasury towards those roads.

Mr. KENNEDY (Essex): So far, there has been no application by the Ontario government for the approval of any plan in connection with the two roads he mentions and no roads bought by the Dominion government.

Mr. CALDWELL: The minister has not answered the first part of my question. I

asked if the contracts had been let to either firm. He said no contract had been let to the Eastern Car Company.

Mr. KENNEDY (Essex): No, to the Canadian Locomotive Company.

Mr. CALDWELL: Was there a contract let to the Eastern Car Company?

Mr. KENNEDY (Essex): I understand there was a contract let to the Eastern Car Company for the repair of 500 cars. The matter was discussed when my estimates were before the House previously. The whole evening was spent discussing it. I think the former Minister of Railways on that occasion explained that the contract was let at that time with a view to relieving the unemployment that then existed.

Mr. CALDWELL: That was the only contract let. No contracts for new cars?

Mr. KENNEDY (Essex): No, they were all for repairs.

Mr. CALDWELL: Do you know the amount of the contract and the date?

Mr. KENNEDY (Essex): I cannot give an answer at the moment, but I will be glad to obtain it for my hon. friend, and give him full particulars with reference to it. In fact, a copy of the contract was laid on the table of the House at the time.

Mr. EVANS: Coming back again to the question of the Hudson Bay railway, I can remember away back about 1891, not long after I came to Canada, one of the leading papers in the West had a cartoon in which appeared a locomotive, with the engine driver sitting at the lever, just about ready to start. A questioner came up, and said, "Well, sir, what do you hope to carry over this road anyway?" And the driver replied, "The province, my dear sir, the province." The engineer happened to be Sir Charles Tupper. This road for the last forty years has been made the political football of the parties, and I think it is about time that we dealt with these matters with some broad outlook for the future. I do not wonder that this has been the case, particularly after the information that my hon. friend in front of me has given to the House to-night. This Hudson Bay railway is one of the necessities of the present time, and has been for many years. When Sir Wilfrid Laurier was in the West in 1911 he said this line would be built as soon as the survey could be made and the feasibility established, with ports, terminals and everything under governmental control and ownership. Later on, it was promised by Sir Robert Borden, and after the change took place in 1911, when the call from the West became so insistent that it could not be put down, the construction of the road was begun. Some $21,000,000, I believe, has been spent on this road already, and it will take somewhere about $2,000,000 more to complete it. For many miles north of the Pas at the present time the steel is laid, and the grade has already been made to tide water. The steel has been left to rust and the grade has been left to crumble down, and it is time we looked after this to prevent the deterioration of the work that has been done. I know that, during all this time, this railway has been viewed with hostility by interests in the East, by those cities and railways which are benefiting by keeping the commerce of the western prairies coming this way to its ultimate market. The plea has been put forward that we have no money, notwithstanding the fact that millions of dollars have been voted for other purposes, which, to say the least, are of questionable benefit to the country at this time. But now that the war is over and labour is plentiful, we find the counter proposal put forward, which is attracting interest in the East at the present time, namely, the deep waterway scheme to the head of the lakes. We are told that nearly half a billion dollars can be found for this scheme, while $2,000,000 cannot be found for the completion of the Hudson Bay railway.

Indeed, I think it would not be out of place to make some few comparisons between these two schemes at the present time. The deep waterway project can be used possibly for seven months of the year, and we might compare the cost of the completion of this scheme with the paltry sum that is needed to complete a route to what will, perhaps, be and is admitted to be one of the finest harbours on the North American continent, if a deep sea harbour at the least possible cost can be constructed. Some doubt may be expressed as to the feasibility of this route; but this great inland sea seems to have been placed there by Providence for an outlet for what is, perhaps, the largest pastoral and grain growing area in the world. It is a route to the great West, and part of the immense domain that was seized on by that great trading company, the Hudson's Bay Company, over two centuries ago to take in supplies and carry out the produce gathered from the natives in barter. We know that, during

all that time, this great company did not lose one ship by ice or storm, and its captains of navigation have told us that they have gone in and out through those straits at any time of the year that they have been ready. We have been told that this great inland sea is one frozen mass of ice during the winter. This is not so. With the great volume of fresh water flowing into the bay every day through such streams as the Nelson river, the Churchill river, the Severn river and, perhaps, half a dozen other streams just as important, meeting the tide there which comes up through those straits every twenty-four hours, and all having to go out again, it is impossible that any ice could be formed except some shale ice on the shores. We used to be told that the country round about was one desert on which nothing could grow, on which human beings could not live. We know that now to be a fallacy, and that the railway would pay for itself independently of the traffic and commerce that might go out through the Hudson Bay strait. Anyone at all familiar with salt water will know that it is many degrees warmer than fresh water, and as compared with lake Superior, this is a fact. When we know that there is a rise and fall of a good many feet every twenty-four hours, we must realize that it is impossible that ice should form. We have been given a good deal of information about this route by certain expeditions, some of which before now have wintered in Hudson bay. Perhaps one of the most complete reports is that given by Captain Freakly before the committee here in 1920. Some extracts from his evidence are certainly very interesting. I do not think I need weary the House with much reading; but he says:

> There are no icebergs in Fox channel or Hudson bay and comparatively few in the west end of Hudson straits, but numerous in the eastern portion of the straits.

He informs us of some of the peculiarities of the bay, where a strong current goes west from the straits and practically goes all around that great inland sea, attaining sometimes a velocity of seven miles an hour and keeping all ice moving at any time of the year.

I am convinced that the Hudson Bay Railway is the only salvation for agriculture on the western prairies. For instance, a trainload of cattle could be landed at the bay terminus of the Hudson Bay Railway in just about one-third of the time that it takes now to land them at any point where they can be transferred to ocean-going steamers. This would mean a saving in feed and care of nearly four days, besides the tremendous shrinkage in weight consequent upon the movement of livestock. The advantage in mileage of this route is not generally realized, say from the centre of the wheat belt to the bay. Moreover, the producing area of the West, either in grain raising or for pastoral pursuits runs up very close to the bay itself, and I believe the northern limitation of wheat can be very much extended yet as the right varieties are propagated. From Saskatoon, which is about the heart of the wheat growing belt, it is 742 miles to tide water on the present route of the Hudson Bay Railway. From Saskatoon to Fort William it is 900 miles, and then we are further away from Liverpool than we are at Hudson bay. On this account alone, there would be a saving of over 160 miles, or over one and one-half day's travel. But even after getting to Fort William there is still 1,000 miles of a haul before the grain can reach the seaboard. The distance from Saskatoon to Liverpool via St. John in the winter months is 4,998 miles; from Saskatoon via Montreal in the summer months it is 4,587 miles; from Port Nelson to Liverpool the distance is only 3,708 miles, or a distinct saving of 879 miles over the route via Montreal and a distinct saving of 1,280 miles over the route via St. John. The utility of this route is unquestionable, if we only consider that it is important to the people of the West to be within one day's run to the ocean where the fish may come down to the millions who occupy the prairies, as well as the millions yet to come.

Again, we must not lose sight of the fact that the St. Lawrence carries about the highest rate of insurance of any navigable route in the world, while here is a route that has been used for 40 years now by people we know and who can speak of it with some knowledge. Sailing vessels have gone in and out any time of the year they were ready. When we consider the cost it means the difference between success and failure to the prairie provinces to-day. There will be a saving of at least 5 cents a bushel between Hudson bay and the present route to the present terminal at Fort William. The time has come when it is absolutely necessary to lower the cost of production on the prairies if agriculture is to continue there. Even if we did have the deep waterway to the head of the lakes we have a road that could be open six and a half or seven months at the outside

during the year. But I am convinced from what I have read from the evidence contained in this bulletin that navigation can be carried on for at least five months in the year with safety, as compared with any other navigable route in any part of the world. Several of the most valuable minerals are found along the route of the railway, besides timber, game, fish, etc. I think, therefore, that the work should be done. All the boards of trade as well as the farmers' organisations of western Canada are anxiously looking to the Government to complete this work, believing that it is going to be of great service to that part of the Dominion. Besides, the work already done is deteriorating, and much labour and material is going to waste. It is not too late yet to provide for this matter in the estimates for the present year. There is no scarcity of labour, and in fact thousands of men are anxiously waiting to get work. I do not think there was ever a more opportune time than the present to carry this work to a completion, and I should like to know what the policy of the Government is regarding the scheme. Are we to take it now that the policy of the Government is represented in this estimate of $40,000 for the care of terminals this year? The Government should let us know whether they intend to complete this road at the earliest possible moment, and what reason there is why the work cannot be proceeded with at the present time.

Mr. McBRIDE: I think it is time we had a change in this programme. Most of the Progressive members speak of the West as though it comprised just Alberta, Saskatchewan and Manitoba. One would imagine that these were the only places in the West. Well, I consider that coming from British Columbia I come from the West. We have heard a great deal of the Hudson Bay railway, and I do not object to hon. members putting their claims before the Government. I think that is their legitimate right and they should get every consideration. But I want to point out that we have been promised a railway in British Columbia for many years now. It was left in abeyance until the close of the war, and when the war was over the late government started work on it to give employment to returned men. Now I am told that between 200 and 300 of these men have bought land along that road and have settled, expecting the road to be completed and that they would then have transportation. I am referring to the railway between Kamloops and Kelowna. According to a report I have received from the Minister of Railways, there has been $5,265,000 spent on this railway, and it requires a little over $1,250,000 to complete it. The ties are there, the bridges are in, the rails are very largely there, and everything is ready to complete the work. This road would be one of the greatest feeders that the Canadian National system could have. It would take practically all of the freight from the Okanagan valley to the Canadian National railway which is now taken by the Canadian Pacific railway. I do not complain because the Canadian Pacific railway has this freight, but I think that we should look to the interests of our own railways, and the Minister of Railways ought to see that this line is completed at the earliest possible date.

Mr. WARNER: I just want to add a word to the discussion on the Hudson bay question. It is not considered very seriously by some people, but this is perhaps because of their lack of appreciation of the facts. Now, I would not ask to-night, nor in the near future, for what the people are hoping for in the district in which I live. We have great possibilities in our mines, and we ourselves can hardly conceive the undeveloped natural resources that we have. We would not ask that the Hudson Bay railway be completed for our especial benefit at the present time, but there is a hope that some time when that road is completed there will be built a connecting line between our district and Fort Churchhill, which is not more than about 800 miles from Edmonton. But the Hudson Bay railway must be completed before we ask for anything of that kind. Naturally, of course, we are looking forward to the time when that can be done. The people in the wheat fields of Saskatchewan are more directly interested in the matter than perhaps we are, but I have been practically half way across from Edmonton to Fort Churchill, and have seen people already settled in that country from 125 to 150 miles distant from railways, who are anxiously waiting for railway accommodation. A large portion of that country is suitable for settlement. There is other wealth there besides agriculture, and I found that in places thousands of tons of hay could be cut if there were transportation facilities; but in the present state of things it is simply going to waste. Perhaps such a railroad at this time would not pay, but we are looking ahead to when it would be not only advisable but neces-

sary, for I have no doubt that the Hudson bay route is feasible. There is no question about the desirability of the Hudson bay route, but we will never know whether it will be a practicable outlet until we try it, and the people in our part of the country are very anxious that this should be settled one way or the other.

I feel that Canadians generally do not realize the immense potentialities of that part of the Dominion, and I believe that it is our own lack of enterprise rather than any natural handicap which has held back its development. I know people who are developing that country successfully, but they are very much discouraged by reason of lack of transportation facilities, and they will not continue their work until such facilities are provided. For instance, fish teem in the lakes there, and I heard a man state before the Board of Trade of Edmonton last winter—he was interested in a fishing company—that it cost as much to send fish from a small town on the Great Waterways railway to Edmonton as from the Pacific Coast clear through to Winnipeg. Therefore if a road were constructed from that country eastwards it would afford an outlet for the great mineral, agricultural and timber and fisheries wealth of that extensive country.

The people of Alberta join with the people of Saskatchewan in the hope that some time a railroad will be built through to Fort Churchill and so afford an outlet for the cattle, grain and other products of the settlers who are developing that country.

Mr. EVANS: What is the policy of the Government regarding this road?

Mr. KENNEDY (Essex): I am sure that every member, irrespective of the constituency he represents or his party affiliations, is interested in the transportation facilities of the West. It does not matter very much to most of us whether the grain be shipped eastward via the Great Lakes, westward to the Pacific coast, or northward, to Hudson bay; but we are all interested in seeing that every facility shall be afforded the grain growers of the West to market their grain at the lowest possible cost.

This Hudson bay project, as has been stated to-night, has cost so far approximately $20,000,000. The estimates I have seen indicate that it will take another $5,000,000 to complete the railway to the bay, and an additional $10,000,000 to complete the terminal facilities.

We have been told to-night that notwithstanding our expenditure of $6,000,000 at Fort Nelson we should abandon that port and select Fort Churchill as the terminal. You can readily see, Mr. Chairman, that the Government can scarcely be expected to give an immediate answer to the question submitted to it when even among those who are advocating the completion of the project there is no unanimity of opinion. I did tell the delegation which the hon. member for Prince Albert (Mr. Knox) referred to this afternoon that when the new board of directors of the Canadian National Railways was organized the matter would be brought to their attention, and I have no doubt they will at the earliest possible date give it the consideration it deserves.

Mr. KNOX: Is there a likehood of an investigation this season of the desirability of selecting Fort Churchill as the terminal?

Mr. KENNEDY (Essex): I am not in a position to answer the question at the present time. That matter will have to be determined by the incoming board.

Mr. STEVENS: Was not an exhaustive investigation made some time ago?

Mr. KENNEDY (Essex): Yes, some years ago.

Mr. KNOX: There will be no tendency on the part of the Government to allow this matter to drop?

Mr. KENNEDY (Essex): There is not any tendency on the part of the Government to refrain from doing anything which they conceive to be in the public interest, and when the opportunity offers—as we hope it will at an early date—this problem, among many others, will be taken into consideration.

Mr. WOODSWORTH: In answer to a question asked a few minutes ago by the hon. member for Dauphin (Mr. Ward) the Minister of Railways (Mr. Kennedy) said that the matter of appointing an employee on the reorganized board of the Canadian National Railways would receive the consideration of the Government. Now, it seems to me that this House might rightly expect a rather more definite answer, I quoted a little earlier in the evening the policy of the Liberal party as set out in a pamphlet which was distributed broadcast throughout the country. Here it is:

The Liberal policy to-day. In Parliament the Liberals have advocated the appointment of representatives of labour on boards and commissions like the Board of Railway Commissioners and the board of the Canadian National Railways.

Mr. HANSON: That is scrapped.

Mr. WOODSWORTH: It is suggested that this policy is scrapped. That, it seems to me, is for the Government to say. This is not a matter that requires mature deliberation as I see it. It has been advocated by the Liberal party, and I think a good many of us will admit that it is of great importance to a considerable section of the community. Therefore now it is contemplated to reorganize the board of the Canadian National Railways I think we have a right to expect assurances that the policy advocated so recently by the Liberal party will be put into effect. It seems to me that we ought to receive something more than simply the stock answer, "It will be given consideration." I hope the minister will see his way to give us more definite assurances to-night in regard to this matter.

Item agreed to.

Post Offices—outside service, $28,833,200.40.

Hon. CHARLES MURPHY (Postmaster General): Just a word of explanation as to this item. The committee will observe that as compared with the estimates of last year there is a decrease of $700,470.85. I might explain for the information of the committee that this decrease is due in the first place to the dropping of a number of positions whose incumbents have left the service; secondly, to the reduction of the amount required for temporary assistance during the year; and thirdly, to the dropping of an amount that was formerly voted for what is called a provisional allowance, but which has been replaced by the cost of living bonus.

Mr. STEVENS: Is this saving the result of the reorganization undertaken last fall in the department?

Mr. MURPHY: To a certain extent, but not altogether. Under the heading of miscellaneous in this item, there is a net increase of $29,250. This is due to the increased amount required for printing and stationery, for the manufacture of postage stamps, stamped envelopes, post cards, and other requisites of that kind, but even with this small increase there is still a net decrease of $700,470.85 in the whole item.

Mr. STEVENS: An hon. member desired me to get certain information as he could not be here. It is as to the greater use of our National Railway system for the carrying of the mails. I am not prepared, as he was, to discuss it fully, but I should like to bring to my hon. friend's attention the situation which exists to-day in British Columbia, and I have no doubt it is duplicated in other sections of the country, not through any intentional neglect on the part of the department, I believe, but through the growth and development of the National Railways in recent years.

There is a section between the city of Kamloops and the northern part of British Columbia served by the Canadian National Railways. Any mail that is posted in that district is carried to the city of Kamloops, then down by the Canadian Pacific to Vancouver; it goes into the post office at Kamloops and is sorted there, I believe, causing a delay, whereas the Canadian National runs daily trains right into Vancouver, and the mails could be carried on just the same schedule as the Canadian Pacific makes, the Canadian Pacific not touching the district at all.

There was the question also of sending mail into the considerable town of Prince George. The Canadian National could very well carry that mail from Vancouver to the Yellowhead, and then send it back on the Grand Trunk Pacific into Prince George. At the present time we send it all up the coast five hundred miles by Prince Rupert, a much longer distance, to Prince George and taking perhaps a day longer, and costing as much if not more. What I wish to say is this. I think a careful study should be made of the whole mail service, and that more business should be given to our National Railways than they are receiving at the present time. This is somewhat a large question to enter into in any extensive manner, and I am merely giving a very rough outline and simply enunciating what I think is the principle that should be adopted.

I may add this. We now have a schedule on the Canadian National Railways from Montreal to the Pacific coast that equals the Canadian Pacific schedule. They do not carry mail, I understand, on their fast trans-Canada train, but No. 1 on the Canadian Pacific and No. 1 on the Canadian National have a similar schedule; one is just as fast as the other, and there is no reason in the world why a great deal more of the mail of this country should not be carried over the National railways.

Mr. MURPHY: The matter to which my hon. friend has drawn the attention of the committee, as well as of the department, is one of very great importance to the great province which he has the honour to represent in this House. I may inform him and the committee that the whole question is a very wide one and entails a good deal of consideration, much investigation, and a careful decision after these preliminaries have been carried out. It happens that at the present time such an inquiry is under way, and after the House prorogues it is the intention of the department to have one of the inspectors go over the whole route between here and the coast with a view to determining on the spot what changes can be made in the direction indicated by my hon. friend. Wherever it is possible to do so, preference will be given to the carriage of the mails by the National Railways, but this has to be borne in mind, that in view of the economy prescribed by the Minister of Finance, and of the financial condition of the country, with which my hon. friend is as fully conversant as I am, regard must be had to the cost of carrying the mail. Just on that point I might explain that in connection with one of the new railway services, the establishment of a daily train service between Edmonton and Prince Rupert, application was made for a corresponding change in the mail service; that is, instead of a tri-weekly mail service, there should be established a daily mail service. At first glance that seemed the most natural thing in the world and personally, before seeking the advice of the officials of the department, I was inclined to favour it, but a few days later, after the matter had been thoroughly gone into, and I found from the reports presented to me that even this seemingly proper change and, at a superficial glance, this small change would alone entail an extra expenditure of nearly $75,000. Well, I had to hesitate before giving any instructions for the adoption of this change. I mention this merely as one illustration of how much money even an apparently slight change will run into. However, I can assure my hon. friend and the committee that special attention is being given to the postal service generally, and British Columbia will receive its full share of attention in this regard.

Mr. HANSON: How much in dollars and cents was saved to the department by reason of the recent reorganization, and secondly, what is the policy of the department with respect to the establishment of new rural free delivery routes.

[Mr. Stevens.]

Mr. MURPHY: In answer to my hon. friend's first question I may say that while I would be very pleased indeed to give the exact information for which he asks, I am informed that it is not possible to do so principally for the reason that the Post Office Department is one of the departments in which the re-organization was not completed at the time that the firm engaged in that work was discharged from its duties. Now the policy with regard to the establishment of additional rural mail routes has of necessity during the last few months continued to be that applications for new routes have been taken into serious consideration but up to the present time the Postmaster General has not been advised by his trustworthy officials that it is safe to venture on new expenditure in that direction. However, better things are hoped for in the future. I might add, for my hon. friend's information, that the practice of establishing new rural routes was suspended during the war and has not since been resumed.

Mr. HANSON: I quite appreciate that fact and that is why I asked the question. I would like to point out to the Postmaster General and to his officials, that people living in rural communities who desire these extensions of new routes get very little other service from the Dominion Government; they are located for the most part in back districts. Nearly all the thickly settled districts in my county are now well served; but there are communities which have not received free mail delivery and are very jealous of those communities which do have them. As every member of this House knows, the people in such districts are persistent in their requests for the extension of this service, and it is a matter which, I think, should receive the very sympathetic consideration of the Postmaster's department just as soon as the finances of the country will permit.

Mr. MURPHY: I entirely agree with the observations that have just fallen from my hon. friend, and I hope, before the expiry of the present year, to be able to act upon them in a practical way.

Mr. GARDINER: I would like to inquire from the minister what the attitude of the department is going to be in regard to the contracts that may expire during the coming year. Does the department propose to keep these rural mail routes open?

Mr. MURPHY: If I correctly apprehend my hon. friend's question he desires to know if it is intended to renew the rural mail contracts which may expire during the present year?

Mr. GARDINER: Yes.

Mr. MURPHY: Well, each case will have to be considered on its own merits. Generally speaking I know of no reason now why these rural mail contracts should not be continued; but, as I have just observed each case will have to be considered on its own merits.

Mr. GARDINER: I presume that means that providing the department can get reasonable tenders it is intended to continue those rural mail routes that are in operation at the present time? Is that the intention, or is it proposed to operate only some of them?

Mr. MURPHY: If the tenders are reasonable I do not know at the moment of any reason why those contracts should not be continued.

Mr. EVANS: What is the salary of railway mail clerks, letter carriers, and similar employees? Is the salary to be continued as it was before?

Mr. MURPHY: In reply to my hon. friend I may say that the salaries of railway mail clerks are graduated on a scale running from $840 to $1,560, and in the case of letter carriers from $780 to $1,260. I believe, however, there are some exceptional cases in which the maximum is a little larger than that mentioned.

An hon. MEMBER: Plus the bonus?

Mr. MURPHY: Plus the bonus. In regard to the bonus I may inform my hon. friend that the employees of the Post Office Department will, of course, share in whatever bonus is granted, in accordance with the announcement made by the Prime Minister a few days ago, in the same way as the employees of the other departments.

Mr. WOODSWORTH: This matter of a bonus, I suppose, can hardly be discussed here but I would remind the minister that in the West the postal employees, before the bonus system was instituted, received ar extra allowance of $180 a year. When the bonus system came in, that special arrangement was cancelled. In that respect then it seems to me that we have somewhat of a right to inquire, even at this stage, as to what the salaries for the year of postal employees, mail clerks, and other public servants of that kind will be. I would like to know whether the Government has in view the revision of the salaries of these men so as to bring the stipend up, in the case of lower paid employees, to a decent standard of living. Seven or eight hundred dollars, I think, is not a sufficient salary to enable a man to live decently to-day.

Mr. MURPHY: In answer to my hon. friend I may say that the question which he has raised is one that has been under discussion. However, the salaries to which he has referred, are fixed by the Civil Service Commission, and it is my intention as soon as the House prorogues to take this matter up specially with that body and see what can be done, if anything, in the way of meeting the view expressed by my hon. friend. The extra allowance of $180 to which the hon. gentleman alluded was dropped and was replaced by the bonus. That has been the situation within the last couple of years.

Mr. WOODSWORTH: One other question. Have we to wait until the session is over so that we may ask the permission of the Civil Service Commission to increase the salaries of the employees of this Government? It seems to me, Mr. Chairman, that if there are salaries being paid that are lower than a decent cost of living—lower than the cost of living as decided by the government's own bureau —that matter should not be left to any Civil Service Commission to decide, but that it ought to be decided here and the necessary instructions given to the Civil Service Commission.

Some hon. MEMBERS: Hear, hear.

Mr. MARTELL: That is right. Will you vote to change the law?

Mr. WOODSWORTH: I will vote to change the law in that respect.

Mr. KENNEDY (West Edmonton): I understand that the rural mail routes and the cost of running them are included in this item?

Mr. MURPHY: Yes.

Mr. KENNEDY (West Edmonton): I would like to ask the minister if there is anything in the contracts against subletting? I know that in a particular mail route that I am familiar with—I refer to

that from Peace River west to Dunvegan —we have had during at least seven years a very poor mail service; and I think that in every case where we have had a poor service it has been due to sub-letting the contract. The good service that we had during three years was attributable to the fact that the parties who had the contract were reliable farmers who had good horses and were able to make the trips in time; but whenever the contractor who has the original contract starts in to sublet he can always get someone to accept it at a very low tender. It usually works out that the lowest tenderer gets the contract and very often he has not the stock to do the work. I think the minister ought to undertake to prohibit the subletting of these contracts entirely. I would like to ask also if the minister has any objection to giving full information as to who has the contract for the particular route referred to? I would like to get exact details as to who is actually doing the work at the present time.

Mr. MURPHY: Will my hon. friend mention the route again I did not quite catch it.

Mr. KENNEDY (West Edmonton): From Peace River to Dunvegan or Spirit River.

Mr. MURPHY: I regret that I have not any information at hand at the moment, but I will obtain it and give it to my hon. friend when a subsequent item relating to the Post Office Department comes up for consideration. I will be very pleased to furnish that information.

Mr. BLACK (Yukon): In connection with the item for Yukon mail service, Mr. Chairman, I would like to call the Postmaster General's attention to the fact that during the winter months the people of the Yukon get no parcel post service; only first and second class matter is carried, and I do not think the public get a sufficiently good service for the money expended. They get what the contract calls for, and I quite appreciate that the contract was made by the minister's predecessor in office, but it is none the less unsatisfactory to the people of the Yukon on that account. I would ask the minister to give the matter his attention and try to secure for the public a better service.

Mr. MURPHY: Although we have been in office but a few months, we have not overlooked the important part of the Dominion which the hon. member represents in this House. I am informed that his statement with regard to the parcel post is quite correct, and that matter will receive attention. Another matter which has been receiving attention, but does not relate to the winter service, is the proposal regarding a mail service by aeroplane to the Yukon. As with other suggestions, we have to look at that through glasses of economy, and we do not know what the position will be. I am not able to say at the moment, but the Yukon is receiving attention, and the observations which the hon member has addressed to the House will be specially looked into.

Item agreed to.

Progress reported.

On motion of Mr. Graham, the House adjourned at 11.30 p.m.

Monday, June 12, 1922

The House met at three o'clock.

PRIVATE BILLS

FIRST READINGS

Bill No. 134 (from the Senate), for the relief of Roy Wilbert Shaver.—Mr. Wilson.

Bill No. 135 (from the Senate), for the relief of James Henry Boyd.—Mr. Boys.

RECIPROCITY WITH AUSTRALIA

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): In the budget speech the Finance Minister referred to negotiations for reciprocity with Australia commenced by the late government and prosecuted further by this Government, but mentioned that no progress had been made since the refusal of a certain proposal advanced by Canada. I read in the London Times of date June 2, a Melbourne despatch of June 1, as follows:

> The government has submitted to the government of Canada proposals for tariff reciprocity.

The Times adds:

> This is a sequel to the recent arrangements between Australia and New Zealand reported by our correspondent in the Times on April 8.

May I ask the government if this report is correct, and if so are they in a position to state what advance has been made since Australia's proposal was presented?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, it is correct that the Australian and Canadian governments are at the present time in correspondence by cable respecting reciprocal tariff arrangements between the two countries. I do not think it would be in the public interest to disclose at this particular moment the nature of the proposals.

Mr. MEIGHEN: May I ask if it is correct that the proposal has been made as stated on June 1, by the Australian government?

Mr. MACKENZIE KING: As to its being a sequel to the arrangement with New Zealand?

Mr. MEIGHEN: The Times says that the Australian government has forwarded to the Government of Canada proposals for tariff reciprocity, is that correct?

Mr. MACKENZIE KING: It is the other way round. Our Government made proposals; those now alluded to are modifications of an original proposal that was not accepted.

Mr. MEIGHEN: But the present proposals are from Australia?

Mr. MACKENZIE KING: Yes.

UNEMPLOYMENT SITUATION

On the Orders of the Day:

Mr. J. S. WOODSWORTH (Centre Winnipeg): I believe that the Unemployment Service Council of Canada has recently been meeting and has brought in some recommendations in regard to unemployment. Would it be possible to furnish these recommendations to members of the House, or will they be at all available? I think, in view of the unemployment situation and the fact that we shall shortly have a report from the committee dealing with Soldiers' Civil Re-establishment, it would be wise to have these recommendations before us.

Mr. MACKENZIE KING: I think that the council referred to by my hon. friend is in the nature of an advisory council to the Minister of Labour. Whether the minister will think it wise to make public the recommendations made to him I am, of course, unable to say, but I shall have pleasure in bringing the question of my hon. friend to his attention.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

SENATE AND HOUSE OF COMMONS

Mr. BLACK (Yukon):

1. Is the total amount of expenditure in connection with the House of Commons as shown on page sixteen of the main estimates, without taking into account any amounts that may be supplementary estimates, $1,703,390, and the expenditure for the Senate as shown on the same page the sum of $561,205?

2. Why is the Chief Accountant of the Senate, as shown on page seventeen of the main estimates, paid $4,020, and the Chief Accountant of the House of Commons paid only $3,450 as shown on page nineteen of the estimates?

3. How are these officers classified to make this difference in salary?

4. Does the Chief Accountant of the Senate have to furnish bonds in connection with his office?

5. Does the Chief Accountant of the House of Commons have to furnish bonds in connection with his office?

Hon. Mr. COPP:

1. Yes, in so far as the House of Commons is concerned.

2. The Chief Accountant of the House of Commons was classified in 1908 as Accountant and Chief of Miscellaneous Branch with a salary range of $2,800-$4,000, annual increases of $100 per annum. The annual increase of present incumbent starts 1st October in each year, therefore $3,450 is voted in the estimates to complete the year ending 31st March, 1923.

3. The position of Accountant of the House of Commons has been classified by the Civil Service Commission with a salary range of $2,100-$2,700, increasing at the rate of $120 yearly.

4. No information.

5. Yes.

IMPERIAL CONFERENCE

Mr. DESLAURIERS:

1. Is it the intention of the Government to take part, during the present year, in an Imperial Conference in which amendments to the British North America Act will be discussed?

2. If so, will Parliament have an opportunity of discussing this question before the departure of the Canadian representatives?

Right Hon. Mr. MACKENZIE KING:

1. The Government has not received any intimation of an Imperial Conference being held this year.

2. Answered by No. 1.

ST. VINCENT DE PAUL PENITENTIARY

Mr. DESLAURIERS:

1. How many men are employed at the St. Vincent de Paul Penitentiary?
2. What are their names and nationality?
3. How many convicts are actually in said penitentiary?

Hon. Sir LOMER GOUIN:

1. 120.

2.

Nominal roll of permanent officers employed at St. Vincent de Paul Penitentiary as on June 8th, 1922.

Name—	Nationality
Girouard, Col. de la B.	British
Ahier, E. H.	"
Allen, E.	"
Aube, Z.	"
Aube, W.	"
Barbeau, E.	"
Belanger, W.	"
Berube, J.	"
Bolduc, M.	"
Briere, A.	"
Byrne, J.	"
Cardinal, J. A.	"
Caron, C.R. L'Abbe.	"
Cheesman, A. W.	"
Clark, D.	"
Cliche, L. P.	"
Champagne, P. E.	"
Charbonneau, A.	"
Chateauvert, A. P.	"
Clermont, F.	"
Connelly, A.	"
Cormier, A.	"
Cousineau, H.	"
Crandall, A. H.	"
Daly, J. L.	"
Delorme, A.	"
Deschambault, W. A.	"
Desrochers, J.	"
Donnelly, H.	"
Doran, S.	"
Dube, W.	"
Dufresne, A.	"
Dupuis, D.	"
Filiatrault, A.	"
Filiatrault, N.	"
Fitzgibbon, J. D.	"
Forest, G.	"
Galarneau, I.	"
Garceau, E.	"
Gauthier, A.	"
Girard, R.	"
Godard, H. Revd.	"
Godin, F. X.	"
Godin, L. P.	"
Godin, H.	"
Grece, W.	"
Hamil, N.	"
Henault, R.	"
Hugg, J. J.	"
Jette, U.	"
Jobin, E.	"
Johnson, C.	"
Jubinville, A.	"
Kellett, G.	"
Labrecque, J. E.	"
Lambert, E.	"
Lamer, E.	"
Lapierre, R.	"

Name—	Nationality
Lapointe, J. A.	British
Leacock, G.	"
Lefebvre, A.	"
Lenden, A.	"
Leontieff, E.	"
Leroux, O.	"
Lesage, R.	"
Michaud, A.	"
Miron, A.	"
Montbriand, E.	"
Morrot, P.	"
Murphy, J M. R.	"
Nadeau, J. N.	"
Pare, A.	"
Payne, P. F.	"
Pepin, J. E.	"
Pigeon, R.	"
Pilotte, G.	"
Poirier, D.	"
Poirier, I. A.	"
Prefontaine, A.	"
Proulx, M.	"
Riendeau, J.B.	"
Robert, L.	"
Roy, D.	"
Sibbald, W.	"
Sigouin, A.	"
Sproston, E.	"
St. Aubin, E.	"
Steben, G.	"
Thibaudeau, R.	"
Timlin, C.	"
Trudeau, A.	"
Vibert, S. J.	"
White, J. J.	"

Nominal roll of temporary officers—

Boisvert, A. E.	Canadian
Botting, J.	British
Bouthillette, J.	"
Brault, G.	"
Brouillete, E.	"
Caron, P. E.	"
Chartre, E.	"
Conway, G. J.	"
Desilets, A.	"
Duhamel, P.	"
Farrow, J.	"
Gauthier, C.	"
Gendron, W.	"
Gibson, A. K.	"
Halle, J. F. X.	"
Jolicœur, H.	"
Juteau, F.	"
Nadeau, A. E.	"
O'Hara, R. H.	"
Rheaume, J. E.	"
Robichaud, F.	"
Robillard, T. J.	"
Sabourin, J. A.	"
Sisson, G. E.	"
St. Germain, A.	"
Vervrogen, F.	"
Vezina, J. R.	"

3. 686.

McLEOD POST OFFICE

Mr. COOTE:

1. What was the gross revenue of the post office at Macleod for the last two fiscal years?
2. Has the Government any idea of the unsuitability and the inadequacy of the present

post office building at that point to serve the needs of the community?

3. Does the Government pay rental for the building now used as a post office?

4. If so, what amount, and to whom paid?

Hon. Mr. MURPHY:

1. Year ended 31 March, 1921, $11,027.75; year ended 31 March, 1922, $10,091.24.

2. The Public Works Department is endeavouring to obtain more adequate accomodation.

3. and 4. The postmaster provides his own building for which he receives the usual allowance based on the revenue, covering rent, etc. This allowance amounted to $750 for the last fiscal year.

Mr. DUNCAN McPHERSON

Mr. BLACK (Yukon):

1. Was there in the Internment Operations Branch, Department of Justice, an official named Duncan McPherson?

2. Is he still employed by the Government?

3. Has he been offered superannuation under what is known as the Calder Act?

4. If so, has he accepted same?

Hon. Mr. COPP:

1. Duncan MacPherson is employed in the Internment Branch of the Department of the Secretary of State.

2. Yes.

3. Mr. MacPherson has applied for superannuation under The Calder Act, and his application is now pending before the Treasury Board.

4. Answered by No. 3.

MAIL SERVICE—LACHENAIE, QUE.

Mr. GARLAND (Carleton).

1. Was J. Z. Tisdale, of Lachenaie, County of l'Assomption, Quebec, awarded a contract on October 8th, 1919, for the carriage of mails?

2. If so, has this contract been cancelled and when will it be terminated?

3. What is the reason for the cancellation of the said contract?

Hon. Mr. MURPHY:

1. Yes.

2. The contract will be terminated on 4th August, 1922.

3. The reason for the action taken is contained in the following clause in the contract:—

"Le Ministre des Postes se réserve aussi le droit d'annuler le présent contrat lorsqu'il sera d'opinion que l'intérêt du public l'exige, en donnant trois mois d'avance avis par écrit à l'entrepreneur."

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QUESTIONS TO BE REDRAFTED

On the questions being called:

Mr. CHURCH:

What action does the Government intend to take to disallow an act and schedule agreement of the Province of Ontario for the alienation of 3,000 square miles of Ontario's Resources to an American citizen, E. W. Backus, without any tender whatsoever or adequate survey of this English River Limit and to see that the interests of the Dominion are safeguarded and protected and to protect the exploitation of the Public Domain without tender?

Mr. CHURCH:

1. Has the Government of Canada agreed with the Government of Ontario to appoint a Joint Board consisting of four Members to regulate and control the outflow of the waters of the Lake of the Woods so as to maintain the level of the lake and also of the waters of Lac Seul and of the Winnipeg River?

2. Has the Government decided to introduce legislation this session to repeal an act of the Parliament of Canada "The Lake of the Woods Regulation Act, 1921, being Chapter 38 R.S.C. 1921," and at whose request?

3. Will the Government lay on the table all documents, letters, correspondence, and any other material dealing with this matter with the Government of Ontario, or any other person or persons?

4. Why has the Government agreed to a political settlement of this question which should be settled by engineers?

5. What International Treaty, if any, is there covering this question or will the Act introduced by the Government of the Province of Ontario not interfere with the consummation of such an International Treaty?

6. What Interprovincial and International Legislation is there in existence at present on this subject and why should the Dominion surrender its rights at the behest of the Province of Ontario?

Mr. SPEAKER: I would ask the hon. member for North Toronto (Mr. Church) to redraft the first question in accordance with Rule 37. In this connection I would draw the hon. member's attention to Bourinot, page 313. The same remark applies to the second question, particularly to paragraph No. 4. I would remind the hon. member that according to Bourinot no question of an argumentative nature can be placed on the Order Paper.

On the question being called:

Mr. GARLAND (Carleton):

1. Why did the Government grant the increase of $1,000 to Deputy Ministers?

2. Why does the Government propose to cut off the bonus from all civil servants receiving $2,400 or over, and from many single persons under that amount?

3. Does the Government intend to grant more equitable salaries to the Civil Service?

Right Hon. Mr. MACKENZIE KING: May I ask, Mr. Speaker, if this question

does not come within the scope of the ruling you have just given, particularly paragraph No. 3?

Mr. SPEAKER: I would not think that it was so much against Rule 37 as question No. 7. At all events I will let the question stand and examine the point.

QUESTIONS PASSED AS ORDERS FOR RETURN

Mr. COOTE:

1. How many hotels are owned by the Canadian Government Railways?
2. Are each of these hotels being operated by the Railway?
3. What was the cost of construction and equipment of each of these hotels?
4. What is the present value of each hotel and equipment?
5. How much fire insurance is carried on each hotel and equipment?
6. What was the revenue of each of these hotels in each of the last three fiscal years?
7. What was the expenditure in connection with each of these hotels in each of the last three fiscal years?
8. In each of said hotels what was the net profit or loss in connection with the operation, including all charges such as insurance, interest on investment, and allowances for depreciation on building and equipment?

UNOPPOSED MOTIONS FOR PRODUCTION OF PAPERS

Mr. STEVENS:

For a copy of all letters, telegrams and documents or correspondence passing between the Order of Grain Buyers and the Board of Grain Commissioners or passing between the Order of Grain Buyers and the Government or between the Board of Grain Commissioners and the Government or officials thereof respecting the said Order of Grain Buyers.

Mr. HUMPHREY:

For a copy of all letters, telegrams, petitions, memoranda, Orders in Council, Minutes of Council, and other documents in the possession, or under the control of the Government of Canada or of any department thereof, of date subsequent to April 30th, 1920, relating to the proposed reclamation of the area in the Province of British Columbia and the State of Idaho known as the Kootenay Flats.

ANIMAL CONTAGIOUS DISEASES ACT AMENDMENT

House again in Committee on Bill No. 62, to amend the Animal Contagious Diseases Act, Mr. Gordon in the Chair.

On section 1,—compensation.

Hon. WILLIAM R. MOTHERWELL (Minister of Agriculture): When this Bill was under consideration by the committee last week, the committee seemed to agree with the schedule of indemnities, with the exception of that relating to pure-bred cattle. Since then I have looked up the list of pure-bred cattle, as compared with the list before the war, and I feel that I would be justified in agreeing to the representations made by a number of hon. members in the committee, with respect to this indemnity of $150, and, in moving that this indemnity be raised to $200. The former indemnity, at the high water mark, was $250. The proposal in the bill was to make it $150; my suggestion is to make it a straight $200 for pure-bred cattle, and, if it is agreeable, I will move the amendment.

Mr. SALES: I would second the amendment.

Mr. MOTHERWELL: A number of hon. members are particularly interested in this matter, and seem to be all agreeable to this. I, therefore, move that the words "One hundred and fifty dollars" in line 18, section 1, be struck out, and the words "Two hundred dollars" be substituted therefore.

Amendment agreed to.

Mr. KELLNER: I wish to call attention to what I consider an unfair basis of valuation for cattle. Evidently the question whether an animal is pure-bred is the only thing that determines the valuation of a cow. I think a hand-milked cow, especially one that has a production record, should receive some special consideration in the valuation, and if the valuation of a pure-bred cow is increased to $200, I would suggest that milch cows be raised to $125, especially in the West. In British Columbia the average price of milch cows, according to the report from the Government, is $85, whereas in Alberta it is $48, in Saskatchewan $49 and in Ontario $59. The only source we have for obtaining milch cows in Alberta is from Ontario, and a $59 cow in Ontario, after paying the cost of freight and so on, is only a $49 cow in Alberta. I therefore request that the Government raise the price of a milch cow to $125 in the province of Ontario.

Bill, as amended, reported, read the third time and passed.

DEPARTMENT OF NATIONAL DEFENCE

CONCURRENCE IN AMENDMENTS MADE BY THE SENATE

Hon. GEORGE P. GRAHAM (Minister of Militia and Defence) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 27 respecting the Department of National Defence.

Mr. MEIGHEN: We should have a statement from the minister on this bill.

Mr. GRAHAM: I wish to be absolutely complimentary and to say that the other chamber has made several sweeping amendments to this bill as passed by this House. In one portion of the bill, where it was intended to have the reorganization made by statute, the bill has been amended so that it will be necessary to make that reorganization by Order in Council. I believe it can be made by Order in Council. In another part, what was intended to be done by Order in Council, the Senate has amended to make statutory. Let me make the explanations. Section 5, subsection (3) reads:

> The Governor in Council, on the recommendation of the minister, may appoint an officer who shall, in relation to the Naval Service, administer, exercise and perform all the powers, duties and functions vested in or exercisable by the Deputy Minister of the Naval Service by or under the Naval Service Act, and who shall have the rank and salary of a deputy head of a department and shall be a member of the Defence Council.

The Senate amendment is to insert, after the word "appoint" in line 2 of subsection (3), the words "for a period not exceeding six months." I have no objection to that amendment.

Mr. MEIGHEN: What I should like the minister to have given is a statement of what is in the bill, even after the Senate amendments, which the Government is not fully empowered to do now under the statute of 1919. I do not see why the bill is introduced at all except for purposes that the Senate has now eliminated. I merely ask the minister to be good enough to make clear to the House why the Government asks for the bill any longer—what there is in it that the Government would not be empowered to do without the bill passing at all.

Mr. GRAHAM: I cannot speak from technical legal knowledge; but the Government's object in this is to establish a new department, called the Department of National Defence. The establishment of that new department, as I understand the matter, could not be made by Order in Council. It is true, as the right hon. gentleman (Mr. Meighen) says, there is a provision by which you can send departments or portions of departments from one department to another; but in this instance we are doing more than that, we are establishing a new department and making provision that this department shall include the Departments of Naval Service, Aviation and Militia. It will not continue to be a Militia Department; it will be a department of a broader scope, called National Defence. This bill changes the title of the minister, and there is another amendment which has been introduced which will enable the minister to be paid under this new arrangement. While many of the things that were in this bill in the first place could have been done by Order in Council, it was the desire of the Government that it should be made clear that what we were doing was by statute and to make the rearrangement of this department statutory. The Senate has made some changes; but it has not changed the important features of the bill, and the amendments that they have made will not prevent the minister from carrying out, by Order in Council, what he intended to do by statute. But I maintain that the bill is necessary if practically a new department is to be established.

Mr. MEIGHEN: I have not yet succeeded in turning up the statute; but having read it some weeks ago, I can speak from memory until I can get the statute before me that I may read it. I am not arguing that the Government, under the statute that now exists, can create a new department; but the Government can unite departments, amalgamate them, and there is no limit to the amalgamation which the Government has power to make. It may be that the department so formed by the union of other departments would require to be called by the name of one of the other departments. It would not be a very serious matter if this department were to continue to be known as the Department of Militia and Defence instead of the Department of National Defence, and it would scarcely be worth while passing a new statute to alter the name. The old name is just as significant as this, and this one has no advantage except, perhaps, that of brevity. Naval Service would be included under the title of Defence; but the old title is just as embracive as is the present one. Consequently, the Government was able, under the statute as it was, to do what it seeks to do by this bill. The minister says: "Oh, under the old statute we acted by Order in Council; we want to act by statute." Under this statute the minister must act by Order in Council, just as under the old.

Mr. GRAHAM: Now.

Mr. MEIGHEN: Undoubtedly. Statutes determine the will of Parliament. Statutes enable the Government to do certain things.

The old statute determined the will of Parliament and enabled the Government to do this work of amalgamation as it might see fit. This new bill does just the same thing; it is coming back to Parliament, I fear, merely for purposes of advertisement, in order to enable the Government to do what it already could do. Of course, I know that under the original bill the Government was able to do what it could not do under the old statute; that is to say, under the original bill, it was virtually able to take the whole Department of Defence, the Departments of Militia, Naval Service and Aviation, out of the operation of the Civil Service Act. Now, under the amendments of the Senate, I understand, the Government cannot do that,—all credit to those instrumental in protecting the public to that extent. But now we have this bill, and the minister has not made clear what he can do under this bill that he could not have done without the bill. Let me read the former statute, which was assented to on the 12th April, 1918:

> His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—
>
> 1. (1) The Governor in Council shall have power,—
>
> (a) to transfer any powers, duties or functions or the control or supervision of any part of the public service from one minister of the Crown to any other minister of the Crown or from one department or portion of the public service to any other department of portion of the public service; or,
>
> (b) to amalgamate and combine any two or more departments under one minister of the Crown and under one deputy minister,
>
> (2) All orders made by the Governor in Council under the provisions of this act shall be laid before both Houses of Parliament within fifteen days after they are made if Parliament is then sitting, and if not, then within fifteen days from the commencement of the next ensuing session of Parliament.

This was a bill passed by the late government without any sounding of trumpets.

Mr. BUREAU: In 1919?

Mr. MEIGHEN: In 1918. Under this act the minister could do all he set out to do under the original legislation, save the evasion of the Civil Service Act and the holding of two deputies instead of one. Consequently, all the minister really set out to do by the new legislation was, first, to evade the Civil Service Act and, second, to preserve two deputies instead of one. Now, why does the minister withdraw this bill and act under the legislation that is already on the statute books?

Mr. BUREAU: In 1921 there was a fusion of the Inland Revenue Department and the Customs Department, and my right hon. friend passed legislation covering the matter, because he had to amend certain statutes. Certain words had to be changed to authorize the proceedings under the new Customs and Excise Act, and legislation was therefore necessary.

Mr. MEIGHEN: What was the subsequent act?

Mr. BUREAU: I cannot give the chapter.

Mr. GRAHAM: I do not think hon. members have a right to make half a dozen speeches at this stage.

Mr. MACKENZIE KING: If hon. gentlemen desire to discuss the matter in detail we had better go into committee.

Mr. GRAHAM: I move, Mr. Speaker, that the House do now resolve itself into Committee of the Whole to consider the proposed amendments.

Motion agreed to, and the House went into Committee, Mr. Gordon in the Chair.

On Amendment 5, page 2, line 12—Leave out sub-clauses (5) and (6) of clause 5.

Mr. JOHNSON (Moosejaw): Do I understand the leader of the Opposition (Mr. Meighen) to say that it is not necessary to pass legislation, because the object in view could be secured by Order in Council, but that such Order in Council would have to come before Parliament for ratification?

Mr. MEIGHEN: The statute reads, like all others of the kind, that the regulations passed by the Governor in Council under the authority of the act must be laid on the Table of the House within fifteen days, if the House is sitting, or within fifteen days of its next ensuing session.

Mr. GRAHAM: The statute gives certain powers, but not all the powers which the present situation demands. My right hon. friend says that we could, without additional legislation, bring other departments into the Department of Militia. I should like him to try to bring the Naval Service under the Militia Department. Possibly it may be a small thing, but the Government decided to follow the practice that obtains in several of the other overseas dominions and call the defence department the Department of National Defence, which would include the militia and the navy. It will be conceded, I think,

that this is wise, and hon. gentlemen will agree that it becomes necessary, if we are to do that, to have this legislation in order to create that new department. The object is not, as my right hon. friend suggests, to get around the Civil Service Commission. That is all imaginary. Correspondence passed between the commission and myself and they thoroughly understand the object of the Government, which is not as my right hon. friend indicates. Owing to the amendments a classification will have to be made before clerks from other branches are taken in. Under the terms of the original bill we could have taken them in and then they would have been classified, but it would take three or four weeks longer to make the amalgamation. That is the only difference; but there is no attempt to get around the Civil Service Commission.

Mr. BUREAU: The same procedure was followed by my right hon. friend (Mr. Meighen) when he was in power. Last year he amalgamated the departments of Inland Revenue and Customs, under Chapter 26, 11-12 George V, in exactly the same way as we propose here. And it is only natural that legislation should be passed, because you have to amend certain sections of the existing act. This act is cited as "the Department of Customs and Excise Act". Section 2 reads:

> The Minister of Customs and Excise shall be substituted for the Minister of Customs and for the Minister of Inland Revenue, etc.

The change is made by statute.

Mr. MEIGHEN: The act to which my hon. friend refers undoubtedly was passed, but he will find that it was composed practically entirely of amendments to the old act, entirely aside from the question of amalgamation. Certainly if the amalgamated departments are to be known by a new name legislation is necessary, if it is considered important enough. And there may be one or two other things in the present case that make legislation indispensable. I do not know what they are, and I ask the minister to point out what there is in the new legislation that he could not do under the existing statute.

Mr. GRAHAM: I have pointed out one very important thing, and that is the necessity for changing the name. At least, we think it is better to have the department called the Department of National Defence, and the change therefore necessitates new legislation. Let me quote a part of section 7:

> 7. (1) All the powers, duties and functions vested in any minister or deputy minister by The Naval Service Act, chapter forty-three of the statutes of 1910; the Militia Act, chapter forty-one of the Revised Statutes of Canada, 1906; the Militia Pension Act, chapter forty-two of the said Revised Statutes; the Royal Military College Act, chapter forty-three of the said Revised Statutes, and all Acts in amendment of any of the said acts, shall be vested in and performed and exercised by the Minister and Deputy Minister of National Defence respectively, and wherever the terms "Department" "Minister", and "Deputy Minister" appear or are referred to in any of the said acts, or in any order or regulation made under any of the said Acts, the same shall, after the passing of this act, mean the Department of National Defence, the Minister of National Defence, and the Deputy Minister of National Defence respectively.

It seems to me that this plan is so plain that there can be no reasonable objection. The right hon. gentleman said that the statute which he cited gave the Government the right to make the amalgamation in the way it chose. That being the case, we choose to make it this way, by statute, which is the simpler and better way.

Mr. BAXTER: If the minister only wants to change the name, I do not see why we should not get together and assist him. In view of the reduction in the estimates for the militia and naval defence, why not call the new department the Department of National Pretence?

Mr. GRAHAM: You need legislation to do that.

Section agreed to.

On Section 9—act to come into force on proclamation by the Governor-in-Council:

Mr. GRAHAM: Owing to the amendments it appears necessary that this clause be inserted to enable the act to come into force, not when signed, but by proclamation after reclassification of the department is completed.

Section agreed to.

Senate Amendments reported, read the second time, and concurred in.

DOMINION ELECTIONS ACT AMENDMENT

On motion of Hon. D. D. McKenzie (Solicitor General) Bill No. 92 to amend the Dominion Elections Act was read the second time, and the House went into committee thereon, Mr. Gordon in the Chair.

On Sub-section 2 of Section 1—Change of elector's residence, etc.

Mr. JOHNSON (Moosejaw): I have no fault to find with this subsection, but I do not think it makes clear whether the elector so referred to shall vote in the constituency which he has left or in that to which he has gone. It merely says that he may vote.

Mr. McKENZIE: It is clearly the intention that the elector shall vote in the district in which he resided immediately before the election.

Mr. HANSON: I agree with the intention, but it does strike me that the hon. member for Moosejaw has clearly stated wherein the subsection is insufficient. There should be some words of limitation. I am afraid that as the subsection now stands many a man might think he was qualified to vote in two places.

Mr. GUTHRIE: Suppose you insert after the word "qualified" in the tenth line, the words "to vote in such electoral district"? Then the subsection would read:

> At a general election, any person who would have been qualified to vote in an electoral district if he had continued to reside therein, shall remain so qualified to vote in such electoral district, notwithstanding that he has, within two months—

And so on.

Mr. BUREAU: That is, he would have to go back to his former place of residence. That is hardly right.

Mr. BAXTER: I think the sub-section as drafted is perfectly clear, but I see some difficulty as to its utility. If a man has simply moved, we will say, from one district in the city of Montreal to another, the amendment will be practically helpful to him; but suppose a man moves from Vancouver to Winnipeg, you are giving him no vote at all by this legislation because the cost of travelling back to Vancouver is prohibitive to him. Would it not be possible to devise ample yet well-guarded means by which a man's vote will really be transferred? I know we spend a great deal of time trying to get votes for people who do not bother to go to the poll. The usual experience is that you have to chase your man and find out where he came from and that he is entitled to vote, and then get him on the list. But that does not end your troubles. After having taken those steps you very often have to see that he goes to the poll, and to do this without violating the law is not at all an easy matter. Unfortunately, some electors will not take the trouble to look after themselves. But if we are going to try to make this legislation absolutely perfect so that no one will be without opportunity to cast his vote, why not have a system that will meet all cases, instead of a system that will meet only a very small percentage of cases?

Mr. McKENZIE: As far as I am concerned, I am merely implementing the will of the House which passed the two resolutions asking that an amendment along this line be made. This amendment is recommended by the officers whose business it is to see to the proper drafting of legislation of this kind. Under the present law a man can vote only in the district in which he resided at the time the writs were issued; if he moves one hundred yards away to another street in the same city—even if he moves across the street—he is deprived of his vote. The amendment is to provide that if he wishes to get back to the place where he lived when the writs were issued, he shall have the right to vote. My own view was that a man who moved away should have the right to vote where he went, but after a good deal of consideration we have reached the conclusion that it is better perhaps to leave the law as it is in that respect. The hon. member for St. John (Mr. Baxter) says that there is a great deal of difficulty in getting people to vote. There is no doubt about that. Sometimes, coming pretty close to the borders of the law, we have to go to some expense in getting people to the polls, and I do not want to put any further temptation in the way of my hon. friend by making it possible for him to bring a man back from Vancouver to vote in St. John. Of course, if any further words are necessary to make the law clear, I shall not object to adding them.

Mr. GUTHRIE: Without doubt the proposed amendment will cure by far the greatest number of difficulties which arises in regard to the votes of people who have changed their residences immediately prior to an election. There will be odd cases where men will go long distances and it will be impossible to give them votes. In going those great distances they must forfeit something, and for the time being they will forfeit their votes. But in seventy-five per cent of the cases the changes take place either in the large cities, through the voter moving from one riding to another, or on account of his moving from one part of the province to another, from one constituency to another—very often adjoining

constituencies. All such persons will be relieved from disqualification by this amendment. I do not think we should go further. If you attempt to frame legislation to give the elector the right to vote in the constituency to which he goes, you will make it possible to colonize votes, should any one be inclined to go to that extent. I am satisfied that the section as now drafted carries out the will of Parliament as expressed in the resolutions. On reading it over I think the clause was well enough drafted in the first instance, but the addition of a few words would no doubt make it clearer. I therefore move that after the word "qualified" in the tenth line, the following words be added:

To vote in such electoral district.

Mr. NEILL: I think this amendment is worse than the evil which it seeks to remedy. The result will be that these men who are entitled to vote in another district may be paid to come back and vote in the original district. They will have lost all interest in the place which they left, and it will be in the interests of those who have ample campaign funds at their disposal to bring them back. That is not desirable. Moreover, it will lead to the possibility of personation, because when there are on the roll, especially in a rural district, a number of names of persons who are not in that district, there will be greater temptation to others to vote under their names, and greater possibility of their doing so. In British Columbia provincial elections we have a very excellent regulation which almost entirely prevents personation. Every man, when he goes to vote, has to sign his name, and that is compared with his original registration. Apart from that, men who are away are dealt with in this manner. By what is called the absentee vote, a man who is entitled to vote in Vancouver may vote in any district in British Columbia by signing a certain form; the vote is then put into an envelope, marked with the name of his riding, and is in due course forwarded to the returning officer of that riding. This enables any man in British Columbia to vote in any riding in which he is entitled to vote, and it also entirely prevents personation. The only objection to it is that it delays a little the final returns, because you have to wait until letters can reach the returning officer of the riding in question from some other portion of British Columbia. If the system followed in British Columbia cannot be adopted here, I suggest that instead of putting a man back to where he was originally, his vote be taken in the district to which he has moved. An hon. member has suggested that that might lead to colonization of votes, but that might easily be prevented. Under the present arrangement, a man has to be two months in the riding prior to the date of the issuing of the writ. In the case of the last election, which was held on the 6th of December, the writ was issued, I believe, about the 13th of October. That means that a man must be in the district about four months before the election in order to be entitled to vote, and hardship results in the case of people who have been less than four months in the district. It is the object of the present amendment to remedy that. I submit that the difficulty would be just as easily remedied by reducing that period of two months to one month prior to the date of the issuing of the writ. That would still provide for three months' residence before election day in the district in which the elector would be entitled to vote. It would be a preventive of colonization, a preventive of personation, and enable a man to vote where his interests are more likely to lie than in a district with which he has, perhaps, entirely severed his connection.

Mr. HOCKEN: When the hon. member (Mr. Guthrie) says that it would facilitate colonization of votes to allow a man to vote in the constituency that he has left, I do not agree with him. I am satisfied that to allow the man to vote in the constituency that he left within the two months is more likely to result in an honest vote than to allow him to vote in the constituency to which he has gone. As I have stated before in the House, it was discovered that almost twenty per cent of the voters in about half of my constituency had during the two months left that riding—at least, they were not to be found in it—and gone to another riding. Now their names are on the voters' lists, you cannot get lists prepared on which such names will not appear. If any person felt disposed to canvass the district and find out how many persons were away at election time those voters could be personated; it would be almost impossible, at any rate it would require a tremendous organization, to prevent very wide personation. I have said I believe this difficulty exists almost entirely in the cities, and it certainly prevails there to a very great extent. In saying that I know I can speak for the city of Toronto; but I believe it will be found that in Montreal the removals

4 p.m.

are quite as numerous especially at certain times of the year. Then the removals would be greater, perhaps, than in any other city in the Dominion. I think the way in which the minister has framed the bill makes the very best provision for overcoming the difficulty.

Mr. SEXSMITH: I think the addition of the words suggested by the hon. member for South Wellington (Mr. Guthrie) should probably cover the point. A new contention seems to have arisen but this matter is not entirely confined to the cities —in fact that is not the case to nearly as large an extent as members from the cities may think. I would be quite prepared, if time permitted, to show that this condition has existed in rural constituencies. However, there are two classes of voters dealt with here. Take a Canadian citizen who has resided in, let us say if you like, a Toronto riding. He has moved some distance away but he has still the right to vote although not in the constituency to which he has gone because he is a Canadian citizen; he could go back to the constituency in which he formerly resided. The other case is where the voter has been three months in a constituency, and might not have been entitled to vote at all but nevertheless did vote.

Mr. NEILL: I could point out one large class of people that were disfranchised last year by this practice, and that is the school teachers of British Columbia. School begins about the first of September and practically ninety-five per cent of them were unable to vote at the last election because they had not qualified; they had been away for their holidays, or had gone to their homes, and they were not back before August 13, and consequently were all disfranchised. One hon. member said it is easy for them to go back. I would like to ask, how many school teachers in country districts have facilities for going back to the districts from which they came? The same can be said of other people who in many cases are not able to go back either on account of business conditions, or because they feel they cannot afford the expense.

Mr. CARROLL: I fail to see the necessity of discussing the merits of this amendment to the Dominion Elections Act. It was debated at very considerable length some weeks ago, and the unanimous opinion of the House at that time was that such an amendment should be made to the law. There can be no doubt as to the meaning of the amendment in view of the words placed in sub-section 2 of the act on the motion of the hon. member for South Wellington. No doubt there are difficulties in connection with the working of the act, and difficulties will arise so long as elections are run, but the Solicitor General, or the Justice Department, is doing no more or less than to put into effect the unanimous recommendation of this House as passed some weeks ago, and I fail to see why, at this particular juncture, the merits of the bill should be discussed.

Amendment agreed to.

The CHAIRMAN: Is sub-clause 2 as amended carried?

Mr. NEILL: I have an amendment to move, to be known as clause 2:

That in rural subdivisions election day should be a public holiday.

That amendment does not require any explanation. It is a well-known feature of several of the political platforms in this country to-day, and it is a very necessary thing. Large numbers of rural electors were disqualified at the last election because they had only two hours in which to vote. Now two hours in a city is ample; you have only got to go a few blocks in order to vote, but two hours in rural districts is absolutely prohibitive. A man lives five or ten miles from the polling division and he has to go by water or by road. He is allowed off, we will say, at four o'clock in the afternoon, he has got to get his supper, and drive ten miles. Which of us is able to do that in a couple of hours? It is not a case of one or two men losing their votes, but upwards of fifty, sixty and eighty votes in a polling subdivision were lost at the last election, because two hours is not sufficient time in the remote rural districts to allow men to go to the polling station. I think that must be known to many of the members of this House. It is no great concession to allow this privilege once every four years. I do not suggest that the employers should be compelled to pay their employees for that day off. Let the men take the day off at their own expense. Surely the individual voter has enough interest in the affairs of his country to be willing to take a day off at his own expense once in a period of four years. I have heard the workers themselves express their opinions on this point. They are quite favourable to it, their only

fear being that if a man took a day off he would lose his job. It is for that reason I move the amendment. I am asking that it be confined to rural constituencies, not that it be applied to polling divisions in urban constituencies.

Mr. GUTHRIE: According to the Election Act an urban polling division is one where there is a population of not less than 2,500; all others are rural polls. Hitherto in this House a demand that polling day should be made a holiday has always come from the urban centres; this is the first time I have heard the suggestion that polling day should be made a public holiday so far as rural sections are concerned. When the act was under discussion and was brought into effect a couple of years ago, this question was pretty fully discussed and it was the sense of the House that polling day should not be made a public holiday in Canada, on the ground that we already had a great many public holidays by statute. And, as the demand then came exclusively, I think, from urban centres, it was felt that the two hours granted for polling in those centres and in other centres too, was ample for the purpose. My hon. friend who is moving this amendment would, I think, agree in that view—that two hours is sufficient in urban centres. Now I have never heard any demand, apart from the motion moved to-day, that polling day in rural sections be declared a public holiday. Personally I do not think it is necessary at all. I think we should have evidence, in the shape of some general demand in that respect, before we agree to this proposal.

Mr. CALDWELL: I want to support very strongly the amendment by the hon. member for Comox-Alberni (Mr. Neill). I know that in my own riding there are a number of employers who employ a large amount of labour, such as lumbermen, mill workers and others; and if the men vote right they are given a holiday at election time, if they do not vote right they are absolutely forbidden to attend the election, and if they do so will be dismissed. I think it is only proper that such an amendment as this should be carried into effect, but only as to rural constituencies. I think myself that in the urban centres especially, the advance poll that is now provided for commercial travellers, railway men, and others, who cannot attend at the usual hour of polling, meets the case. At any rate I would be inclined to allow the members representing urban constituencies to be the best judges as to that. But certainly in the rural polling districts election day should be declared a public holiday.

Mr. HANSON: I dissent emphatically from the statement made by the hon. member from Victoria and Carleton (Mr. Caldwell). I am astonished to hear him say that such a state of things prevails in his constituency. I do not think that sort of thing prevails in the province of New Brunswick generally. I would like to be furnished with the names of the employers. Things are not in such a state, in any of the rural parts of the province of New Brunswick, that the free expresssion of opinion on the part of employees is interfered with in any way by employers. I think the hon. member has done a grave injustice to a certain class of men in his constituency. Furthermore, elections now as a rule, occur in the summer season, when the people in the rural communities can get to the polls.

An hon. MEMBER: No.

Mr. HANSON: Well, they should be in a summer season. Any political party that brings on an election in mid-winter ought, in my opinion, to be assasinated.

An hon. MEMBER: Well, they were.

Mr. HANSON: I would like to say, that being the case, the farming community, except a few, come out and vote, and go back to work as quickly as they can, and they would be the last to ask that it be made a public holiday. In my opinion, there are too many public holidays.

Mr. MARCIL (Bonaventure): I see no advantage in having election day a public holiday, and no necessity for it. For the last six general elections in which I have been a candidate, the most inclement season of the year has been chosen for holding the election. I have never been in an election except in the end of November or the beginning of December. That places the people in these rural parts at a great disadvantage. On account of the very bad roads, they have great trouble in reaching the polling boothes in their constituencies. Owing to lumbering operations hundreds of men lose their vote at the general election because they are absent, probably camping hundreds of miles away. These men never vote. For years they have not been able to cast a vote.

Mr. CALDWELL: Then why not have a holiday?

Mr. MARCIL (Bonaventure): Because they cannot get to the poll. Some of them work for $15 or $18 a month. Those who could secure employment in my constituency were paid that wage. They cannot afford to take three or four days to go back to cast their vote. If the elections were held in the proper season, in the fall of the year, or at some propitious time, a much larger vote would be cast than the vote which is now recorded. In my constituency the advance polls were an utter failure. In one poll one vote was cast, and in another poll two votes were cast. It was entirely unnecessary to hold those advance polls. Therefore, I think there is no necessity for a holiday.

Mr. GOULD: So far as the vision of the members of the House is concerned, it would not be very difficult for them to realize conditions similar to those I shall refer to. On our plains, with an election coming on in the winter time, as occurred last year, many of our residents were, at least, fourteen miles from the polls. Again, perhaps a man had in his employ one or two men who were diametrically opposed to him in political ideas, and this employer prevented those men going to the polls, to express their wishes. Such cases did occur, not only in my district, but in many districts throughout Canada, and the resolution proposed by the hon. member from Comox-Alberni (Mr. Neill) has in view eliminating those conditions. I know that there are provisions made whereby we can have polls located more conveniently. I did succeed, in a measure, in having some more polls in my district, but not sufficient to meet the requirements. People simply could not come out to the polls. Fortunately, we had a very good day on the 6th of December last, and that, of itself, induced many of our women to come out. So far as the holiday is concerned, I think, for the rural districts, as expressed in the resolution, it is not going to work any hardship upon any one. While the hon. member from South Wellington (Mr. Guthrie) never had a request from the rural districts, he has likewise never heard any condemnation, and if we in the rural districts express ourselves in favour of it, I am sure the hon. member will approve of our stand.

Mr. MACDONALD (Pictou): I desire to support the proposition submitted by the hon. member from Comox-Alberni. In our part of the country, fortunately, the good people take such a keen interest in political matters that we always have a holiday, even if it is not in the statutes. In the United States, the first Tuesday in November, their election day, is always a holiday. I see no valid reason that can be urged against putting it in the statutes, and providing that one day out of every four years, when there is a general election, when our people want to determine which party is going to govern the country in the next parliament, should be a holiday. I think it is of sufficient importance that they should take the whole day off in order to arrive at a proper conclusion.

Mr. HANSON: This is only for rural polls—not for urban polls.

Mr. MACKENZIE KING: I should like to draw the attention of the House to the circumstances. The amendment we are discussing is one that passed the House in the form of a resolution which was carefully debated. The Government had not thought of opening up the Dominion Elections Act for general discussion at this time. Doubtless the act will require to be gone over before another election and possibly several amendments made. I would submit to my hon. friend that, inasmuch as his proposed amendment has a good deal to be said in its favour, and against it, perhaps, this would not be the best time to press it for a vote. I am drawing his attention to the fact that the only amendments that are suggested here are amendments that were carried at an earlier stage in the session, and I think it would be better to consider the amendment that my hon. friend has made some time when the Elections Act itself is before the House.

Mr. NEILL: In deference to the suggestion of the Prime Minister, I am willing to withdraw the amendment. But I wish to point out, as he truly says, that this act is the result of two resolutions debated in this House, I suppose, for six or eight hours at very considerable expense. I had, at that time, the same amendment that I wish to move now, but I did not conceive it was my duty to introduce a resolution on the subject. It appears to me that we have gone in too much this session for government by resolution. Everybody who wanted something passed introduced a resolution, and wasted, or spent, a day on it. I thought I would wait until the Act was being amended and then introduce it at the proper time. That is the reason I did not propose it. But in view of the lateness of the session, and, let us hope, the impossibility of an election

for a long time, I would be willing to withdraw my amendment.

Mr. BAXTER: I have no objection to the hon. member withdrawing the amendment. But has the Government any intention this session, or at a future session, of basing any resolution on the report of the chief electoral officer? He is required to make a report for the purpose of calling our attention to the difficulties which may arise in working out of the act. Some difficulties have arisen. I confess that I have only partly read the report. If my hon. friend had pressed this motion, I would have followed it up by another one, to meet one of the real difficulties with regard to the advance polls. Some things have been said in this chamber—more, I think, in private conversation on this side of the House than for all members to hear; but I noticed a remark of one of my hon. friends that in the advance polls where the people had not voted, they would not get a chance to do so again, because, automatically, under the act, the chief electoral officer must cut them out. I have an instance in my constituency—which I shall call that of St. John and suburbs, as the name is a long one—where, through a peculiar description in the schedule, it is practically impossible to get the right for the railwaymen, of whom there are a considerable number in that constituency, to vote at an advance poll. The chief electoral officer has held that the elector must be resident within the limits of the place named in the schedule. As a matter of fact, they have named Fairville in the schedule for New Brunswick. Fairville is not a place at all; it is simply the name of a locality; it has no boundaries; it is not incorporated; no one can say where it begins or where it ends; it is a portion of the parish of Lancaster, and that is all you can say about it. But both the chief electoral officer and the returning officer refused to take a broad view of this matter, and held that men could not vote who were outside of what is popularly recognized as Fairville. They could not vote even though they were railwaymen and even though the intention of the act was undoubtedly to assist them in that regard. I was going to ask for a change in the schedule because, undoubtedly, I think the people in this particular locality, by not getting the advantage of the act in this instance, have probably lost the right to the benefit of it in the future. They ought not to lose that right; it is a wise convenience if it is properly made use of; but I think it should not be read in such a restricted manner as it was by the chief electoral officer. If the Government is going to consider the matter later on, I will not bother moving an amendment at the present time.

Subclause, as amended, agreed to.

Mr. CALDWELL: I have another amendment which I should like to offer and it is this:

> Where any new polls are established, they shall be established not less than two months prior to polling day.

I want to give my reasons for moving this amendment. Last fall, I learned quite accidentally one evening, just two weeks prior to the election, that six new polls had been established in my riding. Last session there was an amendment passed that there shall be a registrar or enumerator for each polling division; that he shall prepare a copy of the lists, and that the candidates shall be furnished with a copy of the lists for each polling division and the name of the registrar two weeks prior to polling day. I went to the returning officer to inquire if it was a fact that those new polls had been established, because I had no notice of the enumerators, and he said that it was. I asked him if he had his enumerators or registrars appointed for the polls and who they were: He said: "No, and I do not propose to appoint any." I asked him how he proposed to get a list of those polls and to furnish it to the candidate on nomination day. He said that he did not propose to have a list for each polling division. He was subdividing one polling division into four. He said that he was going to have them all prepared as one list and revised as that. He said: "We will provide a copy of each poll for the deputy returning officer on election day, but no lists will be prepared for the candidates." This would mean that the elector would not know at which of the four polls he was entitled to vote. Neither the candidate nor the elector would know this; nobody but the deputy returning officer would have a copy of the list on election day. To make a long story short, I had to employ a lawyer and to threaten an injunction to stop the election in order to get those lists, and I got them two days after I should have had them. Had I not found this out accidentally, I would not have had them at all. When we got the lists, we found as many as forty names left off lists in one or other of these polling divisions.

Every one of these new divisions had a very badly prepared list, a list that would have worked to my disadvantage. On one list there were names on, that should not have been on, that we probably would not have been able to detect until election day, and this would have meant that electors who had resided in that district for years would have been deprived of their franchise.

Mr. GUTHRIE: In what way?

Mr. CALDWELL: The polling district was very large—

Mr. GUTHRIE: An elector is entitled to go and vote in the district in which he resides.

Mr. CALDWELL: I do not wish to be interrupted. The polling district was large enough that a man might go to, say, Holmesville. He would be told: "Your name is not here." He might then go to Upper Kent and he would be told: "Your name is not on this list." He might then go to Bath and be told: "Your name is not here." By the time he got to the fourth poll, it might be too late for him to vote. The electors have a right to know before polling day at what poll they are entitled to vote; they should not be compelled to travel from one poll to another to find that out. Had I not found this out through an accident and threatened an injunction to stop the election, nobody outside of the deputy returning officer would have known where these electors were to vote. There was no boundary given, and we had absolutely no way of telling where any man should vote in that very large section of country.

Mr. GUTHRIE: No elector would be disqualified, even on the statement of my hon. friend. They could vote where they could swear that they were resident. We put that in this law expressly for all rural polls to enable a man to vote where he had a right to vote, whether he was on the list or whether there was a list or not.

Mr. CALDWELL: I understand that perfectly, but I think I pointed out plainly to the hon. gentleman that we did not know which poll they had a right to vote in. We had no definition of the boundaries of those new polling divisions and no lists for them. At least, we would not have had, had I not taken the steps that I took, and this put me to some bother and expense. We compelled the returning officer to provide the lists for us before election day. Moreover, I think there should be a provision in the act—I am not sure that there is not—that where there is a sheriff in a riding, he should be the returning officer. In my riding, there are two sheriffs as it comprises two counties. One sheriff is a Liberal and the other a Conservative, both very estimable men. I do not know whether they were not selected as returning officers because they were too honest, but they were not selected. The then government selected as returning officer a man for whom I have a great regard; but many things occurred in this election that would not have occurred if one of those sheriffs had been returning officer. I do not think I would have had to put an injunction on the election had either of these sheriffs been returning officer. They have both been returning officers in elections time and again, and they have discharged their duties satisfactorily. This was what we were up against last fall when the government passed over the heads of these two men to select another man, on I do not know what qualifications.

Mr. MACKENZIE KING: The remarks which I made to the hon. member for Comox-Alberni (Mr. Neill) apply equally to the hon. member for Victoria and Carleton (Mr. Caldwell). There is no doubt that the Dominion Act will need some revision, a number of amendments will have to be made; but I think the House will be well advised not to attempt to-day to consider any amendments other than those we are discussing in the form of resolutions in this House.

Mr. BAXTER: I should like to ask the hon. member for Victoria and Carleton if he brought those circumstances which he related to the attention of the Chief Electoral Officer.

Mr. CALDWELL: I did not have time. The time was so short.

Mr. BAXTER: Since?

Mr. CALDWELL: No, I did not.

Mr. BAXTER: I only ask the question for the purpose of trying to emphasize something that I consider is of a great deal of value to us all, because I think our aim ought to be to have the people treated fairly in the matter of an election, utterly regardless of what party they intend to support—that is their right. There is no more valuable provision in this election act than the one by which anybody, especially a member of Parliament, is invited to communicate to the Chief Electoral Officer any ir-

regularities, defaults, or improper conduct on the part of any one in connection with an election. If hon. members would do that it would save us a lot of time spent in debating matters here. I know that if we went into the past electoral history of my hon. friend's constituency we could be very acrimonious, but we should not get very far. There are many people in that constituency that neither of us would trust in connection with an election. But if an officer has, in the opinion of my hon. friend, misunderstood or failed to do his duty, there is the place to make the report; and if legislative intervention is necessary, the Chief Electoral Officer, before Parliament meets, can not only make his report but draft adequate legislation to protect the interests of the people. We should get very much further ahead by such a method, and I would suggest that that be done. I might say that in regard to the very matter I spoke of a few moments ago, as well as touching several other matters that came under my observation, I made a report to the electoral officer. Fortunately, in my constituency I did not have a single complaint to make in regard to any one, and I was very glad of the fact. I trust that when the time comes the Government will keep the electoral officer working and let him submit a bill, the Government acting merely as sponsor, so that the legislation might be as non-partisan and as useful as possible.

Mr. CALDWELL: The hon. senior member for St. John and Albert (Mr. Baxter), said that I should have made a report to the Chief Electoral Officer, as he did. Well, I do not see any amendments in acordance with the recommendations he made to him. The amendment which is before the committee I moved for the purpose of bringing it to the attention of the Government in order that it might receive their consideration, and perhaps might impress upon them the necessity for a great number of changes in the Election Act. However, I am perfectly willing to withdraw the amendment in view of the statement made by the Prime Minister that an opportunity will be given to amend that act.

Bill, as amended, reported, read the third time, and passed.

THE FISHERIES ACT, 1914, AMENDMENT

Hon. ERNEST LAPOINTE (Minister of Marine and Fisheries) moved the second reading of Bill No. 70, to amend The Fisheries Act, 1914.

Motion agreed to, bill read the second time, and the House went into Committee thereon, Mr. Gordon in the Chair.

On section 1.—Penalty for leaving any port in Canada with intent to fish for salmon or lobsters in sea beyond territorial waters.

Sir HENRY DRAYTON: What changes are contemplated?

Mr. LAPOINTE: There are no changes; the section is merely to confirm by statute regulations that already exist. Both lobster and salmon fishing are carried on not only inside territorial waters, but outside as well, and if there were no regulations with regard to fishing outside, the fisheries would undoubtedly be depleted within a short time. There is nothing new in the principle; it has always been understood, and up to the present time there has been no attempt to violate the intention of the regulation. It has come to the notice of the department, however, that in some sections of the country people who are not given licenses are prepared to challenge the authority of the Government restraining them from fishing outside territorial waters. As a matter of fact the lobster fisheries regulations have always contained a provision of this kind, as do the British Columbia salmon regulations. It is the opinion of the Department of Justice that it is better for us to have this regulation enacted in legislation instead of merely being enforced as at present. I may add that the United States have a similar provision in their fisheries law.

Sir HENRY DRAYTON: All that is being done, therefore, is to enact in the form of a statute regulations that are already in force.

Mr. LAPOINTE: Exactly.

Section agreed to.

On section 2.—Burden of proof.

Mr. BAXTER: Does the minister not think that perhaps, in view of the fact that the magistracy of the country is not always of the calibre that one would like to see, it is going a little too far to place the burden of proof in this matter on the accused? If such an accused were tried before a jury he would have more chances of getting off, even if the burden of proof were put upon him, than he would have before a magistrate when that burden rests upon him. The magistrates, somehow, especially the less business they have, seem

to think that it is their duty to convict a man who is brought before them; the assumption seems to be that he must be guilty if he comes before them. The burden of proving absence of intent or knowledge lies with the person accused, and I should be sorry indeed to be called upon to prove that on behalf of the most worthy client I ever had, before a certain species of magistrate with whom I have come in contact. The section goes rather too far; it should be enough if there is at least a prima facie case made against the accused. But to have imposed upon one the absolute burden of proving innocence is further than our laws go, except with regard to whiskey.

Mr. MARTELL: I appreciate what the minister is endeavouring to get at. The regulations apply practically only to our own Canadian people, and they cover fishing in extra-territorial waters as well as in the territorial area. I presume these regulations are intended to apply particularly to lobster fishing. There is a section of the Fisheries Act that provides that no person shall offer for sale, or have in his posession, lobsters caught in a manner or at a time prohibited by law. Prior to amendment the act contained a clause to the effect that:

> No one shall without lawful excuse, the proof whereof shall lie on him, have in his possession fish caught at a time or in a manner prohibited by law.

It was found very difficult to prove that the fish were caught "at a time or in a manner prohibited by law." Now that the act is being amended, the minister undoubtedly wants the amendment to apply to extra-territorial waters. But I quite agree with my hon. friend from St. John (Mr. Baxter) that it is almost an outrage to place this burden of proof in all cases upon the defendant. In my short experience as a legal practitioner in Nova Scotia, I regret to say, usually I have found the magistrates are not fit persons to administer justice. As the hon. member for St. John says, the mere fact that a person is brought before the court is usually regarded as conclusive evidence that he should be convicted. If cases were dealt with by a court of competent jurisdiction, you would feel that justice would be administered; but to cast the burden of proof upon the accused who is at the mercy of the magistrate is, I think, going too far. In fact, the whole tenor of criminal and quasi-criminal legislation seems to be to cast on the accused the burden of proving himself innocent rather than that the prosecution should prove him guilty. I do not believe this sub-section is necessary at all, and I would urge the minister to strike it from the bill, because there is ample provision to deal with these cases under our present law. Do not compel a man to prove himself innocent who is charged by some officious officer or half detective on very slight evidence perhaps of some such offence as this subsection is intended to cover. I move that section 2 of the bill be struck out.

Mr. LADNER: This affects British Columbia as well as the other maritime provinces, and if this clause is struck out I know that the effect of the bill will be vitiated entirely in British Columbia. It is extremely difficult in cases of this kind to prove intent, especially among certain classes of foreigners. Therefore I submit that, with all due regard to our legal tradition, which place the onus of proof upon the prosecution, there are some circumstances, as in the present case, where that tradition may safely be departed from. In this case the fine is not very burdensome, and the purpose is to aid an important industry. The bill as drafted is intended to meet special circumstances, all of which are not before the House. I think the clause should be accepted.

Mr. CALDWELL: I cannot help but think that it is setting a dangerous precedent to say that a man accused of crime must prove himself innocent. It is contrary to British justice, and I know the Minister of Marine and Fisheries (Mr. Lapointe) is pretty good at quoting British precedents. One can imagine a case, an extreme one it may be, where a fishery inspector having a grudge against a certain man could put him to all sorts of expense and annoyance by accusing him of intent to break the law as set forth in this section. I do not think you should prosecute a man before he puts his intentions into execution. Therefore, I think that the amendment moved by the hon. member for Hants (Mr. Martell) is sound. I do not think we should pass special legislation to meet the very lawless condition in British Columbia referred to by the hon. member for Vancouver South (Mr. Ladner), and so put in jeopardy the law-abiding citizens of the eastern maritime provinces.

Mr. BAXTER: I would suggest to the minister that he report progress on this

bill and have the clause redrafted along the lines of making the possession of certain things or the doing of certain acts prima facie evidence of guilt, rather than require the accused to absolutely prove his innocence. No doubt the officers in this department will advise my hon. friend as to what could be fairly taken as prima facie evidence of intent. The difficulty is that the penalty does not stop even at $1,000, but that the whole catch, the vessel itself, the gear and everything may be forfeited. That may be done by one justice of the peace, and he may be very much prejudiced against the accused. At first I was inclined to agree with the suggestion of my hon. friend from Hants (Mr. Martell), but on further consideration I think that if adopted it might be going a little too far in the other direction. I can see the difficulties in the minds of other members. There should be what I might term a half-way house, by which, while the accused would not be able to escape the law too easily, yet at the same time he would not be absolutely ruined through perhaps not even a feeling of spite, but an ignorant desire on the part of some official to do what he thinks is right.

Mr. LAPOINTE: I agree that on general principles it is dangerous to put the burden of proof of his innocence on the accused party; but, as my hon. friend from Vancouver South (Mr. Ladner) said, this is a special law intended to meet special conditions, and if this provision, or one of a similar nature, is not inserted in the bill perhaps the purpose of this legislation would not be achieved. I do not see that the section as drafted would work any great hardship, because after all a person cannot go fishing without a license, and the moment a man is caught fishing without a license, the purport of the law is accomplished and it should be for him to prove that he does not come within its provisions. However, I am willing to accept the suggestion of my hon. friend from St. John (Mr. Baxter) and will ask that the committee rise and report progress so that the clause can be redrafted to meet the objections raised.

Mr. DUFF: There is nothing wrong with the clause. Let us go ahead and put it through.

Mr. MARTELL: There is something wrong with it.

Progress reported.

CANADA SHIPPING ACT AMENDMENT (PILOTAGE)

On motion of Hon. Ernest Lapointe (Minister of Marine and Fisheries) Bill No. 79, to amend the Canada Shipping Act (Pilotage) was read the second time, and the House went into committee thereon Mr. Gordon in the Chair.

On section 1—Foreign ships of war and hospital ships may be made exempt ships.

Mr. LAPOINTE: Under the Pilotage Act all ships have to pay pilotage dues whether or not they require the services of a pilot. There are some exceptions, and this bill is for the purpose of adding to those exceptions. The first amendment exempts from the payment of pilotage dues the ships of war and hospi-

5.p.m. tal ships belonging to such foreign nations as may be specified by the Governor in Council. The idea is to extend that privilege to those nations which grant a similar privilege to British warships. As a matter of fact, in practice they never have been required to pay the dues; the amendment is to bring the law into accord with recognized practice. The second exception excludes ships registered in Canada which are engaged exclusively in fishing. These ships have not been compelled to pay the pilotage dues in the past. The amendment is to prevent any difficulties which might arise from the fact that under the law as it now stands these vessels could be compelled to pay such dues.

Mr. DUFF: I am quite in accord with these amendments, especially the first, which says that ships of war and hospital ships belonging to such foreign nation or nations as may be specified by the Governor in Council shall be exempt from the payment of pilotage dues. If only as a matter of courtesy, Canada should be quite willing to pilot ships of war of other nations, so long as they are friendly nations, into our ports without asking them to pay pilotage dues. Everybody will agree that so far as hospital ships are concerned the amendment is a good one. Subsection (j) however, provides that the following ships shall also be exempt:

> Ships registered in Canada engaged exclusively in fishing.

I suggest that the word "exclusively" be struck out. A great many fishing vessels, after they put in the season's fishing from, say, January until October, go coasting or

freighting, and you are going to have a mix-up if you leave the word "exclusively" in.

Mr. BAXTER: Why not make it read, "while engaged exclusively in fishing"?

Mr. DUFF: No; that would not serve my purpose. These fishing vessels are small schooners; they are not really coasting or freighting vessels. They are not engaged all the time in coasting or freighting, but if they can enter a harbour while engaged in the fishing business without paying these dues, they should be able to do so while engaged in coasting or freighting in the fall.

Mr. CALDWELL: Is it not a fact that these vessels never employ a pilot?

Mr. DUFF: They do not; the captains of these vessels are as good men as the pilots themselves.

Mr. CALDWELL: Under the present act they could be compelled to pay pilotage dues, although they never avail themselves of the pilotage?

Mr. DUFF: Exactly.

Sir HENRY DRAYTON: Are they ever charged pilotage?

Mr. DUFF: Oh, yes.

Sir HENRY DRAYTON: Those engaged in fishing are not.

Mr. DUFF: Yes, those over a certain number of tons, I think.

Mr. LAPOINTE: I do not object to the striking out of the word "exclusively".

Amendment agreed to.

Mr. LAPOINTE: I move that the following subclause be added to clause 1 of the bill:

2. Subparagraph (1) of paragraph (c) of the said subsection one is repealed, and the following is substituted in lieu thereof:

"(i) employed in trading from port to port in the same province, or employed in any one port or harbour, or

As the law is to-day the exception reads as follows:

(i) employed in trading from port to port in the same province.

A case arose the other day of a ship which was engaged in trading, not from one port to another port in the province, but from one part of a port to another part of the same port. As the law stands, that ship was not exempt and the amendment is to cover cases of that kind.

Amendment agreed to.

[Mr. Duff.]

Sir HENRY DRAYTON: Where you have coastal business going on between New Brunswick and Nova Scotia why should you discriminate at all?

Mr. LAPOINTE: There is a special provision for that.

Sir HENRY DRAYTON: Are you going to look after that?

Mr. LAPOINTE: There is a provision already in the bill dealing with trading between any or all of the provinces of Quebec, New Brunswick, Nova Scotia or Prince Edward Island. I move, also, Mr. Chairman, that the following be added to clause 1 of the bill as subsection "k".

Vessels engaged in salvage or towing operations.

Amendment agreed to.

Bill reported, read the third time, and passed.

AIR BOARD ACT AMENDMENT

On motion of Hon. G. P. Graham (Minister of Militia and Defence) the House went into committee to consider the following proposed resolution, Mr. Gordon in the Chair.

Resolved, That it is expedient to amend The Air Board Act, chapter 11 of the statutes of 1919 (1st Session), to provide that the Governor in Council may make regulations prescribing the compensation to be paid, the persons to whom, and the manner in which, such compensation shall be payable, for the death or injury resulting directly from a flight undertaken in the course of duty in the public service of Canada of any person employed in the public service of Canada, or employed under the direction of any department of the public service of Canada: Provided, however, that such regulations shall not extend to the payment of compensation for any death, or injury in respect of which provision for the payment of compensation, or a gratuity or pension is made by any other act.

Sir HENRY DRAYTON: Explain.

Mr. GRAHAM. In chapter 11 of the statutes of 1919, will be found the following section:

It shall be the duty of the Air Board,—

(l) to consider, draft, and prepare for approval by the Governor in Council such regulations as may be considered necessary for the control or operation of aeronautics in Canada or within the limit of the territorial waters of Canada, and,

(m) to perform such other duties as the Governor in Council may from time to time impose.

Section 5 provides that:

The Air Board shall have power to employ such officers and men under this act—

That is the Air Board Act—

—as may be authorized by the Governor in Council, under such conditions as to discipline and pay as the Governor in Council may determine,—

And so on. Under the provisions of that act an Order in Council was passed on May 29, 1920, setting out what should be paid to the dependents of an aviator in case he was killed, also the amounts that would be paid in case he was injured. Now the question has arisen whether the statute really gave such full authority, and this is to make it clear that that authority does exist. That is to say, the authority may exist but it has been questioned. The existing legislation would only apply to the civil aviator, but, in carrying on the operations of the air force, employees of the Forestry branch of the Interior Department sometimes accompany the aviators in order to make explorations and observatons of forest lands. Under the old Order in Council such persons would not be covered by any provision for a gratuity in case of injury. The legislation to be founded on this resolution will enable the Governor in Council to make regulations that will include any employee of the government.

Sir HENRY DRAYTON: In other words what you did in the past was merely to look after the pilot and not his passenger?

Mr. GRAHAM: Not the other civil employee.

Sir HENRY DRAYTON: Who was also engaged upon your work?

Mr. GRAHAM: Yes.

Sir HENRY DRAYTON: It seems to be proper expenditure. What do you seek to prevent by your proviso? Give the committee a concrete case.

Mr. GRAHAM: Let us say that the Forestry branch of the Department of the Interior wishes to send a man up with the aviator. That man, who is employed by another department, and is not in the civil aviation force, would not, under the Order in Council, be eligible for a gratuity.

Sir HENRY DRAYTON: You have already explained that point. What I want to know is why the resolution contains the proviso which says:

Provided, however, that such regulations shall not extend to the payment of compensation for any death, or injury in respect of which provision for the payment of compensation, or a gratuity or pension is made by any other act.

What is the precise matter in view there?

Mr. GRAHAM: A man who is entitled to a gratuity under the Military Pensions' Act cannot draw two gratuities, or his dependents cannot draw both the gratuity under this act, and under the Military Pensions' Act as well.

Sir HENRY DRAYTON: Is there any reason why, if this is the greater, he should not get it? If you provide, as a matter of fairness, a greater gratuity—as you very likely will—for accidents occuring from aeronautics, should not the party have the right to get whichever was the greater?

Mr. GRAHAM: It might work out that way. It is possible that, on entering the Air Service, he might give up his right to the gratuity under the Military Pensions' Act.

Sir HENRY DRAYTON: I suggest that whichever is the greater should be given.

Mr. CALDWELL: Does this bill cover the case where a man might be part of the time engaged in military service and part of the time in some other department of the service? I have in mind a case which came before our committee regarding a man named Holland.

Mr. GRAHAM: I might say that the wife of Major Holland was paid $7,500 under the Order in Council, and she also gets paid, not under the Military Pensions' Act or anything of that kind but under the Soldiers' Insurance Act she also gets, I think, $5,000.

Sir HENRY DRAYTON: I am drafting a proposed amendment to read something like this:

Unless the compensation otherwise payable hereunder be in excess of such gratuity or pension payable under such other act, and in such case only to the extent of such excess.

Mr. GRAHAM: I have no objection to the principle. My hon. friend might move that amendment to the bill.

Resolution reported, read the second time and concurred in. Mr. Graham, thereupon, moved for leave to introduce Bill No. 136 to amend the Air Board Act.

Motion agreed to and bill read the first time.

VANCOUVER HARBOUR

On motion of Hon. Ernest Lapointe (Minister of Marine and Fisheries) Bill 106, to amend the Vancouver Harbour Commissioners Act, was read the second

time, and the House went into Committee thereon, Mr. Gordon in the Chair.

On section 1—Section amended so as to repeal power to appoint port warden and deputy.

Sir HENRY DRAYTON: What is the change?

Mr. LAPOINTE: Under the Harbour Commissioners' Act, 1913, the corporation of the harbour commissioners may appoint a harbour master, deputy harbour master, port warden, deputy port warden, shipping master and deputy shipping masters. This bill is to strike out the words "port warden, deputy port warden, shipping master and deputy shipping master." Under the Shipping Act, those officers are under the control of the Department of Marine and Fisheries. Such a provision does not exist with regard to the port warden and shipping masters in the other harbours, for the very reason that it is the duty of those officers to see that the provisions of the act and the regulations of the department are complied with. None of their powers or duties has any relation to or connection with the powers of the harbour commissioners. They are officers of the Department of Marine and Fisheries, and it is an anomaly that, in the Vancouver Harbour Commissioners Act, the harbour commissioners should have the right to control, to appoint, or to supervise the acts or duties of those officers. It is to make the act apply to Vancouver as it applies to the other harbours of the country.

Sir HENRY DRAYTON: Can the hon. minister tells us how the matter comes up? Has any inefficient work been done at Vancouver recently? Have any men been got rid of?

Mr. LAPOINTE: No, nothing of the kind. This is suggested by officers of the Department of Marine and Fisheries, in order that the law may be uniform anywhere.

Sir HENRY DRAYTON: When was this difficulty discovered? there is usually some reason for a provision of this kind?

Mr. LAPOINTE: I do not know. I was not the discoverer of that anomaly.

Sir HENRY DRAYTON: Perhaps you can find out from the deputy?

Mr. LAPOINTE: I am informed that this difficulty has been noticed many times during the last few years, but especially last year the shipping master got into difficulties with the British Board of Trade with regard to certain funds and the Board of Trade at Vancouver, of course, reported and applied to the Department of Marine and Fisheries, which, under the law as it is, had no control over that officer, although he is the officer who applies the laws and regulations of the department.

Mr. LADNER: There must be some reason why the act was framed in the way in which it now exists.

Mr. LAPOINTE: So far as is known in the department, there never was any reason for it. I may assure my hon. friend that there is no ultimate or secret reason.

Mr. CALDWELL: No "joker".

Mr. LAPOINTE: No "joker". This is merely and simply to make the law as it should be.

Sir HENRY DRAYTON: I understand, from what the minister says, that he is following precisely what is done at Montreal, Quebec, Toronto and everywhere else.

Mr. LAPOINTE: Yes.

Sir HENRY DRAYTON: I should like the list to be clearly defined, of appointments to be made by the Government under this. What are they?

Mr. LAPOINTE: The shipping master and the port warden are the only ones.

Sir HENRY DRAYTON: The only two?

Mr. LAPOINTE: Yes.

Sir HENRY DRAYTON: Is there a vacancy in the positions of shipping master and port warden at the moment?

Mr. LAPOINTE: No.

Sir HENRY DRAYTON: Will there be?

Mr. LAPOINTE: I cannot speak for the future. Not that I know of presently.

Section agreed to.

Bill reported.

ADMIRALTY ACT AMENDMENT

On motion of Hon. D. D. McKenzie (Solicitor General) Bill No. 123, to amend the Admiralty Act, was read the second time, and the House went into committee thereon, Mr. Gordon in the chair.

On section 1—Governor in Council may appoint a deputy registrar for any district or registry division.

Sir HENRY DRAYTON: What is the object of this?

Mr. McKENZIE: As regards clause 1, under the old act, the Governor in Council appointed a registrar and the deputy registrar was appointed by the registrar. It was thought best that the governor in Council, who had authority to appoint a registrar, should also have power to appoint a deputy registrar. To make the change it is necessary only to insert the words "a deputy registrar."

Sir HENRY DRAYTON: Why is it that the man who ought to know best should not appoint the deputy registrar?

Mr. McKENZIE: In our own case, in the province of Nova Scotia, we have an admiralty division in the city of Halifax, where the registrar is appointed. We have also an admiralty division at Sydney in the island of Cape Breton. The registrar who resides at Halifax, some three hundred miles away, does not know the kind of man that should be deputy registrar in the city of Sydney nearly as well as the Bar Association, for instance, in that city. I think the Governor in Council who appoints the registrar should also have power to appoint the deputy registrar who, to all intents and purposes, is a separate officer, over whom the registrar has no control at all.

Sir HENRY DRAYTON: Is there a deputy registrar there now? How has the business been carried on in the past?

Mr. McKENZIE: The business has been carried on in the past by a deputy who was appointed by Order in Council some years ago; but that Order in Council gave him jurisdiction over only four counties instead of sixteen counties. At Halifax, the registrar has full sway over the province; but while we have a court in the Cape Breton end of the province, we have a deputy registrar having jurisdiction over only four counties, and it would appear that the registrar at Halifax is not willing to give him any more jurisdiction as it might possibly be interfering with his territory. We think that our authorities ought to have power to deal with ships arriving in Sydney harbour, from whatever quarter they may come, and in regard to which proceedings in Admiralty are necessary, and not be confined entirely to something that might arise in the four counties of Cape Breton. We want the power to be vested in the Governor in Council to give us a deputy who will have jurisdiction all over the province.

Sir HENRY DRAYTON: If I understand my hon. friend aright, this is not necessary for the purpose of a new appointment. It is not proposed to get rid of the present registrar in Cape Breton.

Mr. McKENZIE: I have no intention of getting rid of him; I intend to reappoint him.

Sir HENRY DRAYTON: The intention seems to be to enlarge his jurisdiction at the expense of the jurisdiction of the registrar at Halifax.

Mr. McKENZIE: There is really no such trouble at all.

Sir HENRY DRAYTON: If there is no trouble, why the Bill?

Mr. McKENZIE: The appointment of a deputy registrar in the Admiralty Court in Nova Scotia or in any other province should not be left in the hands of the irresponsible person who happens to be registrar. The position is an important one, and as the registrar himself is responsible to the government of the country, so should be the deputy, but he is responsible only to the registrar. I can assure my hon. friend that there is no intention at all of making a change in the personnel of the office. The same man will be reappointed, but his jurisdiction will be wider.

Section agreed to.

On section 2—Appointment of deputy judge.

Sir HENRY DRAYTON: What is the effect of this section?

Mr. McKENZIE: There is nothing new in it. The late government passed a similar section in 1920, and we are amending that law so as to leave the sole power with the Governor in Council. Under the law passed in 1920 the jurisdiction in the matter of the appointment of the deputy, was left either with the Governor in Council or with the local judge. We are abolishing the jurisdiction of the judge and leaving it entirely with the Governor in Council. That is the only difference between this legislation and the act of 1920.

Section agreed to.

Bill reported, read the third time, and passed.

THE OPIUM AND NARCOTIC DRUG ACT

On motion of Hon. H. S. Béland (Minister of Health) the House went into committee to consider the following proposed resolution, Mr. Gordon in the Chair:

That it is expedient to amend The Opium and Narcotic Drug Act, chapter 17 of the statutes of 1911, as amended by chapter 31 of the statutes of 1920 and chapter 42 of the statutes of 1921, and to provide:—

1. That subsection one of section five of the said act be amended so as to provide that a written order shall be required in connection with all sales of narcotics to druggists and others, and that it shall be unlawful to refiill narcotic prescriptions except where the preparation might lawfully have been sold in the first instance.

2. That subsection two of section five be amended so as to provide that it shall be unlawful for any physician, veterinary surgeon or dentist to prescribe, administer, give, sell or furnish any drug to any person except for medicinal purposes, or as may be prescribed for the medical treatment of a person who is under professional treatment.

3. That subsection two of section 5A be amended to prescribe heavier penalties for manufacturing, selling, giving away or distributing drugs without license, and for neglecting or refusing to keep the record required by the regulations.

4. That section 7 be amended to empower any constable or other peace officer who has reasonable cause to suspect that any drug is kept or concealed upon any premises to search for the same, and bring it before a magistrate having jurisdiction in the matter.

5. That no person shall, without lawful authority or without a permit signed by the Minister of Health or some person authorized by him in that behalf, import or have in his possession any opium pipe, opium lamp or other device or apparatus designed or generally used for the purpose of preparing opium for smoking, or smoking or inhaling opium.

6. That penalties be prescribed for violation of the provisions of the proposed legislation.

Sir HENRY DRAYTON: Section 5 of the resolution provides that no person shall import or have in his possession any opium pipe, opium lamp or other device used for the preparing of opium for smoking, without lawful authority or without a permit from the Minister of Health. What legal purpose can there be in the importation of such apparatus? What has the minister in mind in contemplating their importation?

Mr. BELAND: If these devices for the consumption of opium are found in the possession of any person that person shall be subject to a penalty.

Sir HENRY DRAYTON: The minister has not my point. We all know what a terribly dangerous thing opium is in itself, and I was wondering if it is possible that any useful purpose could be found for these appliances.

Mr. BELAND: Not that I know of.

Sir HENRY DRAYTON: Then why is the minister reserving the power provided for in this paragraph?

[Mr. Beland.]

Mr. CARMICHAEL: Section 6 provides:

That penalties be prescribed for violation of the provisions of the proposed legislation.

In view of the fact that of 835 convictions last year 634 were of Chinese, would it not be advisable to incorporate, as a penalty, that all orientals found trafficking in drugs shall be deported? This would help to some extent to solve the oriental question in this country.

Mr. BELAND: Such a provision would naturally have to be incorporated in the Immigration Act. As to the other penalties, they are fully described in the bill which will be introduced, based on this resolution. When the bill is before the House my hon. friend will see the penalties in each case. I shall be glad to explain the provisions in regard to the penalties because they vary, as applying to persons who have received a license, and to others who have not. So far as a provision for deportation is concerned, the committee will realize that it could not very well apply to Canadians. Only to Chinese, who have not been naturalized, could it apply. Personally, I have no objection to such a provision being incorporated in the Immigration Act, because I do not think that the country is profiting in any degree whatever by the presence of foreigners who administer, sell, or distribute narcotic drugs, especially to the younger people.

Mr. LADNER: I happen to have some knowledge in regard to investigations carried on into the illegal sale of narcotic drugs, both in Vancouver and in Winnipeg, and I know that the investigators were in all cases people of the highest responsibility in their respective communities. I understand that an investigation was also held in Quebec, and even in Ottawa. There is a certain psychological aspect to any legislation that will be effective in deterring men from carrying on this illegal sale. One effective deterrent is deportation, and I would urge upon the minister the wisdom of inserting in the bill a provision empowering the authorities to deport men or women convicted of the illegal sale of drugs or of the commission of other serious offences under the act. I would also strongly urge upon him the necessity of giving discretionary power to magistrates to order the lash in those cases where it is proved that the accused deliberately and cold-bloodedly induced young people to become drug addicts. This is neither the time nor the occasion to go fully into the matter, but there is

an appalling traffic in drugs. The addict must be treated as a patient. The trafficker, generally an oriental, a cool, calculating person, does not take the drug himself because he knows its terrible effects on those who become its slaves, but he ingeniously inveigles innocent people into the habit. He has a well-planned system of business, covering importation, wholesaling and retailing, and hon. members would be amazed if they knew what was disclosed to a representative committee which investigated conditions in Vancouver. The lash would be the most effective deterrent you could possibly apply, because one thing these traffickers do fear is corporal punishment. And surely a man or woman, white, brown or yellow, who deliberately induces young girls to become addicts is guilty of a more serious crime against society than robbery with violence. Scores of associations throughout Canada have passed resolutions most emphatically favouring the infliction of the lash upon these nefarious traffickers, and I hope the minister will see that the bill contains the necessary provision to this end.

Mr. TOLMIE: I heartily endorse what the hon. member for Vancouver South (Mr. Ladner) has just stated. We find that this traffic is increasing very rapidly in British Columbia, and is becoming a serious menace there, being largely, though not exclusively, engaged in by orientals. We feel that the penalities cannot be made too severe against those who profit from this nefarious traffic. Apparently the penalties now in force are inadequate, for they have not resulted in stopping the traffic. I would suggest that there be a much more vigorous application of the law by our police forces, and that they be made to realize the seriousness of this traffic, so that increased vigilance on their part will produce better results. I agree with my hon. friend that while many men will take chances of a heavy fine or imprisonment, they are fearful of receiving the lash, and that the prospect of such punishment and subsequent deportation would make them think twice before breaking the law. In a word, the deterrent effect of such penalties would be very helpful in putting down this traffic.

Mr. BELAND: To a very large extent I share the views that have been expressed as to the proper punishment of those engaged in illicit drug traffic. Heretofore the infliction of the lash has been confined mainly to the punishment of physical crimes. But we are only considering the principle at present, and after the bill has been given its second reading and is in committee, we can go over it clause by clause, and whatever course is agreeable I am willing to carry out.

Sir HENRY DRAYTON: When this bill was up about two years ago we had the same question raised which is covered, as I recollect, by the first paragraph, which renders it unlawful for any chemist to refill a narcotic prescription. At that time representations were made, particularly by hon. members from the prairies, that in the West where many people lived great distances from doctors they very often could not get to the doctors in time to have their prescriptions refilled just when it might be absolutely necessary, to say nothing of the expense involved. It was thought that some degree of latitude should be given to druggists and a certain number of refills allowed. I wonder if my hon. friend has considered the objections raised at that time, and which must still obtain. I would also ask him what narcotic drugs can be supplied except under prescription. I thought we had stopped them all. This clause has an exception covering narcotic prescriptions which might have been "lawfully sold in the first instance." What is meant by that?

Mr. BELAND: The law permits of certain preparations being sold which contain narcotic drugs in very small quantities. I have not in mind at the present moment what the exact quantity is for each teaspoonful, but it is so small that it was considered advisable that such prescriptions should be permitted, largely on the suggestion, I think, of some of the western members. It is felt that some relief should be afforded in cases where necessary without a prescription, and the law has been framed so as to permit the refilling by druggists of prescriptions containing certain small proportions of narcotics. It is these preparations that the present law refers to when it provides that they could be lawfully refilled as if they were ordinary prescriptions. But I can give my hon. friend further details when the bill is in committee.

Sir HENRY DRAYTON: I do not think the exception refers to prescriptions at all; it refers merely to preparations which druggists themselves put up without the intervention of a doctor.

Mr. BELAND. That is what I have in mind—preparations.

Sir HENRY DRAYTON: I understand my hon. friend to say however, that in these cases the drugs are present in such small quantities that they could not hurt anybody. What does my hon. friend think of those cases where prescriptions of a perfectly proper character and for a perfectly proper purpose required to be refilled? Has he considered whether they might be refilled once or twice before the persons to whom they are issued are penalized to the extent of another visit to the doctor? Then there are the distances to be considered in the country districts.

Mr. BELAND: I do not believe that any hardship is incurred in that respect. It is always possible for the patient or the mother of, say, the young sick person to make an arrangement with the physician as to the number of times that the prescription can be refilled by the local druggist. Or, in the case where such an agreement is not reached, it is always possible within a day or two to communicate by mail with a doctor and ask permission to have the prescription refilled.

Mr. TOLMIE: Would that apply also to veterinary prescriptions?

Mr. BELAND: It would.

Mr. TOLMIE: I would point out in that connection that these narcotics are used for the relief of acute pains suffered by horses and other animals. It is necessary that this relief be administered quickly, and if the veterinary is ten or fifteen miles out in the country the animal might die before his return. This provision would seem to be quite inconvenient so far as the treatment of animals is concerned.

Resolution reported, read the second time and concurred in.

Mr. BELAND moved for leave to introduce Bill No. 137 to amend the Opium and Narcotic Drug Act. He said:

I would like to say that it is my intention to add a clause to this bill limiting the right of appeal. I will explain it later in committee.

Motion agreed to and bill read the first time.

AIR BOARD ACT AMENDMENT

On motion of Hon. George P. Graham (Minister of Militia and Defence) Bill No. 136, to amend the Air Board Act, was read the second time, and the House went into committee thereon, Mr. Gordon in the Chair.

On section 1:

Mr. GRAHAM: I move that the following words be added to clause 1:

——unless the claimant elects to accept such compensation, gratuity or pension under any such other act.

Section as amended agreed to.

Bill reported, read the third time and passed.

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

ESCHEATS ACT AMENDMENT

On motion of Hon. D. D. McKenzie (Solicitor General) Bill No. 124 to amend the Escheats Act was read the second time, and the House went into committee thereon, Mr. Gordon in the Chair.

On section 1—Escheat extended to property of defunct corporations.

Mr. BAXTER: What has led to the necessity for legislation of this character? I presume that it can only be applicable to land and only in those provinces of Canada which have not, as yet, been entrusted with their natural resources. Am I right or wrong in that presumption?

Mr. McKENZIE: Evidently this refers to personal property which becomes the subject of escheat in the right of the Crown and the right of the Dominion. The present bill does not materially change the character of the Escheats Act as passed by this parliament in 1910, except that the original act contains no provision as to the period within which actions must be brought for or on behalf of the Crown. The present bill simply fixes the time within which action must be brought. I may say to the committee frankly that I am not very familiar with the act, never having conducted any proceedings under it. This bill comes to me from the Department of Justice, and it appears that in the working out of the act they have found it necessary to have such a provision.

Mr. BAXTER: Under section 2 an action must be brought against the government within two years. Now I know of no such limitation in actions except in civil proceedings for some form of violence, as in cases of assault, slander, or like

actions that everybody wants to see disposed of. In the province of New Brunswick an action for the recovery of land may be brought within twenty years, and under certain circumstances within forty years, so that it takes forty years to establish proscription in that province. The period may be less in some of the rest of the provinces; I think it is less in the province of Ontario. That is between party and party—between one subject and another subject—but here we are asked to say that action must be taken in the short space of twenty-four months. People may be absent and not aware of their rights; but, unless they approach the Crown and ask leave to sue within that short period, they are forever debarred. There must be some extraordinary reason moving the Department of Justice to ask for such legislation. I do not wonder the Solicitor General cannot comprehend it, and it is a most unfortunate thing that the Department of Justice did not furnish him with some memorandum showing the difficulties which had arisen and the need for action in this way. The only thing I can conceive is that possibly it is in aid of the Soldiers' Settlement Board. But if so, let him give the facts, and if the reasons appeal to us, we may be justified putting it through. I cannot justify a vote to destroy the right of heirs on a two years' limitation.

The first section is aimed at corporations. I can conceive that in those provinces where the title of the land is in the Crown in the right of the Dominion of Canada, and only in such cases, there may be a way in common law called escheat. That, simply, means that, in the failure of any heirs appearing, the Crown steps in and takes the property. The Crown has the power, and generally exercises it, of granting that land to the parties who are morally, though perhaps not legally, entitled to possession. The Crown meets cases of illegitimacy in that way, and it is quite right and proper that that should be done, but, with regard to land in the other provinces, I do not see that it can have any possible effect. Yet the language is very broad. Now, the attempt is to extend this to corporations. A corporation in one sense cannot die; in another sense it can, but if a corporation ceases to function legally, the people who are interested in that corporation have always a right to get the property by some process. It does not go to the Crown. I cannot think of a case where the property of a corporation went to the Crown at common law, unless the corporation had forfeited its title in some way by some misconduct, but I cannot conceive of a case where a corporation can so utterly die that no person will be entitled to claim the estate. Suppose it was a company of five men; you have to presume that they are all deceased and that none of them has left any heirs. That is a very large assumption. Some extraordinary case must have occurred to cause the Department of Justice to ask the Solicitor General to introduce a bill of this kind, and why does the department not furnish him with the information, so that we can know the reason for passing this legislation? Until I have some such mandate before me, I am sure the Solicitor General will excuse me if I say it is not such legislation as, at first blush, commends itself sufficiently to warrant my support.

Mr. McKENZIE: I might say that this measure comes from the Department of Justice. This bill was presented to me with the intention that I should introduce it, and I did so. A request was made that I should call on the deputy minister and get some further history in regard to it. I have been so busy with other matters that I have not found time to do that. The bill is here now, and I have to deal with it. We are not bound hard and fast to any number of years, and if we can agree upon any number of years—say four years if that would be satisfactory to hon. members opposite—I am sure the Minister of Justice (Sir Lomer Gouin) and the department have no particular purpose in placing the time at two years. The idea is to take hold of these properties and prevent them from lying idle and going to waste, where there are no heirs to take possession. The department has decided, in the shortest possible time, to put an end to these conditions. That is why it fixed this comparatively short period of time within which parties would have a right to bring action. In many cases the property is going to waste, falling to pieces, and nothing is to be gained by delay. It is rather hard to be waiting for many years, without closing the matter and disposing of the property. If we leave it open for any great length of time for anybody to step in and, rightly or wrongly, make a claim to the property, of course it affects the sale and final disposition of the property. These are the reasons that moved the department to provide a means of closing up the matter as quickly as possible, or to give the property to those who are entitled to it, if an action

is brought and somebody is found to be entitled to it. The department wants to make as short a job of it as possible, and not let it run from year to year. If my hon. friend from St. John and Albert (Mr. Baxter) thinks we ought to extend the time, under the circumstance, the Department of Justice has no purpose in view, except to do what is absolutely right, but it is not desirable that matters of this kind should remain open too long.

Mr. BAXTER: I hope that nothing I have said would intimate in any way that I thought my hon. friend was trying to obtain any advantage, because I have no such thought in my mind, but his explanation, or want of explanation, if he will pardon me for saying so, convinces me I am right in the conjecture I formed but had not expressed. The moment he said the bill had come from the Department of Justice, I came to the conclusion that this was a very bureaucratic measure and not needed, and that some over zealous official was asking for legislation, without thinking seriously of the consequences. The explanation, or want of explanation, convinces me that I was perfectly right. I do not think the change from two to four years is going to help much. As a lawyer, the Solicitor General must appreciate that he will not, by a bill imposing a limitation of two years or four years or any other short space of time, prevent the making of claims by people who have no claim. It is not the people who have no rights he is cutting off; it is the people who have rights. Suppose a man comes from England, gets a farm out West in one of the provinces where the Crown owns the soil, and he has a regular title to that farm. He is not married, so far as any one knows, and has no family. He is working alone, and some years elapse. He dies. How does the Crown know that there are no legitimate relatives somewhere? How do the relatives know this man has died, if he is a man who has, perhaps, not kept up very much correspondence with his family? My hon. friend will hardly expect that he should write a letter telling of his premeditated demise, or that his spirit should write a letter telling that he has actually passed out of this sphere. How do they know whether he is dead or not. But we pass this bill, and if claimants do not appear within two years, their title is dead. What right has the Crown in respect of Canada to that property? Somebody else paid for it; somebody else worked on it; somebody else earned it; and even if his relatives are somewhat remote in degree, they and not the people of Canada are entitled to that property. If that man's property has been invaded by some trespasser who had acquired a footing upon it, and if the man was away and did not know that, he would have, under the law of the western provinces, I think, twelve years in which to vindicate his rights. If it was in my province of New Brunswick, he would have twenty years.

Sir HENRY DRAYTON: In Ontario, ten years.

Mr. BAXTER: If he died before that term was up and his children were under age, a further time would be allowed to enable them to reach their majority and to vindicate their title. Why should the Crown ask for such a right as this, not a right to deny the title of a man who has no title, but a right to deny and extinguish the title of people who have good title? That is what it is. I cannot understand the mind of the man who drafted this bill. He cannot have thought of the consequences; he probably was thinking only of squatters coming in on the property; and if they were going to assert title, he wanted them to do that properly. I am in entire sympathy with that; but the Crown did not need the help of any new legislation for that; under the common law, the Crown could have taken that property and held it against the world except the rightful owner. The Crown does not need this bill to-day to do that. What is the emergency? What is the reason? I would feel much more content if my hon. friend would kindly consent to get the names of individual cases and mention them in this Chamber. There will surely be in the representation of this House some hon. members from the West who will recognize the cases if they are mentioned. Such cases are rare. In my province, a province of something less than half a million population, I can recall three instances in the last fifty years, and the province of New Brunswick has a general escheat law, but no such legislation as this, where grants are made when it is found that people are morally, although not legally, entitled. There can be no great number of cases and no great hardship. Would it not be better to bring us all the information, so that we might know why some official in the department got so exercised as to think it necessary to draft a law that would cut away, upon a two years' proscription, the rights of people lawfully entitled to property?

Mr. McKENZIE: There is hardly a legal case or a case of law in regard to property, either real or personal, but would be placed by my hon. friend in the extreme position which he has described. It would appear, according to his contention, that by reason of this legislation, severe hardships are to be inflicted upon certain individuals. It is a well-established principle that the Crown can do no wrong. On the Crown bringing this action, there must be service on somebody; there must be service of some kind or information that must be exhibited in connection with this action. The Crown cannot go on without somebody representing the supposed heir or whoever is supposed to have a right to this property. He must be represented before the court. Are we to take it for granted that the party who is appointed to represent the alleged heirs; or if there are heirs, after the service of these papers or their advertisement in the newspapers, in the Canada Gazette and in whatever other way the practice of the court and the order of the judge may direct—

Mr. BAXTER: Will my hon. friend permit me to interrupt him for a moment? There is no need for our having a misunderstanding of the plain wording of the law:

> Where His Majesty the King, in his right of Canada, is entitled to any land or other real or personal property by reason of the person last seised or entitled thereto having died intestate and without lawful heirs the Attorney General of Canada may cause possession thereof to be taken in the name of His Majesty, or if possession is withheld may exhibit an information in the Exchequer Court for the recovery thereof.

There is no need to advertise for heirs or anything else. You simply take possession.

Mr. McKENZIE: Supposing the Crown takes possession; the Crown holds possession; but before the Crown can part with the property, or pass it over to anybody else, there must be a judgment of a competent court to enable the Crown to do so. It is a well-established principle of British law that no person's right can be affected without notice; there must be notice. My learned friend will find, in the very early cases of the Supreme Court of Canada, that the principle was established, that no man's right to property, or any other tangible right, can be affected without notice. Courts can go on giving titles and judgments as much as they like; but while that decision in the Supreme Court of Canada holds, notice must be given before anybody's rights can be affected by those performances at all. Therefore, the greater part of what my hon. friend has pictured cannot happen at all. I wish simply to point out that this is property which nobody claims. It stands there for two years. The Crown has possibly taken possession ten days after the man has died; the Crown has possession; it holds possession for two years. No heir appears or there is no claimant to the property, and it is found desirable to sell it. Then the Crown, within those two years, will put itself in a position, by judgment of a competent court, to dispose of the property, and it is for the Exchequer Court to say what provision should be made. Supposing a man has made improvements worth $2,000 to a property; the Exchequer Court will say to the Crown: "You may sell this property provided that, before you dispose of it or alienate the title, you must get that $2,000 and put it into the bank and leave it there awaiting any claimant". All those rights will be preserved by the judge. All that we say is that these steps must be taken. We have a court to deal with these matters, and we have every reason to believe that, if there is no real, proper defendant before the court, a judge will be even more careful about what becomes of the property than if there was a real live defendant and claimant represented by counsel before him. I have no desire to appear solicitous in regard to this matter; I am quite willing that the committee rise and report progress on this bill and ask leave to sit again. In the meantime, possibly I can find out the real facts that have moved the department or some important official of it to ask for this legislation.

Mr. BAXTER: I thank my hon. friend for taking this course. I think it will clear the air. If the minister will give the House the information which I have requested, I think the House will be better satisfied.

Mr. GUTHRIE: I am not disposed to take much exception to the bill or the object which it is sought to obtain by it. I do take exception to the very limited term, two years, which the bill proposes to fix as against any claim that may be made against the Crown. In my view, there should be some finality in all these matters. I agree also that the law of escheat is not so common in this country, and the ordinary practitioner has not had a great deal of experience of it. It is in-

voked only at odd intervals; and I think I am right when I say that in respect of personal property this bill will be of exceedingly limited application. It could only possibly apply to personal property in unorganized districts or territories of Canada. I think the law was settled as far back as the year 1883 in a case which went to the Privy Council from the province of Ontario. By the judgment of the Privy Council in that case—I think, the Attorney General of Ontario against the Attorney-General of Canada—it was settled that escheated estates became the property of the province and not of the Dominion of Canada. The application of this bill will be limited to real estate in those provinces where the Dominion still owns land, and to personal property only in the unorganized districts of Canada. So that in regard to personal property the application of the bill will be extremely limited. Practically, the bill deals only with real estate, and I for one think that in the case of a man dying without a will and without heirs there should be some finality in the matter of his estate, some final method of disposal. If it goes eventually to the Dominion of Canada, the right of the Dominion should at the earliest convenient time become absolute and action should be barred. I do think that the period of two years proposed in the bill is entirely too restrictive. If the Solicitor-General will recommend a period of six years, which is the usual term of limitation in respect of ordinary actions in law, or even longer, in regard to land, I personally do not see any great objection to the bill passing the House. Perhaps, in the interval, as the bill is not to be proceeded with to-night, the Solicitor-General could think out the question of a more extended limitation, and if he will submit a bill providing a period of six or even ten years, speaking for myself alone, I do not see any objection to the bill. I think it is a bill that should be passed.

Progress reported.

THE JUDGES ACT AMENDMENT

CONCURRENCE IN SENATE AMENDMENTS

On motion of Sir Lomer Gouin (Minister of Justice) the House went into committee to consider the amendments made by the Senate to Bill No. 19, to amend the Judges Act, Mr. Gordon in the Chair.

Mr. GUTHRIE: Perhaps the minister will explain the amendments.

Sir LOMER GOUIN: The amendments provide that whenever a judge, by reason of age or infirmity, becomes incapacitated for the due execution of his duties, he shall cease to receive his salary, but this shall be done only on report of the Minister of Justice to the Governor in Council after an inquiry has been held by one or two judges or more of the Supreme Court, or a judge of the Exchequer Court, or one or more judges of the highest court of the province concerned, after notice has been given to the judge in the matter. If it is established that such a judge is incapacitated by age or infirmity to perform his duties, on the report of the Minister of Justice his salary ceases. Subsection 3, however, provides that, nevertheless, even after such procedure has been decided upon it shall be possible for the Government to pension the judge. Moreover, the Minister of Justice has power to grant leave, for good cause to such a judge.

Mr. GUTHRIE: Does the minister himself approve of the amendments?

Sir LOMER GOUIN: I have read them carefully and I approve of them.

Motion agreed to; amendments read the second time and concurred in.

CRIMINAL CODE AMENDMENT

On motion of Sir Lomer Gouin (Minister of Justice) Bill No. 93 to amend the Criminal Code was read the second time, and the House went into committee thereon, Mr. Gordon in the Chair.

On Section 1—Offence for police commissioner to take bribe or for person to offer him bribe.

Sir LOMER GOUIN: We propose to amend Section 157 of the criminal code to cover police commissioners.

Section agreed to.

On Section 2—Reference to numbers of sections, etc.

Sir LOMER GOUIN: Since the "three preceding sections" were passed an amendment has been inserted between Sections 242 and 243, and therefore it becomes necessary to amend Section 244 as in this bill.

Section agreed to.

On Section 3—Age of consent.

Sir LOMER GOUIN: This section was passed by this House last year but was rejected by the Senate.

Section agreed to.

On Section 7—Penalty of seven years or ten years for subsequent offence.

Sir HENRY DRAYTON: What is the penalty under the act?

Sir LOMER GOUIN: This prescribes the maximum penalty for stealing automobiles.

Sir HENRY DRAYTON: For the first offence?

Sir LOMER GOUIN: Yes; but it is the maximum.

Mr. McKENZIE: I have heard a great deal of complaint that the minimum penalty below which the judge has no right to exercise discretion is too high.

Sir LOMER GOUIN: The minimum is one year.

Mr. SHAW: I would point out, Mr. Chairman, that some of us in this end of the Chamber who are interested in this particular bill cannot hear a single word that the minister has said.

Section agreed to.

On Section 8—Conveyance of cattle without proper rest, etc.—Carriage of calves under three weeks old.

Mr. NEILL: Why is it an offence to carry a calf under the age of three weeks by boat or rail? I understand the object, but let me point out that a calf one week old is perfectly old enough to be shipped ten or twenty miles by boat or rail, and it is being done every day of the week. Why make it a criminal offence?

Sir LOMER GOUIN: That is the old law. The only amendment is to strike out the necessary consent by the owner to keep the animals in any car or vessel for more than thirty-six hours.

Mr. NEILL: That amendment may or may not be desirable, but what I am asking is why it is illegal for a common carrier to transport a calf less than three weeks old, when it is not harmful and is being done every day of the week. What is the use of having laws which are unreasonable, and are not being observed?

Sir LOMER GOUIN: If there is any good ground to amend the law I shall be willing to consider it.

Mr. GUTHRIE: My recollection is that this clause was inserted owing to representations made by very worthy citizens who constitute the Humane Society. It was represented that it was an act of cruelty to ship calves under three weeks old without their dam.

Mr. NEILL: I have always observed, Mr. Chairman, that people who know most about farming are those who live in cities. It is not a cruelty to a calf to ship it when it is three weeks old unless it is shipped a very long journey without nourishment. A distance of twenty or thirty miles can be covered by boat or rail within four or five hours, and it does not injure the calf to have it go without nourishment for that length of time. Many of these societies for the prevention of cruelty to animals are very admirable societies, kept up largely by ladies who cannot be expected to be familiar with the intricacies of agricultural life. In the state of nature, which is supposed to be the nearest we can get to proper conditions, a cow will leave its calf cached somewhere for nearly a whole day while it goes out for food, and will come back and nurse the calf at night, with no resulting injury to the calf. As a matter of fact, I am told that this section was introduced with some vague idea of restricting the shipping of calves which are not pure-bred, but I do not know about that. I think this is an unreasonable provision.

Mr. GOULD: With regard to the Society for the Prevention of Cruelty to Animals, some hon. members will recall that three sessions ago there emanated from the same society the suggestion that it would be unholy or criminal to use poison gas on grasshoppers because it might injure without killing them. It seems to me that the sentiment expressed in this present provision is similar to the sentiment which was expressed on that occasion. What the hon. member (Mr. Neill) says concerning the feeding of calves is quite right; I have known the dam to leave her young for twenty-four hours without causing the slightest injury. As a matter of fact, if you tried to catch the calf during that period you would find it a very strong youngster and quite capable of keeping out of the way. I think that this is an unwarranted intervention.

Mr. NEILL: The section says that it shall be illegal to ship calves under three weeks of age other than calves at foot of milch cows, or purebred calves. In other words, if a calf is under three weeks old it must not be shipped unless it is purebred. What peculiar quality is there in a purebred animals which enables it to do without nourishment longer than one which is not purebred?

Sir LOMER GOUIN: In order to make this amendment complete I think it will be necessary to strike out the word "is" after "1921" in line three of the section and to substitute therefore the following words:

—and section 544A as enacted by chapter 9 of the statutes of 1909 are—

As to that part of the section which has reference to calves, I would ask hon. members to let it pass for this year and next year we may consider it.

Section as amended agreed to.

On section 11—certain fines in Ontario to be paid to the municipalities.

Mr. BAXTER: Why does this apply only to Ontario?

Sir LOMER GOUIN: Representations have been made by the province of Ontario on this point, and they seem to be unanimous. That is why the amendment is made in relation to Ontario.

Sir HENRY DRAYTON: The distinction is quite clear. In Quebec the provincial government provides for the building of the court houses and the like, as well as all the machinery for the administration of justice. In Ontario the municipalities build the court houses and maintain them. It seems right, therefore, that the municipality should get this very small recompense arising out of the administration of justice.

Mr. BAXTER: What my hon. friend has said with regard to Ontario applies equally to New Brunswick, and I think, to Nova Scotia as well. In both these provinces the municipalities build the court houses and meet all the cost of administering justice so far as the magistrates' courts are concerned if it is right to extend this provision to Ontario it is right to apply it to the other provinces.

9 p.m.

Mr. MICHAUD: I can corroborate what my hon. friend (Mr. Baxter) has just stated. The municipalities in New Brunswick build their own court houses and meet the magistrates' expenses, the cost of fuel, caretaking, and so on, so far as preliminary inquiries in the magistrates' courts are concerned.

Mr. SHAW: I should imagine that in Alberta the proceeds of estreated recognizances are as considerable as they are in any other province. While the local authorities are not responsible for the building and maintenance of court houses, they meet a substantial portion of the "expense of administering the law," to use the expression in the section. Perhaps the situation there should also be considered.

Mr. BAXTER: I would move, if the minister will accept the amendment, to strike out the words "with respect to the province of Ontario". If the principle is right as applied to Ontaria, it is right as applied to every other province.

Sir LOMER GOUIN: I would ask my hon. friend not to insist on that amendment. We had delegations from Ontario on this subject at the very beginning of the session. The bill was introduced four or five weeks ago, and its terms have been familiar to all hon. members. I know that some of the provinces oppose this amendment and possibly the good province of New Brunswick is with the opponents of the bill. If this amendment passes, possibly one or two other provinces may come to us and represent that they should be treated the same way. Just now we desire to pass the amendment which applies to the province of Ontario alone.

Mr. BAXTER: This legislation is not helping the province of Ontario at all because it is not a matter of interest to that government. Nor is there any reason for asking the province of New Brunswick, or any of the other provinces, for their opinion. In New Brunswick the province does not bear one penny of this cost. In Ontario, I suppose it is the municipalities that are benefited. The province itself does not get the money under this legislation.

Sir HENRY DRAYTON: They got it before.

Mr. BAXTER: They got it before this act was passed?

Sir HENRY DRAYTON: Certainly.

Mr. BAXTER: We never got it in New Brunswick.

Sir LOMER GOUIN: The province of New Brunswick received all the money.

Mr. BAXTER: Oh, no.

Sir LOMER GOUIN: Yes.

Mr. BAXTER: Most of the fines are received by the police magistrates and under special statute have to be paid over to the particular department under which the prosecution is brought. In New Brunswick fines that are not allocated go to the municipal authorities.

Sir HENRY DRAYTON: I can tell my hon. friend that so far as Ontario is

concerned that is the situation. They came down at the very commencement of the session. I thought nearly everybody knew the facts; certainly the newspapers knew all about it. There was a very large deputation and it was shown, if I remember the figures rightly, that the provincial government, in connection with its enforcement of criminal procedure, derived a profit of $105,000—certainly over $100,000—while at the same time the whole machinery was supplied by the municipalities. Now, what the Minister of Justice means—and this is a matter in which all the provinces are interested—is that it has not been demonstrated whether the provinces should or should not lose that revenue. As regards Ontario it does seem to me that that province should not lose any chance of getting this small measure of justice.

Section agreed to.

On section 12—Section made to extend to corporations:

Sir LOMER GOUIN: I have an amendment to propose to section 542. Paragraph (a), of section 542, as at present framed reads as follows:

Everyone is guilty of an offence and liable, on summary conviction before two justices to a penalty not exceeding fifty dollars, or to three months' imprisonment with or without hard labour, or to both, who—

(a) wantonly, cruelly, or unencessarily beats, binds ill-treats, abuses, overdrives or tortures cattle, poultry, dog, domestic animal or bird, or any wild animal or bird in captivity.

I propose to replace paragraph (a) by the following:

(a) wantonly, cruelly, or unnecessarily kills, slaughters, beats, binds, ill-treats, abuses, overdrives, overloads, tortures, infuriates or terrifies any cattle, poultry, dog, domestic animal or bird, or any wild animal or bird in captivity, or subjects or causes or procures or, being the owner permits, any animal to be subjected to any operation which is performed without due care and humanity or, being the operator, does not when proper and possible use some general or local anesthetic of sufficient power to prevent such animal from feeling pain when so operating; or

The amendment has been asked for by the Society for the Prevention of Cruelty to Animals. Whenever an operation is performed they want the operative to use an anesthetic.

Mr. McBRIDE: How would this provision affect the branding of cattle?

Sir LOMER GOUIN: I do not think it would apply to the branding of cattle, it refers to operations.

Mr. SHEARD: Would it apply to the docking of horses' tails?

Mr. BROWN: Is there anything to define what an "operation" is? Because I can conceive it to be quite possible that "operation" might be defined in such a way as to handicap operations on the farm.

Sir LOMER GOUIN: It is a very hard thing to define. This provision is demanded by the Department of Agriculture, I understand, and I am told that the same legislation has been passed in England and all the other dominions.

Mr. TOLMIE: Then it does not apply to the ordinary operations on the farm?

Sir LOMER GOUIN: Not ordinary operations.

Mr. TOLMIE: That ought to be very clearly pointed out, because if the interpretation of the paragraph were left to some uninformed inspector or magistrate very serious results might follow?

Sir LOMER GOUIN: The matter is left to a judge. If the House deems the provision to be dangerous I will not insist upon it.

Sir HENRY DRAYTON: What has the Minister of Agriculture to say about this, seeing that the amendment emanated from his department?

Mr. MOTHERWELL: I was not listening.

Mr. COOTE: I did not quite catch the entire wording of the amendment but, I want to point this out: I know from personal experience that to give chloroform, or any anesthetic, to one of these animals that we sometimes have to operate on is very expensive. I had a favourite horse that needed to have a rather serious operation, and I asked the veterinary what it would cost to give him an anesthetic. He replied that it would cost more than the horse was worth. I think the committee should be a little careful about passing these amendments without really knowing just how far they go, and what the result is likely to be.

Mr. McBRIDE: I am afraid such a provision as this if applied to the branding of calves would be rather hard to comply with. I know of one justice of the peace who declared that if he had his way he would put in the penitentiary any person found applying a hot iron to a calf, and we have got to brand our calves. I do not think this should carry. There is considerable feeling in our part of the country that all cattle should be dehorned. Now

how would we get along if we were dehorning cattle? There are many operations that cattle have to undergo, where they are ranching in a large way, and, I think, if this provision were enacted, it would be rather difficult to get someone to decide what the law really meant.

Mr. MOTHERWELL: I think there can be no objection to the provision for giving anesthetics to animals undergoing painful operations. Would the hon. member not want an anesthetic himself, if he had to undergo an operation? If it be used in the human family, it should be used in the case of animals. We have our tonsils cut out, and other operations, and we do not consider the question of cost. It is evidence of advanced civilization when we consider our dumb animals in this respect. I think we should enact this provision.

Sir HENRY DRAYTON: Would that apply to branding, dehorning or similar operations?

Mr. MOTHERWELL: My hon. friend does not want me to enter into a minute classification of the painful operations?

Sir HENRY DRAYTON: Yes.

Mr. MOTHERWELL: I do not think it would affect dehorning. That is a very rapid operation, and over in a very short time, and, if performed, with proper equipment would not require an anesthetic.

Mr. NEILL: Is there not an act which provides that if you administer chloroform or an anesthetic, a medical man must be present?

Mr. COOTE: I would request the Minister of Justice to withdraw that clause relating to operations performed on animals. I think the expense would be prohibitive.

Sir LOMER GOUIN: I will withdraw the whole amendment.

Amendment withdrawn.

Progress reported.

SUPPLY

The House in Committee of Supply, Mr. Gordon in the Chair.

Trade and Commerce—Canada Grain Act, Administration of $1,300,000.

Sir HENRY DRAYTON: What is the reason for the increase?

Mr. ROBB: It is the usual increase of business, and is based upon the estimate of last year.. Last year there was not quite sufficient to cover the amount required, and we had to put through some orders in council and supplementaries.

Mr. CARMICHAEL: Under this item, I notice, there is an increase in last year's expenditure of $125,000. I do not wish to enter into that feature of this estimate, but wish to bring another matter before the committee in connection with the estimate. It is a matter that was mentioned in this House some two years ago, it has come before the Department of Trade and Commerce a number of times, and it was taken up with the present leader of the Opposition (Mr. Meighen) when he was Prime Minister. I believe that he and the Department of Justice have had correspondence on the subject. I refer to the case of one of my constituents, Mr. J. A. Campbell, of Sovereign, Saskatchewan, who shipped a car of flax in November of 1916 to the Acme Grain Company, of Winnipeg, Manitoba, with instructions to sell the flax when it reached a certain price. On February 2nd, 1917, Mr. Campbell enlisted and went overseas. In April of 1917, while Mr. Campbell was overseas, the car of flax was sold, because flax had reached the stipulated price, but the Acme Grain Company defaulted. Their liabilities were $35,000, and their assets, which were represented by the guarantee bond they had obtained, were but $7,500. Mr. Campbell's flax was sold for $2,894.55, but, when he got his share of the bond, he received only $621.86, being a net loss to him of $2,272.69, and this loss was sustained over five years ago. Mr. Campbell claims this amount, with interest, for a period of something over five years. I might enter into some proof of the legal ground for his claim. I will read some sections of the Canada Grain Act, which are not very lengthy. Section 210 reads:

> Any person desiring to carry on the business of grain commission merchant in the western inspection division shall make application in writing to the board for a license to sell grain on commission, stating the locality where he intends to carry on such business, and the probable amount of business he will do monthly.

Then section 211 reads:

> On receiving such application the board shall fix the amount of a bond to be given to His Majesty with sufficient surety for the benefit of persons entrusting such commission merchants with consignments of grain to be sold on commission.

In section 213, provision is made for the issuing of a license to such company on

payment of a fee. The board referred to in this legislation is the Board of Grain Commissioners, which is under the supervision of the Department of Trade and Commerce, which department is a department of this Government, which Government represents the people of Canada. Mr. Campbell claims that this Department of Trade and Commerce should make good his claim. I am well aware that the Department of Justice has ruled that Mr. Campbell has no legal claim on the department, so that I do not care to enter into the controversy and try to prove that he has. If he has not a legal claim, I am quite sure that he has a moral claim. This is the case of a Canadian citizen. He is a resident of my constituency, and I know him personally. He went overseas, and for nearly two and one-half years was in the service of his country. For about seven months of that time he was in hospital. We can easily imagine the thoughts that a person would have while overseas presumably to protect our interests as well as his, on hearing that his property at home was looted to the extent of over $2,200. We can easily imagine what kind of effect it would have upon him to get word from the Department of Trade and Commerce that he had no legal claim to recover this loss. He might easily reason that Britain had no legal right to go into war to protect Belgium. Indeed, I question if she did have any legal right; but yet she went in because she had a moral right, and to show that she had that moral right, about 1,000,000 of her sons gave up their lives. Also he might reason that, even though Britain went into the war, Canada was not legally bound also to go in. Yet Canada went into the war and about 50,000 of her sons are mouldering in Flanders to-day, not because she was legally bound to go, but because she felt morally bound to go. Therefore, if the department is not legally bound to make good this claim, it seems to me that this gentleman, a returned soldier, has a moral claim on the finances of this country. I might refer the committee to item No. 168 on page 43 of the Estimates, where we passed in this committee an expenditure of $5,000 to provide for the building of a tablet to the memory of the late Bowman B. Law, who lost his life in the fire which destroyed the old Parliament building. When this item was going through, I was revolving in my mind what claim there was on the Government of Canada to make this expenditure of $5,000. I did not raise any question in opposition, because I, like the rest of the committee, felt that, perhaps, there was a moral responsibility on the Government to make this payment. If there is a moral responsibility on the country to pay out $5,000 in this case, there is a greater moral responsibility on the Government to pay out something over $2,200 to make good an actual loss for one who left his country and left his property in the care of the citizens of Canada.

There is another item in the Estimates, that for militia annual drill. We recall quite well in this committee that we made provision to expend $1,100,000 for the ensuing year on annual drill. While there was some opposition to this item of expenditure, it went through. During the discussion, the point was raised that it was very necessary to keep up annual drill in order to have people in shape in case of some future possible war. The expenditure of $1,100,000 under this item will not have as far-reaching effect as the payment of this just claim against the Department of Trade and Commerce. I make this statement because the injustice done to this individual is known throughout western Canada. He is the type of individual that does not let a small matter drop. He is the kind of individual that made good at the front because he is the kind that sticks to and hangs on when there is a point to be gained. He has written in several of our western papers; he has corresponded with the Department of Trade and Commerce. I venture to say that they have a voluminous correspondence over this case. He has also corresponded with the Department of Justice, with the Department of Soldiers Civil Re-establishment, with the ex-Prime Minister (Mr. Meighen) and with the Great War Veterans' Association. His correspondence has reached tremendous proportions, and this has been going on for several years, so that the case is very well known in western Canada. He has taken the matter up with western members; there are other members in this House who are well acquainted with the facts in this case. Others suffered loss through the defaulting of this company; but Mr. Campbell, to the best of my knowledge, at least, is the only returned man who has suffered loss in this way. Therefore, I would suggest that his case be given favourable consideration. I am aware that I would not be within my rights to

move that this estimate be increased to make provision for this loss; but I would submit to the minister of this department that, in bringing down his supplementary estimates, he make provision for taking care of this liability.

Mr. McCONICA: I desire to associate myself with the hon. member for Kindersley (Mr. Carmichael) in support of the contention which he has just presented. I am personally acquainted with Mr. Campbell, and I am aware that he has no legal claim against the Government. I believe, however, he has a moral claim in this regard. The board, appointed by this government, were directed by the statute to provide a sufficient bond to protect him in the business which he entrusted to these commission grain merchants. They failed to provide a bond that was sufficient to cover his loss. He was at the front protecting the lives of the people of this country; he suffered a very severe loss, and he is a man who could ill afford to stand a loss of this character. He feels, and his associates, soldiers who were at the front with him and are now his neighbours, familiar with the circumstances, all feel, that while he has no legal claim he certainly has a moral claim upon this country, which he helped to defend. For that reason I sincerely hope that the suggestion of the member for Kindersley (Mr. Carmichael) may receive the earnest consideration of the minister.

Mr. ROBB: It is only fair to say that the member for Kindersley (Mr. Carmichael and the member for Battleford (Mr. McConica) have already urged Mr. Campbell's claim upon the Department of Justice. To-night they have put it upon a new ground, and I am glad to know that they have withdrawn the contention that Mr. Campbell has a legal claim. The matter has been fairly stated by the member for Kindersley. It has been several times reviewed by the previous government, and was referred to the Department of Justice. That department, having examined the Manitoba Grain Act and all the claims and pretensions of Mr. Campbell, have given their ruling that Mr. Campbell has no legal claim. Now, it is fair to say on behalf of the grain commissioners that the bonds upon grain companies are always based upon the previous year's business, and to add that while there were other firms willing to purchase grain, Mr. Campbell himself selected the Acme Grain Company, to whom he shipped his grain on the 20th of November. On the 18th of December the bank surrendered the bill of lading to the Acme Grain Company. We have the statement that Mr. Campbell enlisted on the 19th of February, 1917, so it is apparent that Mr. Campbell was himself in the country when the bill of lading was surrendered to the Acme Grain Company. He cannot evade that share of responsibility. Mr. Campbell on the 7th of April, 1917, gave instructions to the Acme Grain Company to sell the grain and in the month of May the company defaulted. Now, I am bound to say that my hon. friends have convinced me that upon compassionate grounds Mr. Campbell may have some claim upon the country. Even supposing that he himself had surrendered the bill of lading to the Acme Grain Company, whom he had selected among all others to ship his grain, it is fair to assume that had he been in the country before the company defaulted it is possible he would have crowded them and obtained payment. Therefore, having in mind that Mr. Campbell spent seven months in hospital, that he voluntarily enlisted and went to defend the country, I am prepared to admit that it is possible that a claim might be made out on compassionate grounds. But I am not prepared to-night to commit myself and say that the Government will recognize that claim. We will take into consideration the representations made by the members for Kindersley and Battleford and at a later date, if not this year, then during next session, make a statement as to what we shall do.

Mr. MORRISON: I wish to associate myself with those who have spoken on this matter. I do not know Mr. Campbell personally, but I have had considerable correspondence with him with regard to this affair and have also interviewed the Minister of Trade and Commerce (Mr. Robb). I am convinced that the real reason why Mr. Campbell's claim is not recognized is the fear of the Government that there would thereby be created a precedent which would result in many more claims. But Mr. Campbell is the only soldier who has suffered loss through a grain company defaulting. I can sympathize with him because the first car of wheat I grew and shipped was stolen, and I know how it goes. Mr. Campbell is a young man just starting out in business, and he entrusted the car of flax to this firm which should have been bonded with sufficient security. They should not have got away with all their assets except their bond of $7,500.

The Minister of Trade and Commerce admits that the matter has been put on a new plane and that we are admitting that Mr. Campbell has, not a legal, but a moral claim. Suppose I owed the minister some money and could evade payment legally: I admitted that, but I had the upper hand, and would not pay him, although I was morally indebted to him, because I was not legally bound to; what would my neighbours think of me? They would think I was a beautiful specimen, a pretty fine fellow. I submit that the country owes Mr. Campbell this $2,270 and should pay it.

Mr. ROBB: I do not even admit a moral claim. I say that on compassionate grounds his case might be considered.

Mr. MORRISON: I do not consider that there is any "compassion" in the matter, I think the country owes Mr. Campbell the money, at least morally.

Mr. McKENZIE: On what moral ground does the country owe him the money?

Mr. MORRISON: He was protecting our interests and the country should have protected his, when he was not here to look after them.

Mr. McKENZIE: I am sympathetic with Mr. Campbell, but this country never undertook to insure anyone against the loss of any kind of property.

Mr. MORRISON: The country did undertake to protect the farmers in the shipping of grain, in providing that all grain companies should be bonded with sufficient security. The Acme Grain Company were not bonded with sufficient security or Mr. Campbell would not have sustained the loss he has suffered.

Mr. SHAW: In view of the recent decision of the Manitoba court, have any steps been taken to insure that companies will not spring into existence without putting up the necessary bond which the law now requires? Further, what, if any, steps have been taken to protect the sellers of grain in that connection?

Mr. ROBB: Perhaps it would delay the proceedings to go into that question at any length to-night. As my hon. friend is perhaps aware, the Manitoba Grain Act was passed to safeguard the handling of western grain, and that act was attacked by the people for whom it was enacted. It was taken into the courts and a suspicion was aroused that some parts of the act were ultra vires. That suspicion led to action being taken in the courts, and a judgment was rendered upholding the pretensions of certain people that the Government had no right to bond these grain dealers. Now, the Government had done all that they could be expected to do. They have appealed the judgment, and until that judgment is reviewed in the higher courts the Government will still act on the principle that the Manitoba Grain Act is legal.

Sir HENRY DRAYTON: In other words, you are continuing the present practice?

Mr. ROBB: Yes.

Mr. MILLAR: Because of the belief that the Grain Act is in some respects unconstitutional, is it true that certain terminal elevator companies have been refusing to pay overages since 1920?

Mr. ROBB: That is quite true.

Mr. JOHNSON (Moosejaw): We are asked to vote a considerable sum of money for the administration of the Canada Grain Act, and I think the producers of and dealers in grain are entitled to know whether their interests will be protected. It is quite true, as the minister says, that the Grain Act was passed in 1908 and the Board of Grain Commissioners constituted to administer it. He also informs us that until this contentious question is decided in a higher court it will be assumed that the act is constitutional and that the commissioners have full power to carry out their duties. The question has been raised whether the Canadian grain trade should be administered solely by the federal authorities, or jointly with the provincial authorities, and such joint administration would necessitate certain amendments to the Grain Act. But if that is right, Mr. Chairman, let me repeat, those who are subject to the provisions of that act have a right to know what protection they enjoy.

The case which has been brought before us this evening, peculiar and special though it be is by no means singular, for we know that whether grain companies are bankrupt after conducting their business in a proper way or not, these cases are coming before us continually. Last year I am informed that a grain company in the city of Edmonton defaulted to the extent of many thousands of dollars, and the people who had consigned their grain to it were the losers. Last winter, before I left for the session, we had a similar case in the city of Regina where another firm, the mem-

bers of which were respected citizens, went bankrupt under very sad circumstances indeed. The Minister of Trade and Commerce (Mr. Robb) perhaps is familiar with that case, but at any rate my hon. friend, the Minister of Agriculture (Mr. Motherwell) will know what I refer to. I would not care to go into the details of that case here, but many farmers lost a considerable amount of money by that failure. One man told me that he consigned several carloads of grain to that firm, and simply had to write them off as a dead loss. It would appear therefore that either the act itself is defective or the Board of Grain Commissioners are incompetent to administer it.

But that is not the worst, Mr. Chairman: the act is being openly defied. I shall not deal with Section 215 which is at present the subject of controversy. But some grain firms of Winnipeg last year declined to pay to the federal government those overages which were legally due if the act is constitutional. On the 27th April last the following answer was given to a question put on the Order Paper by the hon. member for Qu'Appelle (Mr. Millar), and will be found at page 1254 of Hansard:

> For the crop year 1920-21 the total value of the overages to be delivered to the government was $130,524.06. Accounts have been rendered for this amount, but no payments have yet been made.

To my mind that is a serious state of affairs, and I cannot refrain at this stage from asking hon. gentlemen who have opposed our demand for a new system of marketing grain: Can they wonder that the farmers of western Canada are up in arms against this condition of affairs and determined that it shall cease? I contend that if nothing else justifies their demand, that action on the part of certain grain firms does. Of course, the alternative suggestion is: Deal only with firms who have established a reputation for honesty and have ample capital to cover their losses. That is all very well, but under the law two or three people, members of this House if you like, could organize themselves into a grain-handling firm and proceed to do business with very few, if any, assets at their disposal and no guarantee beyond a bond, which represents only a very small percentage indeed of the value of the product that they will at times be called upon to handle. If we are to have no better guarantee than that that our business will be properly transacted, I submit that we have a right to question this item and before it is passed insist on an assurance that in the administration of the Grain Act by the Board of Grain Commissioners the producers of grain as well as those who deal in it shall be amply protected.

[Mr. R. M. Johnson.]

Mr. SALES: How long does the minister propose to allow the grain commission to issue licenses to private concerns?

Mr. ROBB: Permission to issue licenses to private elevators was given by an Order in Council passed, I think, at the request of gentlemen in this House who at that time represented the farmers of western Canada—the grain producers. Now, if representations are made to us that they do not desire the practice to be continued we will consider those representations.

Mr. SALES: What Order in Council is the minister referring to?

Mr. ROBB: I have not the Order at hand.

Mr. SALES: If the minister is referring to the Order in Council which created the sample markets, I can only say that there was very considerable opposition to their creation.

Mr. ROBB: There was also a demand.

Mr. SALES: But I can assure my hon. friend that that demand was not from the farmers of the West. How long does the minister intend to allow the commission to permit private elevators, or elevators with private licenses, to conduct a public business?

An hon. MEMBER: Is that a public business?

Mr. SALES: Yes. sir.

Mr. ROBB: I do not quite understand the question.

Mr. SALES: Do you intend to continue to allow an elevator with a private license to conduct a public terminal elevator business?

Mr. ROBB: So far as I know that is not allowed. It has been brought to my attention. Within a public terminal elevator there was what is termed a "private house," and I have given the grain commissioners strict instructions that all such abuses must cease. I might as well tell my hon. friend and the House that we have now before us complaints of irregular inspection and inferior grades—

Mr. SALES: Hear, hear.

Mr. ROBB:—inferior grades that have been delivered to our customers in Great Britain. I have under my hand a complaint respecting certain cargoes of grain shipped to Great Britain, and this complaint contains the names of the shippers and the vessels on which the grain was carried. I am not making any threat to expose those shippers, but I say now for the benefit of those gentlemen who have been so shipping, and who cannot be exonerated from doing a grave injury to the Canadian grain trade, and to those representatives at the foreign ports to which that grain was shipped, that this Government cannot stand idly by while the fair name of our western wheat is injured by mixing in transit, and I warn them that unless the practice is stopped there will be a full exposure of their transaction.

Mr. SALES: I am very glad to receive the assurance of the minister on that ground. I noticed as I came in that the hon. member for Moosejaw (Mr. Johnson) was making some remarks regarding the commission. This commission is a very important body—none more so in Canada. If the right men are on it they can render exceedingly good service; if the wrong men are on it they can do great harm. Almost since its inception the commission has been, I was going to say, a crime. One man who was appointed on it had no qualifications whatever for the position; the appointment was purely a political one. Another gentleman was appointed on it, I do not know what for. He surely knew all about the elevator business; the farmers of the West thought he knew a good deal too much about it.

Mr. MARTELL: Who were they?

Mr. SALES: Well, the second gentleman of whom I have spoken was manager of a company which was twice convicted and fined while he was manager for carrying on illegal operations, and he was put on this commission to act in a judicial capacity.

Mr. LOVETT: Who appointed these men?

Mr. SALES: As far as I can remember, they were appointed shortly after the election in 1911.

Mr. LOVETT: I thought so.

Mr. SALES: I am not quite sure, but I think that is the case. The third member of the commission was a man of undoubted ability; he was the chairman. The farmers had great faith in him; but here again the Government pursues a niggardly policy by paying only $6,500 a year, and the Grain Exchange, by paying him more than the government paid him, took him away from the service of the country, in which he was doing really valuable work. I contend that the salaries paid on this commission should be higher. I do not see how a man who knows as much as one of these commissioners knows about terminal elevators and the grain trade—a very highly paid business—can afford to take the position of commissioner at $6,000 a year and be honest. Now I want to refer a little to the assurance that the minister has given us. This commission has always proved itself—some members of it at any rate—to be a willing tool in the hands
10 p.m. of the parties interested in the grain trade. For instance, in the Canada Grain Act I find no reference whatever to a private elevator; the only thing I can find in that respect is a reference to the hospital elevator. But when this sample market business was forced upon us by the late government in 1917, an Order in Council dated August 25 was passed and in it I find the first reference to private terminal elevators, as follows:

> The board will issue public terminal elevator licenses and private terminal elevator licenses.

The first fight was to get the warehouse receipts issued by these private elevators put on the same footing as those issued by the public elevators. The trade managed to secure that. A regulation was made governing the sample markets; it reads in this way:

> Grain received into private elevators must be the property of such elevators. Private elevators are prohibited from doing a public storage business; provided, however, that nothing contained herein shall curtail the right of sale of grain in store in any private elevator.

Later, as I have said, they issued warehouse receipts and began to trade in them. Clause 17 of the regulations reads as follows:

> Notwithstanding the foregoing rules and regulations for private terminal elevators, the owner or owners of grain may enter into a contract for the handling and mixing—

Mixing, you will note.

> —the handling and mixing of grain in such private terminal elevators.

That was the whole fight of the trade. When they talked about sample markets they wanted the right to mix the grain, and once they got that legislation through they cared nothing about the sample market. It is true the Government found a

place for a sample market at Fort William, but it was never used. And now we come to the gem of the whole business. They wanted to get the right to do a public business. This regulation, which should be issued each year before the opening of the grain trade, came out about the first of September. On the second of September, 1920, by Order in Council, section 17 was cancelled and the following was substituted therefor:

> Notwithstanding the foregoing rules and regulations for private terminal elevators the owner or owners of grain may enter into a contract for the storing or handling and mixing of grain in such private terminal elevators, and such contract may, if desired, be in the form of a warehouse receipt, which shall be registered by the board as to quantity only.

If desired by whom? I would like to ask the minister that question. This Order in Council was put through by the grain commission at the request of the trade and was absolutely unknown to the farmers of this country, whose grain was to be handled. This grain has been going into these houses; mixing has been going on; the grade of our grain has been degraded; No. 3 has been lowered to such an alarming extent that we have the statement of one of the millers before the agriculture committee that they did not want to buy any grain out of a mixing house. I make the statement that the result was to degrade the whole grain of Canada.

I know there is an item of $40,000 for a grain inquiry, if it is desired. I say there should be a grain inquiry. Our Grain Growers' Association in Saskatchewan passed a resolution to the effect that such an inquiry should be carried on. But we do not want a political inquiry; we want a real inquiry, an inquiry which will tell us how much of the grain goes into these mixing houses and how much comes out. We want an inquiry which will tell us how much of the farmers' wheat was sold without their permission. We do not want an inquiry which will send out miles into the country for the purpose of bringing witnesses to give evidence against certain firms. We want a real inquiry which will ascertain the facts, an inquiry into the physical handling and grading of our grain.

I would like them to inquire into another thing. There is a very strong suspicion that grain is taken into private elevators, mixed, and then transferred by rail to public elevators. I would like that to be inquired into. I am certain that the farmers are robbed of millions of dollars a year by this mixing alone. Let me explain what I mean: Take a car of No. 3 which just narrowly misses being a 2, and take a car of No. 4 which narrowly misses being a 3. Now there is at times 14 cents a bushel difference between those, and it is quite possible for a man skilled in the mixing of grain to take that high 3 and that high 4 and turn them both into a 3, and gain 12 or 14 cents a bushel. It is quite possible to take a car which is graded "tough" and mix it with some dry grain, and do all this kind of thing which, Mr. Chairman, to say the least of it should be stopped. These are the practices I would like to see a real grain inquiry into.

Mr. HOCKEN: You will never see it.

Mr. SALES: I do not think we ever should had my hon. friends to my right remained in power. I am hoping, however, to see a real grain inquiry. While I am on my feet I would like to say this further: I think that the producers of grain, whose interests this commission are supposed to guard, should certainly be represented on that commission, and they certainly should be represented on any inquiry that would be held in the future.

Mr. McKENZIE: Before the hon. gentleman gives up the subject will he explain how those things which he has described are done? We eastern men know practically nothing about the handling of grain. We know how coal, and steel, and fish, and other commodities are handled, but we know nothing about the handling or transhipping of grain. Perhaps the hon. member will explain how the cars that he speaks of get their grade? Who gives them their number—whether it be 1, or 2, or 3 or 4—in the first instance, and how is it possible for these frauds to be carried out? I am anxious to know how they can be provided against. I think I can assure my hon. friend that as far as this side of the House is concerned nothing can be more desirable, from our standpoint, than to make such frauds absolutely impossible, and my hon. friend will help hon. gentlemen on this side by showing how it is possible that with ordinary, intelligent officials in charge of the business these frauds can be perpetrated on honest farmers in this country.

Mr. SALES: Mr. Chairman, I will do my best to explain the matter to the Solicitor General. First of all, the cars are

graded under the Grain Commission. They have charge of the grading. They grade the wheat at Winnipeg and it is forwarded to the terminal elevators at Port Arthur and Fort William. A terminal elevator will take grain of certain grades which is not its own and store that grain, but this is not where the frauds are perpetrated. We will take grade No. 3, for instance, which is the one which is most used. Very often there will be a difference of 12 cents a bushel between No. 3 and No. 4. Now here is a car of No. 3 wheat which is just below No. 2; and a car which is not good enough for No. 3 and goes into No. 4. In the public bin we have this situation: Here is a car which misses being a 2 and is a very good car of 3. Here is my hon. friend next to me with a car of what we call on an average grade of 3, that is in the middle; and here is another man with a car which narrowly misses being a 4—all cars grading number 3 wheat. When they all go into the public terminal elevator and are mixed together what comes out is the average 3. Have I made myself plain there? That is the public terminal elevator—

Mr. McKENZIE: Just on that point, does the hon. gentleman say that these different grades should be kept separate—

Mr. SALES: No sir.

Mr. McKENZIE:—and not be put together?

Mr. SALES: No, sir, they are one grade; but there is such a lot of difference between the car which narrowly misses being a 2 and the car which narrowly misses getting into the 4—quite a difference. Mix these grades together as I have stated, and we get the average 3. Now we will take the private elevator.

Mr. McKENZIE: What is the purpose of showing grades 1, 2, 3, and 4 in a car if they are all to be dumped into one and the chances taken of what will come out?

Mr. SALES: Evidently I have not made the matter plain to my hon. friend. I am speaking of one grade only. There is a grade No. 1 that should go together, a grade No. 2 that should go together, and a grade No. 3 that should go together. I am speaking of the No. 3 grade because there is such a wide spread between 3 and 4. There is perhaps 3 cents difference in price between 1 and 2, and 4 cents difference in price between 2 and 3; but between 3 and 4 is a wide spread and this is the grade which lends itself so readily to manipulation. I have spoken of the public elevator business. Now for the private elevator business where I maintain this mixing goes on which is detrimental to the producer. A car of good 3, which narrowly misses being a 2 is taken and mixed with the best of 4 and then it is graded out as a 3. It all comes out as a poor 3 which narrowly misses being a 4; in fact the charge is made that the inspector when the grading is going on will say "I cannot allow any more of this to go, it is too poor, it is too near the line" and they strengthen it by putting a little better wheat into it; but it is the lowest of the grade. Have I made myself clear, Sir?

Mr. McKENZIE: My difficulty is that I do not understand why once the government inspector names a car No. 3—that certainly must be the class or he would not call it No. 3—why he mixes it up with a No. 4—there is certainly a mix-up of some kind—to get the proper grade.

Mr. HUGHES: Which farmer loses? Where does the fraud come in?

Mr. SALES: We have always contended the farmer suffers that loss.

Mr. HUGHES: Who suffers the loss? The farmer that has the No. 3 wheat or the farmer that has the No. 4?

Mr. SALES: Well, the farmer gets paid for No. 4 wheat but if, by mixing that wheat with No. 3, the elevator owner can obtain 12 cents a bushel, you know who gets the money. Further than that, let me say this when our degraded No. 3—which is just above a 4, that is all—gets into the British market you cannot fool the man in England who is buying our wheat for milling purposes—

Mr. ROBB: Hear, hear.

Mr. SALES: — and he will only pay for the low 3 because that is what he expects to get. In that way Liverpool sets the price of wheat to the farmers; and if this degrading is permitted to go on, even those not used to the grain trade can see that the farmer must be the sufferer.

Mr. ROBB: I understand the Minister of Finance desires to make a statement so perhaps we had better pass this item, and we can have a full discussion on the next item.

Mr. SALES: Before the item carries I would like to have an assurance from the minister that enough money will be paid to

get really good men for this commission who will honestly serve this country. I know that as salaries go in the grain trade you cannot possibly get good men at $6,000 a year. This grain trade is a very highly paid business. You cannot expect to get a really efficient man at $6,000 a year, as the minister will find out, if he makes inquiry. I should like it to be put on a basis where we could expect to have really efficient men on the commission.

Mr. ROBB: If this item is passed, I think it would be fair to consent to a full discussion of the whole grain trade on the following items.

Mr. STEVENS: Is it the intention of the Government, in view of the allegations or charges made in the last few months in regard to this—

Mr. ROBB: Permit me to finish. This whole item has not yet passed. There are other items in it, and the hon. member can make his point—

Mr. STEVENS: I would like to propound a question. Is it the intention of the Government to proceed with the grain inquiry which was commenced and suspended for lack of appropriations, in view of the added charges, which, I understand, have recently been filed in affidavit form with the Board of Grain Commissioners at Fort William?

Mr. ROBB: There is an item in the estimates for that purpose, and, when that item is under consideration, the Government will be glad to listen to representations from Parliament.

Mr. STEVENS: If the minister would be prepared to make a definite statement at that time, I would be satisfied. I think the House is entitled to a statement in regard to this matter.

Mr. ROBB: We will make a statement when that question is under consideration.

Item agreed to.

Progress reported.

THE BUDGET

CONTINUATION OF DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Friday, June 9th, the debate on the motion of Hon. W. S. Fielding (Minister of Finance) that Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means, and the proposed amendment thereto of Hon. Sir Henry Drayton.

Hon. W. S. FIELDING (Minister of Finance): Mr. Speaker, my first duty—and it is a pleasure as well—is to offer my grateful acknowledgment of the very many kind words that have been said in the course of this debate concerning myself and my public life in what, I suppose, must be called the evening of my career. It is a pleasure to me to feel that, in a somewhat long political career, through all the storm and strife which seems to be incidental to political discussion, not only have I had the good fortune to have the loyal support of the great party to which I belong, but it has been my great good luck, I count it, that, in almost all these movements, I have had, in a very large degree, the goodwill and friendship of hon. members whose sense of public duty obliges them to differ from me. For all the good words that have been said from all portions of the House, for the loyal support of friends, and the very generous observations of my political opponents, I desire to offer sincere thanks.

Before I proceed to inform the House of the changes which the Government desire to propose in the budget resolutions, I shall ask permission of the House to call attention to some of the criticisms that have been offered. The field is a broad one, and the temptation is strong, but I shall try to resist it, except to deal with a few points. First, let me say that I shall deal with the attitude that has been assumed by my good friends of the Progressive party in relation to this budget. I think we had a right to expect a rather more generous criticism of the budget than has come from them. We expected no help, no aid and no sympathy from my hon. friends of the official Opposition. It is not their business to be pleased with anything we do, naturally. On the trade question there is a broad line of demarkation between the official Opposition and the Government. They boast that they stand for protection. We of the Liberal party have never stood for protection, and we do not stand for it now. In our resolution of the last session, which I had occasion to read at an earlier stage of this debate, we distinctly took issue with them on that ground. They declared for protection. We declared in our resolution that we were not prepared to accept that principle.

Our Progressive friends do us the justice of saying that, as far as we have gone, the budget is all right, but they think it should go much further. Well, from their point of view, it is reasonable, perhaps, that they should think that. But then most of us learn that we cannot in all things have our own way. All political matters are essentially matters of compromise, in some degree, and, so long as the compromise is not one of principle, there is no reason why men should not compromise, because it is only by a policy of that nature that government can ever be carried on. So I say to my friends the Progressive party, that they are not asked to compromise any principle, but if they believe, as most of them have said, that as far as the budget has gone, it is in their direction, then it seems to me they should be willing to accept it, they may say, as a temporary measure; but, whatever view they may want to take of it, it is a step in the right direction, and, for that reason, I think they should give it their support. A year ago the Liberal party voted for a certain resolution. I read it in the House before. May I call attention again to a portion of it, as follows:

> That, while recognizing that existing financial requirements of the Dominion demand the maintenance of a Customs Tariff, the House is unable to concur in the declarations by the Government that the tariff should be based on the principle of protection; the tariff is a tax, and the aim of legislation should be to make taxation as light as circumstances will permit;

And further on—

> That, while keeping this aim clearly in mind, the House recognizes that in any readjustment of the tariff that may take place, regard must be had to existing conditions of trade, and changes made in such a manner as will cause the least possible disturbance of business.

I want to call attention, Mr. Speaker, to the fact that this is not only our own policy, but it was the Progressive policy, because every Progressive in the House did us the honour of voting for it. We had not as large a Progressive group as we have to-day, but the hon. member for Marquette then, as now, was their leader. He did not have a large group, but he had a very energetic group. They found the Liberal policy of that day was entirely in harmony with their own policy, that resolution called for a revision downward, and made in such a manner that business should not be disturbed, and that is exactly what the budget proposes. I say, in all sincerity, that this budget ought to commend itself to our Progressive friends, not as a finality, not as something that is entirely in line with their own views, but as something which follows the right direction, and, so far as it goes it should have their cordial support. If, instead of having the large group they have to-day, being the second group in this House, they had the good fortune, or the misfortune to be group No. 1 and to be charged with the responsibility of carrying on the government of this country, and if the hon. member for Marquette (Mr. Crerar) were standing in my place at this moment, I venture to say that he would be obliged, in the light of that resolution, to bring forward a budget substantially in line with that which I have presented. The responsibility is over the whole of us, and I believe if any hon. gentleman of the Progressive party were charged with the responsibility that has come to us to-day, he would feel, if he listened to the representations that have been made, that this was not a time for radical changes, but a time for caution, for moderation, for seeking to take into consideration the interests of the whole country. We are so apt, each of us in our own part of the country, to look at things from a sectional point of view, and that is unavoidable. One of the great things of Parliament is that mind meets mind, from east and west and from north and south; and while we look at things from different angles, we discover, for the first time, many of us, that there is another side to every question. As we meet together and mind rubs against mind, in the contact of mind and mind we discover that we are able to take broader views. I said this in opposition and I say it now that, while I believed the Liberal party would win, I had no fear that the Progressive party would do any great wrong to this country. I believed a sense of sobriety would come to all men placed in a position of responsibility and would lead those men to apply moderately the doctrines to which they had committed themselves. So I say, in all sincerity, if hon. gentlemen opposite were standing in our place to-day, they would be obliged to pursue a policy very much along the line of that which we are trying to follow now. It is a policy of moderation, a policy which conforms entirely to the resolution that I have read.

Very much attention has been called to the fact that although we make small reductions in the tariff, we have increased the sales tax, and emphasis is laid on that fact. The sales tax and the customs tax are two different things. No matter what

customs duty you might have at the present time, you would need to have a sales tax. The hon. member for Marquette expressed his disapproval of the principle of the sales tax, and that is a fair matter of opinion; but to the best of my recollection, he did not propose any substitute for it. Last year we received $60,000,000 from the sales tax. We are increasing it one-half, and this year we expect to get $90,000,000 and possibly $100,000,000 from that tax, One or two hon. gentlemen in the Progressive party have suggested other things. One suggested a land tax, another an inheritance tax. There may be merit in either or both of these suggestions; but they are not what we might call "ready reckoners"; they would not yield money very quickly. We have not the machinery to establish a land tax, and even an inheritance tax would not bring us much revenue in a hurry. Death is sure; but sometimes it is slow, and I am not sure that either by an inheritance tax or a land tax we could get much money in this year of our Lord. I am not condemning either of those taxes. I regret to say that all that we can get out of these proposed new taxes will still leave us short of money at the end of the year; whoever may stand in my place a year hence will probably have to devise new taxes, and, perhaps, some of the suggestions coming to us to-day will be found to be exceedingly useful. Therefore, because a tax is not adopted to-day, it does not follow that it may not have to be adopted at no distant date.

As regards the question of the tariff proposals, I think my hon. friends of the Progressive party should have given the matter more consideration. They should not be antagonistic to them; they should regard them, as being in their own direction, although they do not go as far as they wish the reductions to go. The leader of the Opposition (Mr. Meighen) and the ex-Minister of Finance (Sir Henry Drayton) have both treated these reductions that we make as small things. The leader of the Opposition said that they were microscopic; the ex-Minister of Finance said that they were so unimportant that they were hardly worth mentioning, and I think it was the hon. member for West Toronto (Mr. Hocken) who said that they were piffling. Well, I hope they will tell that same story when they go back to the manufacturers of the country and when they are asked what they think of this thing; but I get an inkling of what they will say then, because before the leader of the Opposition had finished his speech, he pictured, and called the attention of the hon. member for Brantford (Mr. Raymond) to what he said was a fact, that as a consequence of these reductions, microscopic and piffling, the workmen of Brantford were going to walk the streets in idleness. When he goes to the manufacturing districts, he will not find that these are viewed as mild as piffling reductions. They are reductions which account for a great deal. Two and a half per cent off an item in a manufacturing industry is often regarded as a very serious injury, and I know to-day there are many interests in Canada which are alarmed at the reductions that are made. I think their alarm is needless. Capital is usually easily alarmed; manufacturers are easily alarmed.

I remember that two days before the budget of 1897 was brought down, I was waited upon by a deputation of bankers. I do not think I have ever made this statement in public before. They came to me and pleaded that we should not touch the tariff at all. They pointed out, as men always do, the interblending and the interdependence of interests. It was not the manufacturer alone; it was the banker, the labourer, the merchant. All interests were interwoven into a network, and if we touched the tariff at all, dreadful things would happen. If we had acted on their views, we would have made no changes at all. We made changes, important changes, as I shall proceed to show. What happened? Was the business of the country ruined? How far the tariff had anything to do with the matter, I will not venture to say, because it is not for me to boast. But for many years afterwards, the business of Canada flourished as it had not flourished for years before. So, if there are manufacturers who are disturbed over this, I ask them to look back to the records of 1897 and to remember that the alarm which they then felt was uncalled for, and it is uncalled for to-day.

We have been delving into ancient history in this matter. I am not sure that that is very profitable; but if we are to have ancient history, we had better have it correctly. The statement has been constantly and frequently made in this discussion that the Liberal party in 1897 made no material changes in the tariff. Perhaps, when men hear a statement made first, they do not look into it closely; but when they hear it made a dozen times, they begin to believe it. I suppose that when my hon. friend from West Toronto, who

is a decent, respectable and God-fearing man, stated the other day in this House that the Liberal party in 1897 adopted the tariff of Sir John A. Macdonald, he was repeating an ancient fabrication which at one time he had heard, and which possibly had gradually grown upon him until he believed it himself. There is no shadow of foundation for such a statement. The Liberal tariff of 1897 was not the tariff policy of Sir John A. Macdonald. It made important changes. To begin with, it introduced the British preference. Did that distinguished stateman ever introduce such a tariff? Yet, my hon. friend from Toronto only echoes what other people have said when he declares that in 1897 we simply adopted the Conservative tariff policy. But that was not all. The British preference itself brought considerable reductions in the tariff, but beyond that there was a long list of reductions, and substantial reductions, made by the dozen in the general tariff at that time. Therefore, when we are told that the Liberal tariff policy of 1897 was a policy adopted from the Conservative party, I want to tell my Conservative friends who make that statement that they are simply repeating an ancient fabrication which never had any foundation, and which should no longer be imposed upon this House. I could read the items if I had time.

Mr. MEIGHEN: That statement was embodied in the campaign literature of hon. gentlemen behind my hon. friend, including the hon. member for St. Antoine (Mr. Mitchell) in the last election.

Mr. FIELDING: What statement?

Mr. MEIGHEN: The statement which my hon. friend has just denounced as a fabrication.

Mr. FIELDING: I have never seen it in that form. I have never heard it made by any Liberal; I have always heard it made by my Conservative friends. I am willing to be generous and to believe that they are misinformed, and that gradually the thing has grown upon them until they imagine it to be a fact.

I think that instead of undertaking to prove what the Liberals said at the time I might do as well by producing another witness. It will be remembered that at that time the leader of the Conservative party was Sir Charles Tupper. Now, bear in mind that we are told that the policy we adopted was the policy of the Conservative party; it is said that we were merely continuing the National Policy. I was under the impression, Mr. Speaker, that I had by me the extract from the speech of Sir Charles Tupper, but I find that it is not among my papers. However, I remember distinctly hearing Sir Charles Tupper denounce that policy. He declared that a greater crime could not very well be committed against the industries of Canada than was to be found in the tariff of 1897. He said, virtually, "I have heard the sorrowful wail of the manufacturers and the workmen of the city of Montreal rising up in protest against this tariff." Well, if it was the National Policy, the old Conservative policy, if there was no material change in it from that policy, why in the world did that veteran leader of that day find it necessary to denounce it as a crime against the industries of the country? I am going to ask my hon. friend from Toronto to forget that dream of his and never to repeat that ancient proposition.

Now, we have heard in this debate a good deal about reciprocity. I am glad we have, and we shall hear more about it again. And there we have another broad line of demarcation between the official Opposition and ourselves. My right hon. friend the leader of the Opposition (Mr. Meighen) has said distinctly that he does not want any reciprocity. Well, I am glad to have that open confession. He gets back to the old slogan: "No truck or trade with the Yankees." I am glad to have the statement from him, if it is his view.

Mr. MEIGHEN: I cannot sit while my hon. friend misrepresents me. I stated that I was opposed to any extensive reciprocal arrangement with the United States, but I have never used the words, "No truck or trade with the Yankees," nor have I ever heard any one on this side, supporting this party, use that expression. I have only heard the hon. gentleman himself make use of it in seeking to put up a shadow that he might knock down.

Mr. FIELDING: I never attributed to the right hon. gentleman the words "No truck or trade with the Yankees," but the sentiment is there. Those words express the sentiment of the Conservative party.

Mr. MEIGHEN: Oh, no.

Mr. BUREAU: It was the Conservative slogan of 1911.

Mr. FIELDING: Will the right hon. gentleman deny that in the debate the other day he said that we had reciprocity and it

took years to recover from it? Why did we have to recover from it? And who tried to recover from it? From the time we had reciprocity, between 1854 and 1866, up to the time the Tory party were driven out of power in 1896, there never was a public man in Canada, Grit or Tory, who did not stand for reciprocity. My right hon. friend says that it took us years to recover from the effects of that reciprocal agreement. How and where does he get his evidence in support of that statement? I repeat, Sir, that there was never a public man, either Grit or Tory, who sat in the seats of government during all that period who did not stand for reciprocity Did they not send delegate after delegate to Washington, almost begging for reciprocity? Yet we are told now that it took us years to recover from reciprocity. If it was an evil from which it was considered desirable, in the interests of the country, that we should recover as quickly as possible, why did the Conservative party go begging for reciprocity?

Mr. MEIGHEN: That was during the period of recovery. From the breaking of the pact, those pilgrimages ceased, and Sir Wilfrid Laurier announced that they had ceased for good.

Mr. FIELDING: He stated that we would not go to Washington, and he was right. And we did not go to Washington; Washington came to us. Washington sent her delegates to us after years, as we thought, of ungenerous treatment. Washington sent to Ottawa delegates who said: "Never mind the past, we are prepared to meet you in a fair spirit now?" Were we right or wrong, then, in treating with them? What would this country have said if we had replied to those delegates: "Get you gone. You quarrelled with us in bygone days and refused to consider terms with us. Go away; we will have no truck or trade with you at all"—what would the country have thought had we made any such reply? That would have been the attitude of the Conservative party, however, if I understand, and am to judge by, their position to-day. Now we have a clear understanding from hon. gentlemen opposite; they do not want reciprocity. Indeed, Sir, it will be a difficult thing for us to secure reciprocity; I am afraid we lost the golden opportunity in 1911. It will not come again, I fear, but if it does come, there is this difference between our friends opposite and us. We the Liberal party say that if at any moment our American neighbours are prepared to meet us in the spirit in which they came to us in 1910 and 1911 we are ready to discuss the matter with them with a willingness to make a satisfactory arrangement so long as we protect the interests of Canada just as we did in 1911. My right hon. friend and his associates on the other hand, take the opposite stand. They say: "Don't come; keep off the grass!" And that is a big enough and broad enough difference to divide two parties in this country. I do not hesitate to say that, in my judgment, any political party that deliberately declares that it does not want to establish friendly and better trade relations with the great Republic beside us can never win the confidence of the people of this Dominion. Hon. members of this House have been discussing tonight the estimates of my hon. friend the Minister of Trade and Commerce (Mr. Robb). Let them take up that little booklet his department issues, "Commercial Intelligence," if that is the proper title, and they will find therein a list of men whom we are sending out with the object of helping to encourage trade between other countries and Canada. We have these men in Europe, in Asia, in Africa, in fact all over the wide world, and we want trade from all these various countries. But right alongside us are 110,000,000 of the richest people on earth; and what are we told? Hon. gentlemen opposite would tell them we do not want to trade with them. I say that it is in the interest of Canada and, indeed, of the Empire, that we should cultivate friendly relations with this great nation beside us, and my only fear is that we have lost our opportunity. But let it be known that there is this broad line between hon. gentlemen opposite and ourselves, that when the same opportunity comes again we shall be ready to grasp it, while they say they do not want to have anything to do with the United States on any such conditions. That is a big question. I had occasion to discuss this matter some years ago, and while I do not often indulge in the vanity of quoting from speeches of my own, I shall venture to do so to-night.

Mr. GRAHAM: You cannot do better.

Mr. FIELDING: During the campaign of 1911 I addressed a meeting in Windsor Hall, Montreal, and I am going to ask the indulgence of the House while I read a passage or two from that speech, which I think has a bearing on the present situation in Canada. I said:

Four years ago, I think it was. I had the pleasure of addressing a meeting in this same

hall, at which I ventured to discuss the question of the tariff in its relation to East and West. I would like to quote for you a passage in my speech then, but I will give you the substance of it. I ventured to point out to the manufacturers of Canada that it was a mistake for them to array themselves in antagonism to the people of the western provinces. That opinion I want to express again to-day. There is the danger that East and West may be brought into antagonism. The danger is not to be found in reciprocity itself, but the danger is that the manufacturing interests of this country and their allied moneyed interests will array themselves in hostility to the growing feeling of the western farmers. Don't make any mistake about it—the day is within sight of the younger men here, and of some who are not so young, when there will be more people west of the Great Lakes than east of the Great Lakes. The West is going some day to dominate Canada and we, who live in the East, if we are wise, may as well look ahead and see this. What kind of a West is it to be? Is it to be a wise and prudent and sympathetic West, or is it to be a rash and reckless and dangerous West? The answer can be made by the manufacturers of the Dominion and the allied moneyed interests to-day. I do not hesitate to say that with proper care, with fair treatment, with reasonable argument, we can bring the western farmer to be sympathetic and to be willing to work in harmony with the people of this eastern country, who have done so much for the building up of the West.

A Voice: Will there be no factories in the West?

Hon. Mr. Fielding: That is a very proper question to ask. Certainly there will be factories in the West. But I think the gentleman will agree with me that while factories will grow as they grow everywhere with population, for the present and in the early future agriculture is to be the dominant force in that Western land. My friend will admit that. There will come factories, but for the present and for the future, and may be for the future far ahead, the agricultural interest is going to dominate in that country. We must consider whether we are going to antagonize and irritate that interest or whether we are going to meet them as brethren and deal out to them fair consideration.

Then after some further remarks, I said:

Now, I believe that if we meet the farmers in a right spirit, if we point out their extreme views, as we have to point out their extreme views when they insist on free agricultural implements, if, I say, you meet these people in the right spirit, if you reason with them, if you let them understand that you are not trying to oppress them, if you give them a kind and sympathetic hand, they will be disposed to be more reasonable and fair and to take their full share of the burden of developing our vast Dominion.

But suppose you do not do that. Suppose the manufacturers should organize to-day with their money to defeat this agreement, I want to tell you, my brethren, that there will grow up in that western country a dangerous feeling. Don't make any mistake about it. I beg the manufacturers of this country—I always talk frankly to them and I am doing so now—I beg them not to range themselves up against the farmers of the West. The manufacturers are not hurt; they are more frightened than hurt. I give it to you as my opinion, worth much or worth little, that if by the forces of the manufacturers this agreement be destroyed, there will grow up in that western country a feeling that will be dangerous to the manufacturing interests of Canada and dangerous to the welfare of this Dominion.

That was eleven years ago, Mr. Speaker, and I do not hesitate to say that while other causes may have had an influence in upsetting the western people, if I may so express it, yet the gravest charge the western people were able to bring against eastern Canada was that that reciprocity agreement which gave them some help was destroyed by the attitude of the manufacturers and their allied monied interests in the West. If there is unrest to-day, if we have men in that western country saying things against the integrity of the Dominion, make no mistake, you can trace their origin to the fatal error made by eastern Canada in 1911. I do not want to dwell further on that question of reciprocity, but I should like you distinctly to understand that we accept the broad issue that is laid down on that question.

A curious phase of this debate has been the picture presented to us of the industrial condition of Germany. There is an economic condition in Germany to which our attention must be drawn. But it seems to me that hon. gentlemen opposite have not been content to deal with the economic question only; they have traded, if I may say so, on the anti-German feeling. Now, undoubtedly the picture they present is this. Germany has a remarkable depreciation of the mark. But Germany is prosperous, her people are willing to work long hours for low wages, industry is humming, business is good, and Germany is flourishing because the mark has depreciated. Well, if that is true, what fools we mortals be in Canada and the rest of the world! Here we have been struggling to keep our credit good, here we have been fighting to make our dollar 100 per cent, and when a few months ago our dollar in New York was worth 15 cents less than par we did not know whether to be angry or sorry, but we all felt it was something to regret: and when a few days ago my hon. friend from Marquette mentioned incidentally in debate that he was glad to know our dollar to-day is worth almost par the sentiment was applauded all over the House. Evidentally we are wrong; we should be sorry that the Canadian dollar is worth 99½ cents to-day, for if worth only 50 cents, 40 cents, 10 cents, then, according to this picture of Germany, we would be

in a happy and prosperous condition. Well, I refuse to believe that.

There is a situation in Germany which demands some attention. It is an economic law, which usually is found in operation, that where a country's currency is severely depreciated, that depreciation, if not accompanied, is soon followed by a corresponding advance in the price of commodities and wages. There is to-day a race on in Germany between the continued depreciation of the mark and the relative advance in the price of commodities and wages. At present the mark has won. It used to be that about 4¼ marks would buy a gold dollar; to-day it would take nearly 300 marks. That is a condition which cannot continue much longer. There is now coming an increase in the price of commodities and wages, and there can be no doubt that as the months roll on that increase will be very pronounced, and when conditions become very bad we will not of course hear such glowing reports of German prosperity.

However, there is that economic condition to which attention must be drawn. But, as I remarked a moment ago, my hon. friends have not been content with calling attention to that economic condition, they have tried to drag in all the horrors of the war. I think it was my hon. friend from Vancouver (Mr. Stevens) who pictured the horrors of the war and asked: Are we going to trade with these German people? And my hon. friend from St. John (Mr. Baxter) went further, if I am not mistaken; he thundered his denunciations against the Germans and asked beseechingly: Are we going to trade with these Germans? Every other nation in the world is trying to trade with the Germans to-day, and we should not be too proud to trade with them. I have an individual right as a citizen to say whether or not I want to buy German goods, and I know what my preference is in the matter; but as a nation we have no right to legislate against Germany.

My hon. friend from St. John paid a high compliment—and one which I am sure we all admired—to his leader, and declared his loyalty and devotion to him, but before he finished his speech he denounced in vigorous terms one of the great acts of his leader's career, at least the Conservative party think so, that is the Treaty of Versailles. When my hon. friend waves the bloody shirt and thunders out his denunciation against what he terms the premature peace, and regrets that the cities of Germany were not devastated as were the cities of France—when he does all that, I tell him he is denouncing his leader, because that leader and his friends were the people who brought about that peace. They cannot say I did it. "Never shake thy gory locks at me." I was not one of those who joined in the joy-ride to Paris, nor did any colleague of mine, when our friends opposite went through the amusing farce of pretending to negotiate the peace treaty. Be it good or be it bad, I had no responsibility in the matter. They are the men who signed, sealed and delivered that document, which on the first page declared that its purpose was to put an end to the state of war and bring about between Germany and the allied countries, including Canada, a firm and enduring peace. That is what my hon. friend's leader and his colleagues did. But they did more than that—they wasted $1,000,000 of the money of the people of Canada in a special session of Parliament for the purpose of approving that treaty—about as useful and necessary a proceeding as the fifth wheel of a coach. However that may be, they signed, sealed and delivered that bond, and declared that Canada and the Empire were at peace with Germany. Now they come here and talk about the harm that would be done if we trade with Germany. I am not more anxious to trade with Germany than other people, but in view of their action at Versailles I do not like to see my hon. friends waving the bloody shirt and denouncing Germany. We have made our peace with Germany, and we ought to treat her decently; and that is all I propose to do.

Now, on the economic question relating to Germany, much can be said. The German mark is worth to-day one-third of a cent; under normal conditions it was worth 23 cents and a fraction. By the act of last year the government declared that for customs duty purposes it should be valued at 12 cents—for convenience I take that figure as half of the 23 cents and a fraction. The hon. member for Centre Vancouver, who gave much attention to this matter the other day, rather held that that was a mistake; that if anything the percentage was too high. it was piling on the taxes too heavily. He said it might be better to make the percentage 35 and there is merit in that suggestion. After studying this question we have formed a conclusion of our own as to what will be the best method of dealing with this mat-

ter, and at a later stage of my remarks I will inform the House what that is.

It has been stated over and over again that we are taking off 2½ per cent on agricultural implements and adding a certain percentage by way of sales tax. Now, I want to put a fair question, and I will put it to my hon. friend from Vancouver, who generally takes a fair view of these things when politics allow him to do so. Does my hon. friend say that we can carry on efficiently the government of Canada and meet our obligations without new taxation? He will not say that; I am sure he would admit at once that if we are to meet our obligations—I do not say whose obligations they are; I am not making any point in that regard; they are the obligations of Canada—if we are to meet those obligations; if we are to pay interest, if we are to pay our pensions, if we are to make provision decently at all for the public service of the country, we must have increased taxation. That being the case, why alarm the people by saying that we are taking off 2½ per cent and piling the taxation on in the form of sales tax?

11 p.m.

Hon. gentlemen opposite are constantly saying that the sales tax hits everybody. I think it was the hon. member for Carleton who said the other day that the sales tax affects one hundred per cent of the people. Now, that is rather a magnified statement. There is a very large list of exemptions from the sales tax, chiefly foodstuffs. The only change we have made in the matter is that we have increased the list of exemptions. I do not see how in the world it can be said that there is anything wrong in that respect. We do adopt the sales tax, and we increase the amount of it, because the country needs it.

With further reference to the German business, I think one hon. gentleman said that if we had any favours to give in this matter we should give them not to Germany, but to our friends. Well, one of the misfortunes of this matter of depreciated currency is that it hits one of our friends. Is Italy our friend? Was Italy our ally in the war? In what we are doing we are penalizing not only Germany, but Italy as well.

Mr. STEVENS: If my hon. friend will permit me, the suggestion that I made to reduce the percentage to 35 would meet the case of Italy.

Mr. FIELDING: The hon. gentleman's suggestion as far as it went, was a good one, and I have given him credit for that. The Italian lira is usually worth the same as the French franc, a fraction under 20 cents; I call it 20 for convenience of calculation. Under the law of Canada, as it was last year, goods coming from Italy have been valued for duty purposes at 10 cents. The actual value of the Italian lira was 5½ cents, the value for duty purposes being, therefore, really double. I know there is trouble in connection with these depreciated currencies, but I would like to point out that it is not only Germany that is hit; it reaches Italy also, one of our friends. I will come to that a little later and suggest what I think will be a reasonable way of meeting the difficulty.

I have been surprised to be told that this is a protectionist budget. I cannot understand the logic of that statement. With the exception of one or two items in relation to tobacco for purely revenue purposes, every change that is made in this budget is a downward revision of taxation. How can anbody make a protectionist budget out of a reduction of taxation? Is this to be the final word? There is no finality in politics. I say again, with all due respect to my hon. friends opposite, that if they stood in our place to-night they would not be able to go any further than we have gone. Whether we shall be able to go further another time is a question that we must leave to the future. But let me add this: You know the mind of our Conservative friends; you know the direction in which they are looking in regard to the tariff, and you know the direction in which the Liberal party has been looking through all the years. That is the direction in which they will continue to look.

Mr. MEIGHEN: Is not all my hon. friend says with regard to this budget true of the 1919 budget?

Mr. FIELDING: Well, I have not studied the 1919 budget.

Mr. MEIGHEN: Everything a reduction, and the hon gentleman opposed it.

Mr. FIELDING: I do not think the hon. gentleman will find that I opposed any reduction at all.

Mr. MEIGHEN: Opposed the budget.

Mr. FIELDING: No, I think my hon. friend will find he is mistaken in that view. However, I am more interested in the budget of 1922 than I am in the budget of 1919, though I do not mind a little delving into ancient literature for the purpose

of trying to correct the errors that have been made.

I think it was the hon. member for East Lambton (Mr. Fansher) who dwelt on the payment of drawbacks to various companies, and he saw in this some great wrong. Why, he said, you have paid half a million dollars by way of drawback to the Ford Motor Company, and a million and a half to the Atlantic Sugar Refineries, but I have seen no drawback paid to the beet sugar people. Well, as the beet sugar people had not paid a cent into the treasury they could not very well have any drawback. There are two phases of that matter to which I want to give a little attention by way of explanation. If my hon. friends have not already heard it, they will see at once that the explanation is very simple and that there is no favouring anybody in these drawbacks. First, in regard to the Atlantic Sugar Refineries, I may point out the duty on sugar varies according to the character and quality of the sugar. When a cargo of sugar arrives at Montreal or Halifax, it would be a great convenience if you could then and there determine the amount of duty to be paid and settle the matter forthwith. But you cannot do that; it takes time, and in the meantime the steamer is lying at the wharf and expense is being incurred. Now, common sense generally prevails in government matters; I will say that even of my hon. friends when they were in power, because they did have some common sense policies. What they do is this: there are two tests in the sugar business. There is the colour test, which is called the Dutch standard, the value of the sugar being judged by its colour, and there is another test of the strength of the sugar which is called the polariscopic test. It takes time to apply these tests and to ascertain exactly the rate of duty to be paid on a cargo of sugar. So the customs people say: "We will let you pay your duty now at the very highest rate which can apply; we want to take no chances. Then we will test the sugar, and if it is found that your sugar is not valued as high as that, you will be entitled to a refund." Is that reasonable? Is that businesslike? It is simply a refund of duty that was overpaid by the Atlantic Sugar Refineries. Is there anything wrong in that? I think it is a businesslike transaction from beginning to end.

Now, let us turn to the question of drawbacks made to the Ford Motor Company. In every case it will be found that the drawback paid to the Ford Motor Company was for exports. It is a principle of our Canadian law, and I think it is a principle of commercial law everywhere, that you levy your taxes upon consumption in your country. If an article comes into the country and enters into consumption, it is taxed; if it does not enter into consumption, it is not taxed. Suppose two bales of goods are landed on the wharf at Montreal. One of them goes into warehouse and awaits the judgment of the owner, who next day or next week makes up his mind to send it off to the West Indies. It goes out; no tax is paid on it. It has contributed nothing to Canada except the labour of the men who handled it in taking it off the ship and putting it in the warehouse; it is simply passing through. That is reasonable; you do not want to collect duty on goods in transit. Well, the man who owns the other bale of goods says: "I will not leave that bale in the warehouse. I will send it up to the factory; I will put it through the mill; I will give employment to people; I will turn it into manufactured goods; and then I will send it out to the West Indies." Is he not then entitled to a drawback on the duty he has paid? Is he to be penalized because he gave employment to a large number of people? The other man passes his bale out of customs, but he gave no employment. The first man, for his own selfish profit—of course this is a selfish world—takes that bale of materials, puts it through his factories, and does other things to it. He pays a duty on it and then when it is ready to be exported abroad, he says: "That has not been consumed in Canada, that is going away to the West Indies; I am entitled to a drawback," and so he is.

Mr. MORRISON: What was the manufacturer's object in importing the raw material and manufacturing it; was it not to make a profit on it?

Mr. FIELDING: Yes, and he paid the duty when he brought it in.

Mr. MORRISON: And he gets a drawback when he exports it?

Mr. FIELDING: Of course, but if wealthy the income tax man will reach him. But after all, in that particular transaction what he has done has been a benefit to Canada. That is the difference between one man and the other. The other man pays the duty but does not do anything for the benefit of Canada. This man manufactures the material in his factory and benefits Canada to the extent of the labour he

has employed and the business he has caused to be done. That is the whole story, Mr. Speaker, of the drawbacks and the refunds. There is no favour to anybody in the matter. It is a business transaction, it has been going on for years, and it will be going on for years even when my good friends the Progressives come into power, as I suppose they will one of these days.

Now I do not wish to detain the House any longer, but I ought to say a little on the amendment of my right hon. friend the leader of the Opposition. It was described by the hon. member for Springfield (Mr. Hoey) as being unworthy of a great party. That may have seemed to be a harsh criticism but really I do not think it was too harsh. The great Conservative party has been capable of great things and it ought not to descend to little things. With respect to the budget, let them, at this time in our history, establish some principle and lay down some policy, and do something more than indulge in mere nagging and scolding. That is all my right hon. friend has done; he scolds the Government. He stresses the policy laid down in the Liberal platform in 1919 and inquires "Is that statement true?" There are some statements in it that are true. "Is this budget to-day rigidly complying with the Liberal platform of 1919?" he inquires. No, nobody ever expected it to do so.

Some hon. MEMBER: Oh, oh.

Mr. FIELDING: I do not believe the Liberal platform of 1919 played any considerable part in the election campaign last winter.

Some hon. MEMBER: Oh, oh.

Mr. FIELDING: I never mentioned it, I never heard it mentioned; it was never discussed in any election in which I took part. I know from reading the press, however, that my Conservative friends referred to it. It was always the tariff they talked about and the Liberal platform of 1919, and they generally talked in that way for two reasons: The first was in order to declare that the Liberals were not living up to that platform; and they pointed to this, that and the other constituency where they alleged somebody was saying something that was not in harmony with the Liberal platform, and therefore they argued "The Liberal platform is dead and gone." The other reason they referred to it was to enable them to take the stand that if the Liberal platform was adopted the country would be ruined. I do not think the Liberal platform of 1919 had any material result in influencing the election. The election did turn upon the general tariff policy but I am going to say frankly I do not think that was the reason the people voted so enthusiastically for the Liberal party. I think something else was responsible for their enthusiasm. They made up their minds that whatever was going to happen they were not going to have any more of the Tory government.

My right hon. friend the leader of the Opposition, who was then the Prime Minister, made a tour of Canada. We will all do him the justice to say he worked very hard. He worked very hard and it was greatly to his credit; he travelled the country from ocean to ocean; he was engaged in addressing meetings morning, noon and night. Everything that he has told us here about the sins of the Liberal party he told on the hustings repeatedly; he repeated it, as I say, morning, noon and night. I do not like to say that the people did not believe in him but what they probably said to themselves was this: "Perhaps these Liberals are no better than they ought to be; perhaps these Progressives are worse, but we will take the chance rather than have the Meighen government again." That seems to be responsible for the whole result, that is the explanation of the whole thing. If we had been hearing something new about this Liberal platform of 1919 I might be able to draw some other inference. But it was not a new story; we had heard it not only in the House but on every hustings in Canada. I will do my right hon. friend the justice of saying that he told the people on every platform in Canada all the things he has been telling us here and they said: "Perhaps it is true but we will take no chances; we will get rid of the Meighen government." That was the upshot of the whole matter.

Now, Mr. Speaker, I desire to call your attention to some proposed amendments in the resolutions of which I have already given notice. What I propose to do is to lay on the Table resolutions in amendment of those tabled on May 23rd so that the two may stand separately and by comparing them hon. members may see exactly what is proposed. Then, after the amendments have, in that way, been laid on the Table by way of notice, we will consolidate the two, and in consolidated form

the resolutions will be considered in committee. In the meantime I am sure the House will desire to know at the earliest possible moment at least what the most important of these amendments are, and it is for that purpose I will detain hon. members for a few minutes longer.

In the resolutions already tabled there is provision for a tax on confectionery of 5 per cent. The tax remains but we are making a proviso that it shall not apply to "goods packed ready for sale in cartons or other packages bearing the name of the manufacturer, selling by retail at 10 cents or less per carton, nor to include candy known as 'gross goods,' selling by retail at 1 cent." There is a lot of confectionery that is made in moulds, and the changing of these moulds would be a very troublesome and expensive business. I have reason to believe, therefore, that this modification will go a long way towards removing the objection that was raised.

Sir HENRY DRAYTON: Is that the same modification we had before?

Mr. FIELDING: In the sales tax? I think it is along the same line.

Sir HENRY DRAYTON: It seems to be the same.

Mr. FIELDING: That is right. Of course every interest that is touched feels badly about it. I would not care to say that every interest is going to be completely satisfied. Every interest that is touched feels injured, and comes and complains that it has been particularly singled out when it has not. However, we are doing the best we can to modify cases and meet some of these objections. In levying taxes for revenue there is always a danger that you may shoot too high and miss your mark; that if you put your tax too high you may affect consumption and get less revenue. I rather subscribe to the doctrine that moderate taxation will give more revenue than high taxation. Upon reflection we are going to apply that doctrine to some of these things. Now we have had representations from day to day from numerous large and powerful deputations representing each interest, and we have had oceans of correspondence, and we have had the benefit of a long debate in this House. It would be strange, therefore, if, out of all these things we did not learn something and find ground upon which to make some changes. In view of all these facts we have decided to propose certain changes for your consideration.

I have already mentioned confectionery. We propose to put a tax of 10 cents a gallon on what is commonly called "soft drinks". Complaint was made that as the resolution read it discriminated against the "bottled goods" and turned business into the hands of the soda fountain man who escaped. What we are proposing here is to take in the soda fountain man, applying to him an ad valorem tax of 5 per cent, and as respects the remainder we reduce the tax from 10 cents to 5 cents. I think the 5 cent tax in this way will largely meet the objections that are raised. I do not think it will be found necessary to increase the price of the bottle which was selling, say at 5 cents; I think the small tax of 5 cents will probably be absorbed and not reach the consumer. However, that is to be seen in the future. In the case of ale, beer, porter and stout, we had proposed a tax of 15 cents per gallon. We propose that it shall be reduced to 12½ cents. In the case of cigarettes, we have proposed an increase of excise from $6 to $9 per thousand. We now make it $7.50 per thousand.

Sir HENRY DRAYTON: The existing tax on cigarettes being how much?

Mr. FIELDING: The excise was $6. We proposed to make it $9 and now we are making it $7.50. We are proposing to add to the exemptions from the sales tax two items—fertilizers and dried beet pulp, the fertilizer being what its name implies and the dried beet pulp being something the farmers will recognize. In the case of the stamp tax, the present tax is 2 cents on all cheques. We had proposed to make it 2 cents per unit of $50. We still keep that principle of a unit of $50 with 2 cents on each $50, but we place a limitation on it. We provide that the graduated tax shall extend up to $5,000 which would mean a tax of $2. It has been shown very clearly that very many large transactions, involving apparently a great deal of money are handled on exceedingly small margins, and if these are subject to the heavy tax first proposed, it would really wipe out the profits, and would work a great hardship. We propose that the maximum tax shall be $2. The rate will remain 2 cents per unit of $50. The large proportion of the cheques of the country are $50 or less, and this will remain as at present at 2 cents. On all cheques above $50 the graduated tax will apply until we reach $5,000. That will

mean a sum of $2, and from there on there will be no increase. It will be a $2 tax on everything above $5,000. In the case of stock transfers there is a tax of 2 cents per share. We had proposed to make it 5 cents per share. We now propose to make it 3 cents per share, but we will include bonds as well as stocks, so that we think in that way we will probably have a very slight falling off in revenue.

Sir HENRY DRAYTON: Is that per unit of $100 in the case of the bond?

Mr. FIELDING: The same as stock.

Sir HENRY DRAYTON: A unit of $100 in the case of a bond?

Mr. FIELDING: Yes it is 2 cents per share already. Now we make it 3 cents per share. I have not the exact words of the resolution. I think it is intended to make it a unit, but I make the statement with that reservation.

On beet root sugar we proposed an excise tax which would have netted 49 cents per 100 pounds. We propose to make it 24 cents per 100 pounds.

Canadian raw leaf tobacco has a tax now of 5 cents a pound upon it. We did propose to remove that tax, as respects the portion of the raw leaf sold to the Canadian factory, because when it goes in there and later on comes out, we get the tax on the manufactured article. There remained a tax on that portion which was not to be sold to the factory. It has been represented to us that there is a very large quantity of raw leaf tobacco on hand almost unsaleable, and that where they get sale for it, it does not command more than 6 to 10 cents a pound at the most. It would mean a tax of 5 cents on goods which, in some cases, had to be sold at 7 or 8. Therefore, we have concluded to abolish the tax altogether. We propose to put a tax on receipts. There is an English tax on them now of two pence, I think. We propose in the case of receipts that up to $10 they shall be exempt, but for every receipt of $10 or upwards we propose a tax of 2 cents —simply a straight tax. In the case of cigars we had proposed a re-adjustment of the duty the object of which was to make the tax on the cheaper cigar a little less, on the medium cigar the same as at present while on the higher priced cigar—the rich man's cigar—the tax would be increased. The duties are somewhat readjusted, as will be seen in the notice, but the substance is the same. The higher priced cigar will pay a little more, the medium cigar will be as at present, and the lower priced cigar will be a little cheaper.

Sir HENRY DRAYTON: That will be a change in the classification. Do you continue the exemption of $120?

Mr. FIELDING: There will be a readjustment of the figures, but, substantially, it will be what I say. We are not aiming to get more revenue out of it, we are aiming to cheapen the lower priced cigar. That is the essence of the whole movement. To do that the medium priced cigar pays the same, the higher priced cigar a little more and the lower priced cigar a little less. Any change made is to correspond with that.

In regard to automobiles, we had proposed a tax of 5 per cent to be levied on automobiles up to $1,200 and 10 per cent on the larger and more expensive vehicles. We propose that the 5 per cent shall apply to all automobiles, up to the cost of $1,200, whether they be small or large, and the 10 per cent will apply to the excess. The small automobile costing $1,200 will pay 5 per cent. The more expensive will pay 5 per cent up to $1,200 and 10 per cent on the balance. The figures are the same, but there is a little readjustment in the way they are stated. All bona fide sales of automobiles up to the 23rd May shall be made exempt from taxation. That will apply not only to automobiles owned in Canada, but to the imported automobiles, provided they can prove a bona fide sale, and that they shall be entered into Canada not later than the 1st July coming.

I think I have mentioned all the important items. There are some minor ones I will not trouble about, except the question of depreciated currency. I have referred to the past history of the matter. The effort of the late government was to obtain a standard of valuation by valuing the mark and determining what value should be put upon it, having regard to various considerations. What we are trying to do is this: We are not thinking of the value of the mark, but we propose to have the value of the article determined by the standard of the English value. If two parcels come into Canada on the same day, one being from England and one from Germany, both of the same character, the value shall be determined by the value of the English article, if articles are made in England of like class. Where the articles are not made in England, and, therefore, you cannot get the English standard of value to serve

your purpose, you take the value in a neighbouring country where the currency has no substantial depreciation. We might take Holland or Switzerland, or some of those countries where there is no substantial depreciation. The standard is the English value. Whatever is the English value of the article we will take as the value of the foreign country, in any case in which there is a depreciation of currency. We have approached it in a different way from my hon. friends opposite, and, perhaps, we shall accomplish the same purpose.

I think I have spoken of all the important changes. I need not say that the increase in taxes is not a very agreeable thing for any government. I have told more than one friend that by the time I get through the budget I do not expect to have a friend on earth. But I am going to ask the House and the country to regard this budget as an earnest effort to meet a condition, which however we may regret it, faces us, and which we must face seriously and courageously. With all the taxes we will get under the new system, we will fall short of the needs of the year, and whoever may stand here a year hence may have to adopt some other means of taxation But I say that in the budget that we are presenting to the House, we have carried taxation about as far as we think the country can stand it, and though there will be difference of opinion here and there as to the method, we hope that on reflection this budget will recommend itself to the country as an earnest effort to meet conditions which face us, and which, I am sure, we all agree must be faced bravely and courageously.

AMENDED RESOLUTIONS

1. Resolved, That it is expedient to amend section forty of the Customs Act by providing that in the case of importations from a foreign country, the value for duty shall not be less than the value that would be placed on similar goods produced in the United Kingdom and imported from that country, if such similar goods are produced there. If similar goods are not produced in the United Kingdom, the value for duty shall not be less than the value of similar goods imported from any European country in which the currency is not substantially depreciated.

The minister may determine the value for duty of such goods, and the value so determined shall, until otherwise provided, be the value upon which the duty on such goods shall be computed and levied under regulation prescribed by the minister.

2. Resolved, That it is expedient to amend the said act by adding at the end of section one hundred and one thereof the following provise:—

"Provided, however, that upon the entry outwards of wines and spirituous liquors to be exported from a Customs warehouse either by sea or by land or inland navigation, as the case may be, the person entering the same for such purpose shall give security by bond of an incorporated Guarantee Company authorized to do business in Canada and whose bonds are acceptable to the Dominion Government, such bond to be in form approved by the minister, in double the duties of importation on such goods, that the same shall, when the entry aforesaid is for exportation by sea, be actually exported to the place provided for in said entry, and when the entry aforesaid is for exportation by land or inland navigation, shall be landed and delivered at the place for which they are entered outwards, unless in either case the said goods were after leaving Canada lost and destroyed, and that such proof or certificate that such goods have been so exported, landed or delivered, or lost and destroyed, as the case may be, as shall be required by any regulation of the minister, shall be produced by the collector or other proper officer within a period to be appointed in such bond. This proviso, however, shall not apply to wines and spirituous liquors in a Canadian port, without entry thereat for warehouse and for no other purpose than their transportation in transitu on a through bill of lading, from a port outside of Canada to another port of destination outside of Canada via a Canadian port or ports."

3. Resoved, That it is expedient to amend section one hundred and two of the said act by inserting the words "or in such bond" between the word "exportation" and the word "there" in the second line thereof, and by adding at the end of the said section the words "and if security by bond is given, the said bond may be cancelled."

1. Resolved, That it is expedient to amend proposed resolution number 2 amending schedule A to The Customs Tariff, 1907, by striking thereout tariff items: 143a, 197a and 198a, the several enumerations of goods respectively, and the several rates of duties of Customs, if any set opposite each of said items, and to provide that the following items, enumerations and rates of duty be inserted in schedule A:

Tariff Items	——	British Preferential Tariff	Intermediate Tariff	General Tariff
143a	Cigarettes, the weight of the paper covering to be included in the weight for duty, per pound.....	$4.70	$4.70	$4.70
	and.....	25 p.c.	25 p.c.	25 p.c.
197a	Super-calendared or machine finish grades of book paper, not coated, when used exclusively in the production of magazines, newspapers and periodicals, printed, published or issued regularly under regulations prescribed by the Minister of Customs and Excise.....	12½ p.c.	22½ p.c.	25 p.c.
198a	Coated papers, when used exclusively in the production of magazines, newspapers and periodicals printed, published and issued regularly under regulations prescribed by the Minister of Customs and Excise.....	17½ p.c.	32½ p.c.	35 p.c.
638a	Hatters' bands (not cords) and hat sweats; hatters' tips and sides when cut to shape; and cashmere when cut to shape for underbrims and hat covers. All articles in this item when imported by hat and cap manufacturers for use exclusively in the manufacture of hats and caps in their own factories.....	Free.	Free.	Free.

2. Resolved, That it is expedient to amend proposed resolution number 3 amending schedule B to The Customs Tariff, 1907, and to provide that in item Number 1028 after the word "parts" the words "not finished" be struck out and to provide that the said resolution be further amended by striking thereout tariff item 1029, the enumeration of goods, and the rate of drawback of customs duties set opposite to the said item, and to provide that the following item, enumeration and rate of drawback of customs duties be inserted in said schedule B:—

Item No.	Goods	When subject to Drawback	Portion of Duty (not including Special Duty or Dumping Duty) Payable as Drawback
1029	Hatters' plush of silk or cotton, and hatters' bindings.	When imported by hat and cap manufacturers and used in the manufacture of hats and caps in their own factories.....	99 p.c.

1. Resolved, That it is expedient to amend the proposed resolution respecting amendments to The Inland Revenue Act and amending acts by striking out paragraphs (g) and (h) of section one of said resolutions and substituting the following:—

1. 279 (g) On cigarettes made from raw leaf tobacco or any substitute therefor, weighing not more than three pounds per thousand, seven dollars and fifty cents per thousand;

(h) On cigarettes made from raw leaf tobacco or any substitute therefor, weighing more than three pounds per thousand, twelve dollars and fifty cents per thousand.

2. Resolved, That it is expedient to amend the proposed resolution respecting amendments to The Inland Revenue Act and Amending Acts by striking out of said resolution the proposed amendment to subsection three of section three hundred and twenty-eight A of the said act and substituting therefor the following:—

Resolved, That it is expedient to amend The Inland Revenue Act by striking out of said act section three hundred and twenty-eight A, as enacted by chapter twenty-eight of the statutes of 1918 and by striking out of said act section three hundred and twenty-eight B, as enacted by chapter fifty-two of the statutes of 1920.

Resolved, That it is expedient to amend the proposed resolutions respecting amendments to The Inland Revenue Act and amending acts by striking out paragraph 6 of said resolutions and substituting the following:—

"6. Resolved, That it is expedient to amend The Inland Revenue Act, chapter fifty-one of the revised statutes, 1906, as amended by chapter six of the statutes of 1914 and chapter thirty-four of the statutes of 1921, by adding the following:—

"There shall be imposed, levied and collected on all sugar produced in Canada from sugar beets, the following duties of excise:—

"Sugar, sugar drainings, melado, sugar concrete and molasses testing over fifty-six degrees and not exceeding seventy-five degrees of polarization, per one hundred pounds, 12 cents; and for each additional degree over seventy-five degrees, per one hundred pounds, ½ cent.

Provided that fractions of five-tenths of a degree or less shall not be subject to the duty and that fractions of more than five-tenths shall be subject to the duty as a degree. Provided that

such duty of excise shall not be payable when such sugar is exported."

4. Resolved, That it is expedient to amend The Inland Revenue Act, chapter fifty-one of the Revised Statutes of Canada, 1906, by repealing section one hundred and ninety-nine of the said act, which provides that beer brewed for private use shall not be liable to any duty under the said act; and to provide that section two hundred and four of the said act be amended by striking out the words "except for use of himself or his family, as by this act provided" in the third and fourth lines thereof.

1. Resolved, that it is expedient to amend the proposed resolution amending the Special War Revenue Act, 1915, by striking out paragraphs two, three and four of said resolutions and substituting the following:

"2. That subsection two and three of section eight of the said act be amended by providing that the tax imposed on cable companies and telegraph companies shall be increased from a sum equal to one cent upon each despatch or message therein mentioned to a sum equal to three cents upon each such despatch or message; and that every company may charge the three cents to and collect the same from the person paying or liable to pay the regular charges for the transmission of the despatch or message, and that any enactment founded on this paragraph shall come into force on the first day of July, one thousand nine hundred and twenty-two."

"3. That it is expedient to amend section 12 of the said act by striking thereout subsections two and four and substituting the following:

(2) No person shall issue a cheque payable at or by a bank unless there is affixed thereto an adhesive stamp or unless there is impressed thereon by means of a die a stamp of the value of, if the amount of money for which the cheque is issued

(i) does not exceed $50.. .. .. ..two cents
(ii) exceeds $50, for every $50 or fraction thereof.. .. .. ..two cents but not to exceed in any case two dollars,

and every adhesive stamp affixed to a cheque shall be cancelled by the bank at which the cheque is payable at or before the time of payment.

"(4) No person shall sign a receipt for money paid to him by a bank chargeable against a deposit of money in the bank to his credit until he has affixed to the receipt an adhesive stamp or unless there is impressed thereon by means of a die a stamp of the value of, if the amount of the money for which the receipt is signed

(i) does not exceed $50.. .. .. ..two cents
(ii) exceeds $50, for every $50 or fraction thereof.. .. .. ..two cents but not to exceed in any case two dollars,

and every adhesive stamp affixed to such receipt shall be cancelled by the bank at the time the money is paid."

Resolved, "That it is expedient to amend section 12 of the said act by striking thereout paragraph (b) of subsection 3 as enacted by chapter seventy-one of the statutes of 1920, and substituting the following:

"(b) If a bill of exchange transferred or delivered to a bank or issued by a bank is payable on demand, or at sight, or on presentation, or within three days after date or sight, such bill shall, for the purpose of the value of the stamp to be affixed thereto or impressed thereon, be deemed to be drawn for an amount not exceeding five thousand dollars."

Resolved, "That it is expedient to amend section 12 of the said act by providing that wherever subsections 3 (a), 3 (c), 3 (d), and 3 (f) of said section 12, as enacted by chapter seventy-one of the statutes of 1920, provide for payment of a tax at the rate of two cents for every one hundred dollars, the said subsections be amended to provide that the tax shall be at the rate of two cents for every fifty dollars of the bills, notes, advances or overdrafts therein mentioned."

Resolved, "That it is expedient to amend section 12 of the said act by striking thereout subsection 13, as enacted by chapter seventy-one of the statutes of 1920, and substituting the following:

"(13) No person shall sell or transfer the stock or shares of any association, company or corporation, or any bond, other than a bond of the Dominion of Canada issued exempt from any taxes imposed in pursuance of any legislation enacted by the Parliament of Canada or subject to any agreement specifying the amount of fee to be paid on transfer thereof, by agreement for sale, entry on the books of the association, company or corporation, by delivery of share certificates or share warrants or bond endorsed in blank or bond payable to bearer, or in any other manner whatsoever, or accept the transfer or delivery of any stock, share or bond unless in respect of such sale or transfer there is affixed to or impressed upon such stock, shares or bond, or a document showing the transfer or agreement to transfer thereof, an adhesive stamp, or a stamp impressed thereon by means of a die, of the value of three cents for every one hundred dollars or fraction thereof of the par value of the stock, shares or bond sold or transferred. Provided that in case of sale where the evidence of transfer is shown only by the books of the company the stamp shall be placed or impressed upon such books; and where the change of ownership is by transfer of the certificate or bond the stamp shall be placed or impressed upon the certificate or bond; and in case of an agreement to sell or where the transfer is by delivery of the certificate or bond assigned in blank or bond payable to bearer there shall be made and delivered by the seller to the buyer a bill or memorandum of such sale, to which the stamp shall be affixed or impressed; and every bill or memorandum of sale or agreement to sell before mentioned shall show the date thereof, the name of the seller, the amount of the sale, and the manner or thing to which it refers, provided that the first delivery by a corporation or company or such shares or debenture stock, in order to effect an issue, or the first issue of a bond, shall not be subject to the tax proposed by this resolution; and to provide that any person who violates any of the provisions proposed by this resolution shall be liable to a penalty not exceeding five hundred dollars and that any enactment founded on this resolution shall come into force on the first day of July, one thousand nine hundred and twenty-two."

"4. That it is expedient to amend section 13 of the said act by striking thereout subsections 2 and 3 and substituting the following:

"(2) Every express company carrying on business in Canada shall before the issue of a money order or traveller's cheque affix thereto an adhesive stamp of the value of, if the amount of money for which the money order or traveller's cheque is issued

(i) does not exceed $50.. .. .. ..two cents
(ii) exceeds $50, for every $50 or fraction thereof.. .. .. ..two cents but not to exceed in any case two dollars,

and the company may charge the amount of the stamps so affixed to and collect the same from the purchaser of the order or cheque or from the payee thereof. The company shall before delivery of the order or cheque cancel the stamp by writing on or across the stamp initials or other identification of the company together with the date of the issue of the order or cheque."

"(3) No money order shall be issued under the provisions of the Post Office Act until there is affixed thereto or to the relative advice a postage stamp of the value of, if the amount of money for which the money order is issued

(i) does not exceed $50.. .. .. ..two cents
(ii) exceeds $50, for every $50 or fraction thereof.. .. .. ..two cents but not to exceed in any case two dollars,

to be paid for by the purchaser of the order. The postmaster or other officer of the Post Office Department issuing the order shall cancel the stamp by impressing thereon when affixed the date stamp of the post office at which the order is issued."

"Any enactment founded on this resolution shall come into force on the first day of July, one thousand nine hundred and twenty-two."

2. Resolved, That it is expedient to amend the said act by providing that no person shall give a receipt unless there is affixed thereto an adhesive stamp or unless there is impressed thereon by means of a die a stamp of the value of two cents, which is to be cancelled by the person by whom the receipt is given before he delivers it out of his hands; that the expression "receipt" shall mean any note, memorandum or writing whereby any money amounting to $10.00 or upwards, or any bill of exchange or promissory note for money amounting to $10.00 or upwards is acknowledged or expressed to have been received, deposited or repaid or whereby any debt or demand or any part of a debt or demand of the amount of $10.00 or upwards is acknowledged to have been settled, satisfied or discharged or which signifies or imports any such acknowledgment and whether the same is or is not signed with the name of any person; and to provide that any person who violates any of the provisions of any enactment founded on this resolution or who refuses to give a receipt duly stamped, shall be liable to a penalty not exceeding $100; and to provide for certain exemptions from the foregoing; and to provide that any enactment founded on this resolution shall come into force on the first day of January, one thousand nine hundred and twenty-three.

3. Resolved, That Schedules I and II to paragraph 8 of the said proposed resolutions to amend The Special War Revenue Act, 1915, be struck out of said resolutions and the following schedules substituted:—

Schedule I

Automobiles adapted or adaptable for passenger use:—
(a) valued at not more than twelve hundred dollars each five per cent
(b) valued at more than twelve hundred dollars each, on the value of twelve hundred dollars.. .. .. five per cent on the value in excess of twelve hundred dollars.. .. ten per cent

Not to include automobiles entered as settlers' effects.

Confectionery which may be classed as candy or a substitute for candy but not to include goods packed ready for sale in cartons or other packages bearing the name of the manufacturers, selling by retail at ten cents or less per carton, nor to include candy known as "gross goods" selling by retail at one cent.. .. .. five per cent

Beverages, when containing not more than two and one-half per centum of proof spirit not in casks, bottles or other closed containers, as follows:—
Beverages derived wholly or in part from cereals or substitutes therefor, unfermented fruit juices and imitations thereof, carbonated beverages or aerated waters, all other compounded or mixed soft drinks, sold by a person conducting a soda fountain, ice cream parlor, or other similar place of business.. .. .. .. five per cent

Schedule II

Ale, beer porter and stout, per gallon.. .. ..twelve and one-half cents

Beverages when cotaining not more than two and one-half per centum of proof spirit, in casks, bottles or other closed containers, as follows:—
Beverages derived wholly or in part from cereals or substitutes therefor; unfermented fruit juices and imitations thereof; carbonated beverages or aerated waters; all other compounded or mixed soft drinks, per garlon.. .. .. five cents

Cigars:
(a) valued at not more than forty dollars per thousand, per thousand.. .. fifty cents
(b) valued at more than forty dollars per thousand and not more than one hundred and ten dollars per thousand, per thousand.. three dollars
(c) valued at more than one hundred and ten dollars per thousand and not more than one hundred and fifty dollars per thousand, per thousand.. .. seven dollars
(d) valued at more than one hundred and fifty dollars per thousand and not more than two hundred dollars per thousand, per thousand.. .. .. ten dollars
(e) valued at more than two hundred dollars per thousand, per thousand.. .. sixteen dollars

4. Resolved, That it is expedient to provide that any enactment founded on the aforesaid

resolutions shall not apply to the excise tax provided for in Schedule I on automobiles purchased before the twenty-fourth day of May, one thousand nine hundred and twenty-two, and sold by a dealer in Canada to a bona fide user prior to that date and imported and entered for consumption on or before the first day of July, one thousand nine hundred and twenty-two; and to provide further that any enactment founded on the aforesaid resolutions so far as it imposes an excise tax on beverages mentioned in Schedule I shall come into force on the first day of July, one thousand nine hundred and twenty-two.

5. Resolved, That it is expedient to amend paragraph 7 of said proposed resolutions amending subsection one of section nineteen BBB of the said act by adding to the list of goods, to which the taxes specified in the said paragraph shall not apply, the following:

Fertilizers;
Dried beet pulp.

6. Resolved, That it is expedient to amend the said act by providing that any taxes imposed under the provisions of paragraph seven and paragraph eight of the proposed resolutions relating to The Special War Revenue Act on sales and deliveries by manufacturers, producers, wholesalers or jobbers shall apply to sales to and also to importations by His Majesty whether in the right of His Majesty's Government of Canada or His Majesty's Government of any province in Canada for the purpose of resale; and by providing further that under the provisions of paragraph seven of the said resolutions the purchaser shall be furnished with a written invoice of any sale, which invoice shall state separately the amount of such tax.

On motion of Mr. Maclean (Halifax), the debate was adjourned.

On motion of Mr. Mackenzie King the House adjourned at 11.25 p.m.

Tuesday, June 13, 1922

The House met at three o'clock.

ALBERTA LIBERAL CANDIDATES

On the Orders of the Day:

Mr. GARLAND (Bow River): I would like to ask the Government if its attention has been called to a despatch in the Morning Albertan, Calgary, of June 8, in which appears a report of the meeting by the unsuccessful Liberal candidates in the Alberta Dominion election. Criticism was levelled at this meeting by the Conservative press and it was stated, that it was held for the purpose of assisting in the distribution of patronage in that province. Subsequent to the meeting Mr. E. F. Ryan, defeated Liberal candidate in Calgary, gave an interview in the course of which he said:

What the defeated Liberal candidates met for was to discuss redistribution in Alberta and to report to the Liberal Government. If the federal Liberal Government is not officially represented in Alberta it is up to the Liberal candidates who were defeated to try and guide the Government in the coming redistribution.

I wish to ask the Government if they have had a report of that meeting, and whether or not they are in a position to state to the House the day upon which the question introduced by Mr. Shaw will be discussed.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The speech of my hon. friend calls the attention of the Government for the first time to the article to which he has referred. I had not seen the report he speaks of. I have had a communication from one of the Liberals of Alberta about a meeting which was held, but that communication did not refer in any way to the subject of redistribution, which, I think, is the point my hon. friend has just raised. In regard to redistribution, the Government will naturally welcome advice from every source.

Mr. GARLAND (Bow River): Has the Government decided on the day on which redistribution will be discussed by this House?

Mr. MACKENZIE KING: We have not decided on the day, but there will be a chance before the session is over.

NATIONAL RAILWAY BOARD

On the Orders of the Day:

Mr. T. L. CHURCH (North Toronto): I desire to ask a question of the Government as to the appointment of directors to the National Railway Board. Will the Government consider the appointment on that board of representatives who are sympathetic with public ownership? Will they consider the views of the appointees on the question of public ownership?

Mr. MACKENZIE KING: The Government will be glad to consider any names or representations an hon. member may wish to have considered.

CANADIAN NATIONAL RAILWAYS

On the Orders of the Day:

Mr. T. L. CHURCH: I wish to ask another question. I notice a series of articles in the Montreal Herald. I will just read three lines as follows:

Mr. Hanna is not running the National Railways. Neither is the Government. The man who is running the Canadian National railways is not even a Canadian. He is a foreigner. His name is Mr. Carey. He lives in Indianapolis.

Mr. SPEAKER: That question is not in order, on the Orders of the Day.

THE BUDGET

CONTINUATION OF THE DEBATE OF THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Monday, June 12, the debate on the motion of Hon. W. S. Fielding (Minister of Finance) that Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means, and the proposed amendment thereto of Hon. Sir Henry Drayton.

Hon. A. K. MACLEAN (Halifax): Mr. Speaker, I know it is a very doubtful adventure on the part of any hon. member to engage in the discussion of the budget at the present time. So much has been said concerning it, and so little has been left unsaid, that really it is difficult for one to justify himself in asking the attention of hon. members to a further consideration of that subject. However, I avail myself very gladly of the opportunity of presenting some remarks to the House this afternoon. I do not intend discussing the budget with any great particularity, I wish to address to the House some general observations regarding it. I desire to say a few words in connection with the changes in the taxation resolutions, as announced by the Minister of Finance (Mr. Fielding) last night. These taxation resolutions have been in force since May 23 or May 24, I believe. In the meanwhile, actual experience has demonstrated that these taxation proposals were not in the interest of trade or of revenue, and the Minister of Finance, in his good judgment, has seen fit to vary them. I have no doubt that if, later on, he finds that experience does not justify the tax proposals in their amended form, he will exhibit that same good judgment in announcing to the country and to parliament his willingness to make further amendments if necessary, in the commercial interests of the country and of the public revenue. There is a lesson, perhaps, to be drawn from our experience of the operation of these tax proposals during the past two or three weeks. We see how quickly and markedly taxation affects trade. When taxation is carried beyond a certain point, not only does it diminish business and commerce, but also it does not bring into the treasury the revenue it was designed to bring. We see further, that the framing of taxation schemes is not, after all, an easy matter; it is not as easy as some hon. gentlemen think. From the way in which taxation proposals are suggested in this country to-day by many people,—yes, and even in this Parliament—one would fancy that this question was accompanied with no difficulties or complexities whatever, that almost anybody could suggest a scheme of taxation that would be workable and practicable in Canada.

I do not wish to say anything in particular concerning the amended resolution in relation to the depreciated currency of European countries. I favour the widest trading between this country and the countries of Europe; but while giving my adhesion to that principle, I do not mean to say that, in certain circumstances due to disrupted international exchanges, certain results must not be corrected, as the Minister of Finance (Mr. Fielding) proposes correcting them by his amended resolution in relation to the depreciated currencies of Europe. The free trader likes fair trade. Fundamentally, he means that he believes in what we know as barter. But the depreciated currencies, of Europe to-day prevent what is or was usually heretofore known as barter. Not only are conditions abnormal in this respect; but they are unnatural, and however in theory we may view them, there is a practical side to these questions, they must be dealt with in a practical way. German exporters of goods are able to establish for themselves credits in foreign countries, and these credits are of great advantage to them in disposing of their productions. I am perfectly satisfied with the efforts of the Minister of Finance in seeking to control this in a practical way, and in some degree.

The statement of the Minister of Finance in his budget in reference to our debt and to our revenue necessities make very plain the serious financial obligations confronting us to-day. Our debt is alarmingly high; it cannot go very much higher without endangering everything in the country. Our actual revenue necessities are also very large; they may continue to grow higher, but I hope not. It will, however, be difficult, as the Minister of Finance has stated, to secure further revenues. We have reached almost the limit of taxation; we cannot proceed in this direction much further; and it is becoming more difficult day by day to discover new sources of revenue, or to ex-

plore new avenues through and by which additional revenue may be secured. There is no ideal form of taxation known to us in Canada or to men in any other country. The income tax is regarded the world over, I think, generally speaking, as the fairest form of taxation; but it itself works many hardships. All revenues which come to the treasury of any country come only through taxation; all forms of taxation are more or less of a burden, and they come from earnings and savings of the people generally and from nowhere else. It has been remarked on two or three occasions by some hon. gentlemen that the British government have reduced their debt and that their income tax is declining. I think it was the leader of the Opposition (Mr. Meighen) who discussed this particular point, and, I think, with perfect accuracy. The reduction in the British income tax was not due to the fact that they were reducing their debt by taxation; because the truth is that the British debt has been reduced by war salvages and from no other source. The income tax was reduced in Great Britain because it was thought it was becoming a burden upon business, that it was destroying business initiative and enterprise. It was thought that in the end revenues would be encouraged and the economic security of Great Britain better maintained by a reduction of taxation. I refer to this only to impress this point upon hon. gentlemen, because we hear, too frequently I think, expression of the idea that there is no limit to the amount of taxation which this country can impose upon certain people and certain industries. We must all agree that it is morally wrong to impose excessive taxation upon people who cannot afford to pay any taxation whatever, upon poor people. In Great Britain, the idea behind the reduction of the income tax is that it is economically wrong to impose excessive taxation upon people who earn large incomes, and that we should not, in these days of confusion and problems, allow ourselves to be possessed of the idea that business can be indiscriminately taxed, or that men of a certain class can be excessively taxed. I agree with the general proposition that taxation must be imposed upon those who can best afford to pay it; but I wish to emphasize the idea that this can be carried too far, and by excessive taxation, we may destroy the very sources from which we obtain our revenues. Our debt is exceedingly high to-day; our revenue necessites are extremely burdensome upon the people, and the man who can devise a more suitable scheme of taxation than that which we have to-day will deserve the gratitude of the nation. The hon. member for East Calgary (Mr. Irvine) a few days ago presented to the House some scheme which I understood to mean that, if put into operation, it would, within a year or two, wipe out the public debt and would practically avoid the necessity of further taxation. If the hon. gentleman can produce such a scheme and make it practicable, I am sure there is nothing this country would not do for him. Personally, I would favour withdrawing from the British Empire altogether and establishing a new kingdom here, and I would consent that he be placed upon the throne and the crown placed upon his head.

Mr. McMASTER: Not a crown of gold.

Mr. MACLEAN (Halifax): As I have stated, we have, in my judgment, pretty nearly reached the limit of taxation in this country, and if so, what is to be our relief in the future? I think, as has already been stated by many hon. gentlemen, it should come from a reduction of public expenditure. I know that the ideal of economy is popular, but the practice of it is not so popular. The Minister of Finance intimated this when delivering his budget on the 23rd day of May. I think it is a fact that the people of this country are naturally extravagant; and we might naturally expect that of the people of a new country as compared with the people of older countries. At any rate, I believe that this charge may be fairly levelled against us. But a very radical change must come over us all in that respect. As the Minister of Finance said, we are willing to be economical in so far as the constituency of any other hon. gentleman is concerned, but each of us is not so particular in regard to the constituency we represent. I very modestly suggested the other night that we might suspend the operation of the Rideau canal, particularly what looks to me like the business operation at this end. At the moment I did not know that the town of Perth was situated on the Rideau canal; I was not aware that there were those beautiful Rideau lakes beyond us here. But I never intended to destroy the town of Perth nor to impair the beauties of the Rideau lakes. I merely suggested that certain sections of that canal, which were apparently or outwardly, conducted

as a commercial operation might well be done away with. However, my suggestion, which was well intended, was not very well received. The hon. gentleman who sits immediately to my left, the member for Cumberland (Mr. Logan), offered the suggestion the other night that the salaries of civil servants, members of Parliament and judges, and all that class of people generally, should be reduced by 15 per cent. I do not know that the Minister of Finance has received any cheque, implementing this suggestion, from the class of people designated by the member for Cumberland; nor am I sure whether he himself has tendered a cheque on his own account.

The Minister of Finance expressed doubt as to the permanence of his popularity if he endeavoured to curtail public expenditure. I wish to assure him that, in my judgment, the members of this Parliament, irrespective of their party allegiance or alignment, and the people of the country, regardless of party considerations, will be behind him in his efforts to reduce the public expenditures. And it is my judgment, further, that the supporters of the Government would rather go down upholding the Government in a genuine effort towards the reduction of those expenditures than upon any other public issue which might remove them from office.

Now, the economic conditions in this country are not very agreeable to our people. We have our problems here just as they have them in every other country in the world; and those problems are many and serious. The idea, however, too commonly prevails that we can rehabilitate ourselves economically by restoratives and palliatives that we ourselves suggest individually and sectionally. Formulas are proposed by hon. gentlemen in the House and by people outside of the House based upon local or class considerations, by which they hope to rid the country of the tremendous problems that confront us. Being in economic distress, it is only natural that we should seek the nearest harbour, and we find all forms of suggestions as to the causes of the conditions that obtain to-day, many of which suggestions are erroneous and should never be presented, but which nevertheless must be considered. For our economic conditions to-day it is very common to hear charges made against organized capital, against banks, against railways, against public policy, against farmers, against wage-earners; and in the end hardly any organized human activity escapes the accusation of being responsible for the commercial and economic state of the country. A gentleman residing in one of the western provinces suggested during the last campaign that all classes of the community should be organized independently; that is to say, that all sections of human activity engaged in any particular line of work should be politically organized —and I have not in mind the Progressive party. It is quite clear to me, from my observation of their work in the House this session, that they are not an occupational group. It is true they may very largely belong to the agricultural classes; it is true that they represent to a large extent the agricultural sections of the country, and when they speak they must speak largely for the interests of their people, which are agricultural interests. But I do not think that in any respect they can be termed an occupational party, or a farmers' class party. It is another thing, however, to have it suggested that the whole of this country should be organized into classes politically, in the hope, thereby, of solving the problems that face the nation to-day. That would simply accentuate the differences that exist between the various peoples of our country, differences which we should always seek to minimize if not to obliterate. Such a system of organization would compose no differences. Economically, I should regard it as the purest nonsence—a system which should receive no support from any section of the country, or any individual thereof. It would prevent clear thinking and would make impossible a correct visualization of our own situation, or of the problems of the world at large.

Again, we find it suggested that there should be restricted output on the part of industries in order to ensure more employment and better wages. This has been put forward on more than one occasion in this country, and possibly in this Parliament, although I cannot recall any instances of the kind in the House. But at least it is suggested as a means of correcting the economic condition of the country to-day. Well, it is unsound economically, for you cannot have output restricted without first hurting the man who is a party to that restriction. It means, in the first instance, lessened production, and, in the second place, higher prices and consequently lessened consumption; and this would react quickly and surely upon those very people who believe in the false economic theory that restriction of output is a good thing

for them or their country. All these proposals are tendered as cures for the economic diseases of the world to-day.

Now, there is a tendency to forget one of the great events of human history, namely, the fact that a great world war prevailed from the years 1914 to 1918.

We are apt to forget that that war shook the world to its very foundation and that it still trembles, and will, for years to come, and that probably a century will pass before its effects will have wholly passed away. We know further, the effect of that war upon Europe. We cannot understand our own economic position or that of the world to-day if we forget the consequences of that war. Canada cannot return to normal business conditions until Europe has recovered her normal economic position. We may of course, do some things to improve our position, but we should always keep in mind that many of the problems confronting us to-day are due to the fact that the war has left Europe in the position which she to-day occupies. And that should bring home to all of us—it does to me at least—something which I never understood in the past as clearly as I do to-day, namely, that continents are dependent upon continents, countries upon countries, nations upon nations, for a sound trading and commercial position. The world to-day is very small; modern transportation has made intercommunication convenient and rapid. As a result the social and commercial conditions of the world are more complex to-day than they ever were in our history, and we are so inter-dependent, countries upon countries, and peoples upon peoples, that we cannot recover our lost position until the world as a whole has recovered from the disturbing effects of the war. And our own commercial position will not be normal so long as the commercial position of other important countries is abnormal.

This brings me to the idea—and it is merely a restatement of that which I have already expressed—that we are interested in international trade. The opinion has been expressed very frequently during this debate that we in Canada can get along very well without international trade, and that our commercial position can be improved by our trading wholly within ourselves. That, I think, is an economic fallacy. The war again has shown in many practical ways of late how dependent we are one nation upon another. Take the position of Russia, where is being enacted to-day the greatest tragedy of all the ages. Russia was a great cotton consuming country, and when she collapsed financially and economically the United States lost a great market for its cotton goods; that loss immediately reacted upon the production of raw cotton in the southern States; which in turn reacted upon the whole of the United States, and finally we became affected.

Take another instance. Russia consumed about twenty-five per cent of the tea production of India. When Russia collapsed India lost that market, and her purchasing power to that extent was lessened. India was a great consumer of cotton goods manufactured in England. So the loss of her tea trade with Russia and her resultant restricted purchasing power meant that she bought less cotton goods from England, and that consequently less of these goods were manufactured; which in turn reacted upon Canada, because it lessened the purchasing power of the British people and they bought less of our products.

A further illustration of how utterly dependent one country is upon another is afforded by what occurred in England quite recently. Large importations of a certain kind of gloves were made from Germany into a certain town in the northern part of England. That town sent representatives to the British Board of Trade asking that these importations be prohibited or restricted. Immediately the workingmen of another town close by met together and protested against any such prohibition, pointing out that these gloves were made from wool which they themselves produced, and that consequently their work would be taken away if the manufactured gloves were not allowed to be imported. So after all, Mr. Speaker, it is very difficult in these days to follow cause and effect in trading transactions, but everything clearly indicates, if I may be permitted to repeat, that we are very much dependent upon and easily affected by the condition which prevails in the other countries of the world.

While I am talking about these matters which are outside Canada, and which perhaps are not interesting, may I refer to another matter? I have already said that we in this country are interested in international politics and international trade and have tried to give a few facts in support of that statement. We are interested in every country of the world, and we can never revert to a purely Canadian viewpoint of trade, except to our own disadvantage and detriment.

Mr. IRVINE: Does that apply to tariffs? If our commercial life is very largely conditioned by our commercial relations with other countries, would not our tariff have to be conditioned by the tariffs of other countries?

Mr. MACLEAN (Halifax): I think the tariff would play a very important part in that way.

Mr. IRVINE: Is not that exactly the same as the right hon. leader of the Opposition (Mr. Meighen) said a couple of years ago?

Mr. MACLEAN (Halifax): I forget what the right hon. leader of the Opposition said a couple of years ago. But I was remarking, Mr. Speaker, that though we are citizens of a new and undeveloped country, not ranking as one of the first nations of the world by any means, still we are interested in international trade and international questions, and the condition of European countries, should appeal to us just as much as the condition of the people of one of our provinces should appeal to the people of the other provinces. We hear a great deal about Germany these days; she is the subject of much discussion and conference in Europe and of much discussion in this country. I think it is apparent to every reflecting person that unless Germany is put on the road to commercial activities every country in Europe will be adversely affected. It is a commonplace saying, and should not require repetition, that Europe can never be right until Germany is right—that is, in the economic sense. I think it is also a commonplace saying that we are intensely interested in the economic recovery of Germany, or any other country of Europe which is politically and economically disrupted. But, strange to say, the tendency the world over is to enact legislation of one kind or another with the object of preventing her recovery. As was suggested the other day by some hon. members, the war is over, and that part of it had better be forgotten. We can never forgive the guilt of Germany in forcing the world into the greatest tragedy known to all history; nevertheless for our own good and for the good of all the peoples of the world, it is necessary that she be restored, economically at least. Notwithstanding the necessity of this, there is a tendency the world over to do everything to prevent her from resuming her commercial processes. It is expected that she can pay the reparations assessed against her, while at the same time she is prevented from trading with other countries. Obviously that is an unsound position to take. Germany can pay the reparations only by the exporting of goods. She has no money; there is not enough gold in all the world, by two-thirds, to pay the amount of reparations assessed against Germany by the allied powers. There is no other means known to the human intellect by which she can pay one dollar of the reparations except by the export of goods. Yet in many countries of Europe that procedure is being not facilitated, but rather retarded by restrictions of various kinds. Now, the effect of this was made clear just recently. It would appear from the report of the International Bankers' Association that they have decided that they cannot recommend an international loan to Germany until such questions as the reparations are settled. We are interested in that question; if we as Canadians are interested in our own country, we must of necessity be interested in this matter. And we have a right to speak about it, because we are interested in the restoration of international trading and in international politics. Great world events have brought us into that position, and whenever we have an opportunity to do so we should express what we believe to be the wish and the judgment of this country in that respect.

The member for St. John (Mr. Baxter), much to my surprise, gave expression to the view a few days ago that he would be perfectly content to see the German people dropped out of the universe altogether and become extinct. I was surprised, I say, to hear my hon. friend make that statement. I am dealing with the case of Germany merely from the economic point of view; I am not particularly discussing it with the view to presenting Germany in any more favourable light than she deserves. Well, what would this world be like if in the twinkling of an eye you took out of its economic system sixty millions of people? Disaster would overcome all the European countries. There would be a complete breakup of the present commercial fabric and of commercial institutions. We in this country would suffer tremendously. Any economic doctrine of that kind should find no support in this country any more than it should find support in any European country.

The member for Centre Toronto (Mr. Bristol), speaking on the budget a few days ago, left the impression with me that he

thought it undesirable for this country to trade with Germany, but he admitted in the same speech that a company in Nova Scotia in which he is interested is exporting ore to that same country. Well, how could Germany pay for that ore if we did not buy any goods from her? After all, Mr. Speaker, we get back to this position: that no country can sell unless it buys; it must import just as much as it exports; the moment it ceases to import it will cease to export, and that is true of all countries. What we want more than anything else is a resumption of normal trading among all the countries of the world, and it is the duty of all countries to do what they can to bring about that condition.

I fancy that it has been hardly profitable or interesting to the House that I should have taken so much time in a discussion of trade matters which are, perhaps, more of international than domestic importance. My only excuse for doing so is to impress upon the House that we cannot eliminate consideration of the commercial condition of the various countries of the world when we are discussing economic matters relating to Canada.

I was very glad, Mr. Speaker, that the Government saw fit to have Canadian representatives at the Genoa Conference. We have earned the right to be represented at these international conferences and we should always be found there. Perhaps we cannot exert the same influence that can be exerted by many other countries of the world. Though politically we may not be a nation, economically we are, and we have a right to be heard in the councils of the world as loudly and persistently as our rights and interests demand.

The Minister of Finance, in his budget, referred to the question of reciprocity with the United States. I speak of the matter only for the purpose of making one suggestion. I am sure that this Parliament, or the people of this country, did not and will not object to the visit of the Minister of Finance to Washington very shortly after his accession to office. Any efforts made by the Government to facilitate trade relations between Canada and the United States, particularly at the present moment, cannot but meet with commendation from all reflecting people in this country. It is true we cannot criticise the actions of the legislation of the United States in respect to commercial matters, tariffs, and things of that kind, but we cannot be prevented from expressing our surprise that in that regard that country does legislate in the way that it does. We cannot help expressing our surprise that they take the view that they do, particularly at the present time, of international trade. I say it is commendable that public men should de everything they can, when opportunity offers, to encourage closer and freer trading relations between Canada and the country to the south of us. Possibly we in this country hesitate to express as freely as we should our opinion of tariff legislation and other enactments of that kind enacted by the United States Congress. That may be due to the fact that we have not any instrument to vocalize Canadian thought and ideas in regard to such matters, and I feel like suggesting that Canada should have a representative in the United States somewhat after the form of our High Commissioner in London, there to give expression to Canadian ideas and views with regard to the commercial relations between the two countries. Perhaps this might be a very much better and a more practical thing than having, as was suggested a year or two ago, a representative at Washington closely associated with the British Embassy and more in the nature of a diplomatic than a commercial representative. Any trade that is done between this country and the United States is done between the people of this country and the people of the United States—trading is not carried on by countries—and I would think there would be a splendid opportunity in the United States for such a representative of this country to represent our commercial interests, and in my judgment it might bring about very beneficial results. It was only a year or two ago that a delegation from Sheffield, England, appeared before one of the congressional committees on finance and brought to their attention the fact that a certain section of the American tariff then under consideration, if put into effect, would prevent Sheffield manufacturers from selling their wares in the United States. The delegation was well received by the committee, and with very practical results, because, my recollection is, the proposed tariff upon the particular articles in which the delegation were interested, never became operative, but was abandoned by reason of the representations then made.

Now, a few words as to business conditions in this country. Conditions here are not good, as has been stated time and again by other speakers. But our future

is not without hope. There is one great distinction we should keep in mind as between this country and the European countries which are in distress to-day, and it is this. We are a very large country with a very small population. We have the capacity to expand. There is the opportunity to develop latent resources. There is room for millions and millions of people yet in this country. These two facts alone should give us great hope. Our problems are great, but they can be overcome, and they will be overcome, and that brings me to say just a word about immigration, which has been discussed by a number of speakers during this debate.

We generally agree that we require immigration into Canada. Some desire a restricted and selected immigration. I merely refer to this for the purpose of expressing my own personal view, and it is this: We must not be too particular about the class of people who come to this country. I want to be understood: we cannot be too discriminatory. There is work to be done in this country and it would be impossible, unwise, and not in the interest of the country, present and future, to say that all of our immigrants should be handpicked. The degree of our growth will very largely depend upon the numbers in which immigrants come to this country in the next few years, and it is the next few years which are the very important and serious ones for us. I want to express my personal opinion only, that any immigration policy that is adopted should not be too restrictive or selective. We must take the longer view. This country will take decades and centuries to fully develop. It took many thousands of years for the British Isles to develop the stock of people who inhabit it to-day, and it would be very difficult indeed to trace their origin through all the ages that are gone. Time in its ceaseless flight works many ethnic changes in the different races which inhabit any country, and so I say we must always have the longer, rather than the shorter view in such great questions.

We have other problems in this country, Mr. Speaker, and one which must always be present to the minds of hon. gentlemen is that Canada is a very difficult country to govern. My friend the member for Cumberland (Mr. Logan) referred to this the other night. We have a very extensive country, extending from coast to coast, with adverse interests, or rather with a lack of community of interests, at least in a great many respects. We must endeavour to reconcile these adverse and opposing interests by public policy which is fair and just to the whole country. I wish as briefly as I can to refer to the different sections of the country which constitute Canada, and to point out as I pass along, the difficulties and disadvantages under which some of them live.

Starting in the East, I might well take my native province as being typical of the maritime provinces. There I find that the commercial relations of the maritime provinces with the rest of Canada are not very intimate. There is not a close commercial connection. Economically we are apart. Nova Scotia produces fish, lumber, and some surplus agricultural products. It finds no market in Canada for that surplus. It cannot and never will. That surplus is produced for export and sale in foreign countries. In the line of minerals, we find a market in the province of Quebec for a considerable portion of our coal, but it reaches that market only under a very severe competition, and not by reason of any tariff. True, there is a market in portions of Canada for some of our steel products, but it is also a fact, in my judgment, that that industry will never develop to its true and proper proportions from what might be called a purely Canadian trade. Therefore, I say that our interests are not bound up wholly with Canadian trade. In fact, our true destiny is involved in trade relations with the world; in other words, with international trade. It can be said, therefore, that the maritime provinces are little interested, as compared with other sections of Canada, in the policy of tariff protection. We have not the same possible advantages from that policy as have other provinces of Canada, and this must be kept in mind more in the future than it has been in the past. The maritime provinces have practically not grown at all in population in the last quarter of a century, and they are rapidly becoming conscious of that fact. They are giving expression to the idea that economically their position is not what it should be, and I would say to those who shall be identified with public affairs in this country in the future that they will have to take cognizance of the fact, that in the maritime provinces our development will depend altogether upon international trade. Our traditions are all that way, and our destiny points in that direction. At the same time, it

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is only fair that I should say for the people of my province that they are not objecting to the federation of the provinces, and they are willing to bear some of the commercial disadvantages of the union,. But I say also that they will insist more and more in the future, as years go by, that a more careful consideration be extended to them, by reason of their commercial isolation from the great populous centres of the rest of the country, a condition which, I think can never be changed by any fiscal policy or programme which this country can adopt.

We come then to the larger and more populous provinces of Ontario and Quebec, where we find, I think, more than half of the population of the country to-day. We have in those provinces greater industrial development; practically the whole of the industrial development of this country is to be found in those provinces. I do not think that it has been brought about by tariff policy only. Usually, the expansion of one district more than another is due to conditions which that district inherently possesses. One would expect to see the commercial metropolis of Canada just where it is. I hope I am not offensive to any other city in Canada in saying that. The city of Montreal is to-day situated where lake meets river and river meets lake. Her geographical position is a commanding one, and her future is assured, regardless of economic policy and any other consideration. She is also indebted for her development to her splendid people. Even at this day, and even at this present moment, that province seems to attract industry which might be located elsewhere, but, for some reason they prefer location in that province in preference to another. At any rate, Mr. Speaker, it is true that, in the provinces of Ontario and Quebec, we find a community of interests. The public policy, and the taxation policy, which might suit one very probably would suit the other. and, in so far as these two provinces are concerned, constituting a very large portion of this country as they do, and having more than half of its population, they have not the same commercial disadvantages that other provinces have. There are no differences between these provinces caused by existing public policy to compose, such as we find in other sections of Canada. Yet, these two provinces must remember that they have not themselves alone developed their provinces. The maritime provinces are the markets of the provinces of Ontario and Quebec. Goods are distributed from that section of the country to the maritime provinces. We are their consumers, just as much as the people living in those provinces, and, by reason of that fact, I say that, while they have done very much for themselves, and while public policy may favour them very much, still much of their progress is due to the fact that conditions give them good markets in the sections of Canada east and west of them.

Next we come to the prairie provinces, so much talked of these days, largely because there are, in this House, many men to talk for them, and by reason of the conditions which prevail there. That section of the country is of great interest to Canada. They are a large exporting country, and that is of great importance to the people of the other sections of Canada. The exports of the prairie provinces assist to a considerable extent the imports of the industrial sections of Ontario and Quebec, which sections must import, in large quantities, raw materials from other countries—their cotton factories must, of necessity, import the raw cotton, their woollen factories must import wool from abroad, the rubber industries must import raw rubber, and so on; and there would be no way of paying for these importations, if there were not exports from these provinces or some other parts of the country. In that respect, we are interested in the West. There is a peculiar situation there. It may be over-accentuated by its citizens. The conditions there, which are very seriously adverse to-day, may possibly be exaggerated.

Mr. GOULD: No chance!

Mr. MACLEAN (Halifax): Well, there is a chance. There is always a chance for anything. I am rather preparing myself for a consideration of that particular matter. That section of the country is engaged in producing things which find a sale in international markets, and the price which they receive for their production is the price fixed in the international markets. The things they buy, as hon. members opposite assert, are bought largely in this country under the protective tariff, which, in some degree, at least, adds to the cost. They are far from the seaboard. Hon. members opposite who belong to these provinces frequently protest against this condition of affairs. There is much in their contention, I admit—a great deal, perhaps—and that, doubtless, has been accentuated by reason of the unusual commercial de-

pression existing throughout Canada to-day and even the whole world. We are all much interested in the development of the prairies provinces. Our hope, for the near future, at least, lies in the degree of development which takes place in that section of Canada. From 1900 to 1910 was the period in which the whole of Canada developed. There is no other decade comparable to it in our history, and I was very much impressed with this a few hours ago, when I was looking at the census returns for those four provinces. I found that in 1891 there were only 152,000 people in Manitoba; in 1911 there were 455,000, and in 1921, 610,000. There was no census taken of Saskatchewan and Alberta in 1891—they were then organized territories—but in 1901 Saskatchewan had 91,000, in 1911 she had 492,000 and in 1921 she had 757,000. Alberta had but 73,000 in 1901, 374,000 in 1911, and 568,000 in 1921. British Columbia had but 98,000 in 1891, 178,000 in 1901, 392,000 in 1911, and 521,000 in 1921. Now this represents a great development and growth.

Perhaps only an exposure of these figures would bring home to us this very important fact. During that period when immigration was coming into this country, there was, as I said before, a great expansion of business throughout Canada. It was that immigration which developed Ontario and Quebec industrially so much, because we were practically adding every year to the population of Canada, a number almost equal to our smaller provinces. That incoming population had to be transported, clothed, fed; it was that which led to the extension of our railroad system; it was that which gave impetus to the industrial life of Canada. The industrial development did not bring into the country the new population, but the immigration brought the development. Therefore, it follows that anything that can bring about a return of a corresponding development in those three prairie provinces, or in the four western provinces, is a consummation devoutly to be wished. Any public policy which can do that will command the support of the intelligent and reflecting people of this country, and our problem is to find that policy. Business in the West is unfortunately depressed to-day; but our western friends must remember that the same conditions prevail in other sections of Canada. The agriculturists faced deflation first of all the producers on this continent. In 1920, their productions fell to pre-war prices, while the things they had to buy remained inflated. That produced the condition and the result which we have to-day in the West. The same thing occurred in the United States; it occurred in some countries of Europe, and I do not know of any public policy that could be enunciated by public men or governments that could have prevented it.

It has been said by someone, I forget whom, that the West will never become a manufacturing country. I can hardly concur in that idea. I do not know that it is very important to determine the fact one way or the other; but to some extent there is manufacturing there at the present time. It is almost impossible to conceive of a province, having the great resources say, of Alberta, not becoming more or less industrialised sometime in the future,—perhaps it may be said, in the remote future. I was sorry to hear a very excellent speech delivered by the hon. member for Springfield (Mr. Hoey) a few days ago, detracted from, I thought, just in its last moments, by a painting of the future of those provinces. He was reading from a survey made of Manitoba by somebody, in which survey the writer intimated that the wheat yield per acre in Manitoba was falling; and the future was painted in dark colours. It is not necessary for anybody to make a survey in order to come to that conclusion. That is a fact known to the ancients as well as to moderns. You cannot have an omelet without breaking an egg, you cannot grow anything from the soil without extracting the fertility; and the only way of perpetuating production is by returning to the soil, by artificial means, if you will, the fertility which has been taken from it. The West will grow no matter what government is in office in this country, and no matter what be the nature of the public policy that may prevail. Immigration has ceased; but it will not be long before we hear the West crying to send them men to "match their mountains and men to match their plains" as in years gone by. Nevertheless I have sympathy, and I believe every one in this country has sympathy for the agriculturists who reside in the prairie provinces over the conditions now prevailing there. The point, however, which I wish to place before hon. gentlemen for their serious consideration is the fact, that in that section of Canada you have a tremendous area and a very large population, engaged largely in one industry, whose interests are not identical with the interests of the

rest of Canada, and it is not unnatural that from time to time we hear well considered and persistent complaints against public policy prevailing—perhaps with success—in other sections of the country, but which policy they believe is unsuitable for their conditions. I mention that only again to present the thought that this is a very difficult country to govern.

In the province of British Columbia, the last province of the Dominion, we find the situation much as it prevails in my province. It is far removed from populous centres, and is separated from the prairie provinces by mountain ranges. The people of British Columbia naturally expect a market for their productions in the prairie provinces, but the value of that market to them depends very largely upon the success which the people of the prairies have each year in their agricultural pursuits. That market is variable and transportation charges, they allege, are unfavourable for the development of that market. That market besides is shared in by the East. The major portion of the productions of British Columbia find a market in foreign countries. If British Columbia develops to any great extent—and I believe it will in the future—it will be because it has become an exporting country. Its destiny to a very large degree is out upon the seas, and the future interests of the people of British Columbia are closely connected with the countries of the Orient and the Antipodes. If the harbours of British Columbia are to develop as great shipping ports—and I believe they will—that will depend entirely upon international trade, because a port will never develop unless there are imports and exports for ships to carry as inward and outward cargoes.

That is a rough picture of this country, and it shows how much in conflict are the interests of the various sections of this wide-flung young nation. Little wonder is it that it is difficult to govern. Little wonder is it that we find it difficult to compose the inevitable differences of these different sections of Canada. But, at any rate, these differences call for the best attention and consideration of Parliament and of the public men of this country, and only in a spirit of compromise is it possible to pursue our national career with success, so that provinces shall march side by side in the development of the nation as a whole, and we may thus achieve our true destiny. Only in this manner is it possible for each province to secure the development which each deserves and to which each naturally aspires. It is only by a just consideration of the interest of each, that the whole confederation can work out its destiny and purpose.

Just a word or two more upon one phase which I have already discussed. What is one of the chief factors contributing to the depression of trade in this country to-day? It is desirable in discussing the present adverse conditions of the country, to understand, if we can, the actual causes of those conditions. If we do not know those causes and have not them clearly in our minds, we cannot intelligently discuss the effects. One of the causes contributing to the depression in domestic trade to-day, is the fact that the true equilibrium in the exchange values of commodities with commodities is wanting. Some hon. gentleman opposite remarked the other evening to the fact that he could not get more, I think, than a dollar for a hide, although he had to pay $12 for a pair of shoes; and after making that statement he asked the question: Where is the nigger? Well, that question left the impression in my mind that that hon. gentleman was suspicious as to the existence of some sinister public policy and believed the whole cause of this particular condition to be easily ascertained, and to be capable of immediate remedy by public policy. One of the difficulties of trading in the world to-day is that goods do not exchange the one with the other upon a fair basis. That is true. The prices of some commodities are too high altogether in relation to other commodities. It prevents exchange, it destroys business. Now, you cannot long have wheat selling at $1 a bushel and flour at $10 a barrel; nor can you have leather or hides selling at low prices and boots and shoes at high prices. You cannot have cotton and wool almost unsaleable, or barely saleable, and cotton and woollen manufactured goods selling at high prices. One must go up and the other down or there will be disaster. It is impossible to have any sound commercial conditions when the primary products are low in price, and manufactured products abnormally high in price, and that is one of the present difficulties that confront agriculturists and producers of raw materials to-day. Wheat will not, for instance, buy for its producer a fair quantity of the goods of another producer. If this continues production will fall and prices will rise. The proper balance or equilibrium in the exchange values of goods with goods has been lost, and that it what we want to restore. But

how to restore it is the question and the problem. Now, there is only one suggestion that one can make, and that is that in the industries which have not yet deflated, the controllers or managers should do all they possibly can to bring about that deflation. We cannot have prosperity in this country with a deflation in primary products and continued inflated prices in manufactured goods. The true prices of commodities are the prices that will permit them to freely exchange with other commodities. The right level of wages, the economic level, is that standard which will give men employment, and which will permit wage to exchange with wage or commodity with commodity, which is the same thing, on a fair exchange basis. The Minister of Finance (Mr. Fielding) in his budget speech, in referring to the conditions between labour and capital, had in mind, I think, this idea —if he had not, then I wish to make the suggestion myself—that there is a great opportunity for the leaders of industry and the employees of industry to render a service to their country and to their fellow-citizens at the present time In coming to a proper understanding as to wages, labour conditions and production. I think they owe to the public and their fellow-countrymen the duty of doing everything they possibly can towards bringing about a deflation in the prices of manufactured and semi-manufactured goods, so that they may exchange on an economic basis with the primary products of the country. If they fail to bring about that condition, the present commercial depression will continue. And no absolute power rests in governments or in Parliament to bring about that condition; it can be facilitated at least in the way I have suggested.

Mr. GOOD: The hon. member has expressed the desire that the prices of manufactured products should go down, but he does not seem to understand how this Government can have any control over deflation. I want to ask him if it is not reasonable to suppose that by a reduction in the tariff on, say, shoes, we can force the Canadian manufacturer of shoes to deflate his prices, just as well as we can—and perhaps better—by asking him to deflate them of his own free will.

Mr. MACLEAN (Halifax): I had not in mind merely the manufacturers, but of course my remarks, perforce, must apply to that line of production. What I say, however, is this, that in all lines of industry where there has not been deflation it should be brought about, and I urge that those engaged in industry, or large labour employing concerns, should do everything possible to secure that end. Now, as my hon. friend from Brant (Mr. Good) suggests, it is possible that the tariff might be utilized as a factor in that directon. There might, however, be difficulties at the present time in using the tariff as a lever in the way suggested. Take free trade in England to-day, where practically no tariff exists, and you find the same conditions prevailing there, or at least they did in a very marked degree a few months ago. I have though in mind the factors which enter into the situation outside of tariffs. I am appealing to individuals and not to governments. Perhaps the situation is less acute to-day, but a few months ago in England there was an abnormal disparity between commodity prices, and the problem that had been engaging the thought of public men and business men of England more than tariffs or anything else, was how to re-establish a true equilibrium in prices as between commodities and the true relation between commodities and prices.

Mr. FORKE: Would the hon. member for Halifax assert that there is any comparison whatever between the spread in England and in Canada to-day as between the price of wool and the prices of woollen goods? Does he contend that the two countries can be compared at all in this respect?

Mr. MACLEAN (Halifax): I am not in a position to give an intelligent answer to my hon. friend offhand, but if the spread is not so great in England I am glad to know it, and perhaps I shall satisfy the hon. member by expressing the hope that the spread will diminish gradually in this country.

Now, Mr. Speaker, I must hasten to a close, as my remarks have extended far beyond the length I had intended. Before I resume my seat, however, I just wish to refer briefly to the amendment before the House. The amendment moved by the hon. member for York (Sir Henry Drayton) suggests failure on the part of the Government to implement its pledges; and the Progressive amendment, which was ruled out of order, contained a suggestion of the very same nature, and also stated that the principle of protection as a basis for a fiscal policy is not in the best interests of the country. I have been unable to see any practical good or any useful public purpose

to be served by the amendment of the member for York. He seeks to enact a new political decalogue by moving his amendment to the budget.

Now, Mr. Speaker, I was not at the Liberal convention of 1919, for very good reasons—

Mr. McMASTER: And to our great regret.

Mr. MACLEAN (Halifax):—and had I presented myself there in the flesh I might have had some doubt as to the cordiality of my reception.

Mr. McMASTER: No, no, not the slightest.

Mr. MACLEAN (Halifax): But at any rate the convention proceeded without me and my absence mattered nothing. I agree with the general statement that political parties should live up to their public professions and their commitments as to policy. At the same time I think political parties should exercise very great care in giving pledges to the public but we must be practical in these matters. I have been in public life long enough to realize that it is better to be practical than theoretical about such matters. Party government is inevitable, but after all, though it is not the reign of saints, there is just as much morality and courage and adherence to principle in the world of parliament as in the world outside.

Not having been present when the Liberal platform of 1919 was being constructed, I may perhaps be allowed to stand off at a little distance and with no impropriety make some remarks concerning that platform. In my judgment political conventions—and they are a necessity at times—should only commit themselves to principles. Had I been present at that convention I would have protested, although perhaps without effect, against the designation of specific articles to be put upon the free list; the fixing exactly of rates of duties, in other words, I would have objected to a party convention attempting to do what should be left to the people's representatives in Parliament, that is, to carry out public policy in detail. I think everyone will agree with me in that. The Progressive party adopted a policy after the same fashion. I think that they also made a mistake, and I have not the slightest doubt that if I could take hon. gentlemen opposite beyond the green doors yonder one by one and put the question to them, they would say that it was a mistake for a political party in convention to commit itself to the details of public policy. I do not say that some of the articles mentioned in the Liberal platform or in the Progressive platform might not without disadvantage to any section of the community be placed upon the free list; but I do say that it is better for party conventions to declare themselves upon general principles, and leave to the people's representatives in Parliament the duty of saying how principles are to be worked out in their details.

I have never yet been able to understand why some people think it is so easy to revise a tariff vertically. I can understand its treatment horizontally, because then the action taken relates to whole classes of commodities and proper relationships are not destroyed. I am not saying that specific articles cannot be treated by themselves; I merely wish to suggest for the consideration of hon. gentlemen that once a country commits itself to the principle of protective tariffs, you rear a tariff structure of considerable complexity, and it is not as easy to take some timbers out of that structure as certain hon. gentlemen think. Further, you cannot always be sure that you get the best results in that way for the public generally. However, these remarks do not do away with the Liberal platform.

The present Prime Minister (Mr. Mackenzie King), when addressing the Liberal convention which nominated him as leader of his party, expressed the view that he would take the adopted platform as the chart and compass of the Liberal party. He was just putting out on the political sea, and I suppose it was only natural that he should employ nautical terms to express his ideas. I think he showed a good deal of pre-vision and political sagacity in making that statement. He is not in the position that he can be charged with having sought a variation of the party policy at a time subsequent to the convention, because his statement synchronized practically with his nomination as leader, and therefore I do not think he is open to criticism on that account. He expressed the thought and his adherents had in mind the idea that the tariff resolution contained within it a principle which was the essential matter and not the details of it nor the complexities of working it out.

And, during the campaign, I think, the Prime Minister's public utterances were consistent with the view which he ex-

pressed at the convention. The tariff changes which the Minister of Finance has brought down are not inconsistent in the vital principles with the Liberal platform of 1919. At least no one can argue that the compass is not pointing in the direction indicated by that convention.

An hon. MEMBER: It is only a flicker.

Mr. MACLEAN: At any rate the reductions made in the tariff indicate that the compass is pointing in the right direction. Had there been increases there might have been some justification for the criticism of the Liberal party and its leader, which has been made by hon. gentlemen directly opposite me. It must be remembered that the revision of a tariff which has in it the elements of protection is not a very easy task to accomplish, particularly at this time. If hon. gentlemen of the Progressive party were placed upon the ministerial benches to-morrow, they have admitted collectively, and many of them individually, that they could not abandon the tariff at once. So far all the differences in opinion is one of degree. The Government has been in office barely five months, and it does not seem to me quite fair to demand that in that short time they give full expression to what some sections of the country or certain individuals think should be done in the way of tariff revision. That would be too much to expect of any government, and particularly of any Minister of Finance, considering the short time which has elapsed since he and his colleagues came into office. I do not think that the practical people of this country can in justice claim that any extensive revision of the tariff could be expected at the present session. It is not a very easy matter to-day, considering the great confusion in trade and commerce the world over, to revise our tariff and know exactly what the effect of that revision will be. As I said at the opening of my remarks, it is difficult to see the incidence of taxation as proposed by the resolutions of the Minister of Finance. To-day, to-morrow, or the next day, he may ascertain that the effects of his amended resolutions are not what he expected them to be, and it is difficult to approximate or estimate the effects of fiscal policy or of public policy generally upon the world activities to-day, largely because of the political and economic confusion which prevails the world over.

The discussion of the amendments has brought forth the usual amount of talk about protection and free trade. I am inclined to think that too many people make a fetish of each of these theories of trade. For myself, I do not regard one as a virtue and the other as a sin. The hon. member for Brome (Mr. McMaster) remarks that he does think that one is a virtue and the other a vice. In principle one may be sound and the other unsound; I will go that far with my hon. friend. It is true that a protective tariff may help some people and hurt others. It is also true that there is a difference of opinion in this country upon the effect of tariffs. As I pointed out in the earlier part of my remarks, in some sections of this country you will find public opinion strongly in favour of protection. In my province you will find some support for the principle of protection, but on the other hand the majority I believe do not look for any great development that province in the future as a result of the adoption of the principle of protection. In fact, I will go so far as to say that I do not think it can be hoped that my province can be developed under a protective policy. At the same time as a part of the Confederation we must submit to the law in this regard as established by the majority. The minority cannot get just what they want in respect of tariffs or in respect of anything else; neither can the majority for that matter, because their demands are reduced as the result of opposition, and in the end, by compromise. I appreciate the fact that there is something to be said in some countries for the policy of protection, though I would not concur in it as a principle. Whether one believes in it or not, it is nevertheless a fact that in a young country which is without capital, large population, industrial experience or foreign markets, there is a desire to have diversity of industry so as to give scope to the imagination, the intelligence and the enterprise of its people. Whether right or wrong, that idea will exist in any new country, and it exists in this country, even in our western provinces. After all, protection is state aid; it is the doing of something to help some people at the expense of others, there is no doubt about that. If it did not do that, it would not be protection and nobody would want it. Very few protectionists to-day deny that. In my earlier days in political life every exponent of protection denied that the tariff exaction meant any increase in the price of commodities to consumers, but that is admitted to-day. Now,

if the people of a country, in order to bring about diversification of industry or for any other reason, adopt tariffs as a national policy, it is there, and once adopted it cannot be got rid of in a moment. We all agree to that,—Progressives, Liberals and Conservatives alike. We all agree also, I think, that free trade is not a possible public policy in this country to-day. Not a single hon. member of this House, so far as I know, has given expression to that view. In fact, many members of the party directly opposite me, the chief exponents of low tariff in this Parliament, have stated time and time again during the past few weeks that we cannot now have free trade in this country. So therefore that is not in issue. The war has settled the matter; this country cannot for many years to come have free trade as they have it in England. We will require a tariff for revenue purposes at least, because it will not be possible for the Government to get in any other way the revenues which it requires. We have not accumulated reserves of wealth in this country from which we can get the needed revenue. We are young in development; there has been no great national saving as yet which could be the source of sufficient revenue for the nation's needs through an income tax.

I confess that one reason why I have not been antagonistic to the idea of a tariff in this country is the fact that the great nation to the south of us have always put up against us exceedingly high tariffs, frequently to prevent fair trade between Canada and the United States, —at least, I have got that impression. I am not going so far as to say that it is economically sound for us to give heed to the tariff legislation of the United States. If free trade theoretically is right, I suppose in the end we might disregard the actions of that country from time to time in respect of tariffs. But every practical man must admit that to take down the Canadian tariff and leave this country open to the American producer would bring about so sudden a change in the economic life of Canada that consequences would ensue which might be quite disastrous in their character. As to that, one cannot tell; but I think I express the view of this country as a whole—of protectionists, free traders, and fair traders—that in the circumstances, in view of our geographical relation to the United States, in view of the tariff policy of that country, frequently designed against us, we cannot embark upon a policy of free trade here. I doubt if in the ranks of hon. gentlemen opposite or in any other section of this country you could find a very substantial body of opinion to the effect that we should go so far in that direction as to leave the Canadian market absolutely open to American productions, and to place this country in such a position that she would have at her disposal no economic weapon to employ in dealing with a country whose tariff legislation is not, we feel, always wise from their own standpoint, or fair and favourable to us from the viewpoint of our material interests. I should, however, like to see freer trade relations between the two countries.

Now, I have taken some time to give to the House a rough idea of the varying economic interests of the different sections of Canada. I think it is fair to say that in the circumstances a compromise upon fiscal policy as between those different sections of the country is inevitable. I trust that some common ground can be worked out, fairly acceptable to all.

I have not the slightest doubt, Mr. Speaker, as the leader of the Progressive party (Mr. Crerar) intimated when speaking in this debate, that the thought of the world to-day is in the direction of lower tariffs. I think that is true of the United States. You cannot read the utterances of their princes of commerce, their leading merchants, bankers and economists, their boards of trade and chambers of commerce, during the last few months in the eastern part of the United States, where the Republican party has always been strong, without reaching the conclusion that the leaders of thought in the United States believe in the reduction of tariffs in that country, and that hereafter she must give more liberty and freedom to the importation of foreign products.

Mr. HANSON: Is the hon. member able to point his finger to one single leader of public opinion in the political world of the United States who has come out and avowed himself in favour of a lower tariff?

Mr. MACLEAN (Halifax): I do not know that I could mention the name of a political leader in the United States whose views upon the tariff issue I could quote to my hon. friend. I am sure that I would be very much impressed one way or the other with the opinions of political leaders in the United States, because, the actions

of a majority of them at least in recent days would not indicate to me that their viewpoint was sound. I can say this, however, that the dominant note in the industrial, commercial and financial life of the eastern section of the United States to-day is in the direction of lower tariffs. And of necessity that must be. The commerce of the United States is depressed to-day. Why? Because she is not exporting the surpluses which she is producing. How does that happen? Because she is not importing goods. She cannot expect other countries to buy goods of her unless she buys goods of them; there is no other way, which human beings know of to pay for goods except by goods. Money is not a factor in it at all. Gold may be used, it is true, in the settlement of small international balances, but large international balances as a rule cannot be settled in gold, and then you have a depreciation in currency. We could not settle one hundred dollars worth of international adverse trade in gold, because we haven't got it. What little we have cannot be exported. The United States is a great creditor nation, and they cannot export unless they import, and they cannot live, economically, in the future unless they import very much more largely than they have been doing in the past.

Mr. MEIGHEN: Is Canada a great creditor nation as the hon. member has described the United States to be?

Mr. MACLEAN (Halifax): No.

Mr. MEIGHEN: Then does not the hon. member's argument apply in the reverse?

Mr. MACLEAN (Halifax): Before the war the balance of trade was rather against the United States, but it was made up by her borrowings from abroad, because even in 1914 she was a heavy borrower from other countries of the world. The United States government did not borrow but the people of the United States borrowed from the people of other countries. To-day the United States is making investments abroad, placing heavy loans in almost every country in the world, and how can she receive payment of interest except in goods? There is no other way to receive payment of heavy amounts of interest. She must import.

Mr. MEIGHEN: The hon. member knows so well, that is the reason I am asking. Will he not admit that Canada is in precisely the opposite position to that in which the United States has been since 1892? Canada is a debtor nation with large payments of interest to make, and consequently not requiring to import on an equality with her exports.

Mr. MACLEAN (Halifax): In one sense Canada's position is different from that of the United States, because she is not a loaning nation, but, nevertheless, it is just as true of us that we must grow as an exporting country if we are going to take care of our great public debt and continue to be able to raise the necessary annual revenue for our public requirements. It is also true that we cannot export unless we import. Our exports, as I have said, must pay for our imports, of raw cotton for instance, rubber, wood, and many other things. I know what is in the hon. gentleman's mind. We perhaps cannot travel as fast as the United States can, but, nevertheless, it can be said truthfully of this country as of all other countries, that if by mutual arrangement our commodities could be exchanged freely for those of other countries, it would be better for the countries concerned.

5 p.m.

Mr. MEIGHEN: Will the hon. member permit one or two questions more, because I think it is worth while? Will he say that with Canada having to pay annually over $2,000,000 of interest to the outside world, we require in order to pay our debts to import as much as we export, or that we even can import as much as we export?

Mr. MACLEAN (Halifax): Canada's exports, of course, should exceed her imports in commodities as much as possible, because we must remit abroad for services and for interest and we can only do this by exports.

Mr. MEIGHEN: Hear, hear.

Mr. MACLEAN (Halifax): But, after all, it matters little whether your imports are commodities, money or securities; they must balance your exports. International transactions are no different from private transactions in that respect; they must balance. It is either money or commodities which people deal in. That is all that business consists of; that is all that international commerce means, and all that domestic commerce means; and in the end the whole thing ultimately means merely exchange of commodities. I fail to see the distinction my right hon. friend has in mind. I think he is wrong, entirely wrong.

Mr. MEIGHEN: The hon. gentleman has argued that I was right.

Mr. MACLEAN (Halifax): I was saying, when interrupted, that in this country the tariff question will be an issue for years to come. There will be exponents of high tariffs and of moderate tariffs, and there will be those who believe in the application of the principle of free trade in our fiscal life; but one thing is clear, that with the diversified interests which we have, with the lack of community of interest which we have in the extremities of this country and as between different sections of the country, it is necessary that in working out the true policy to be applied to the whole country there must be a spirit of compromise on the part of all the provinces. I would say to hon. members of the Progressive party that the present budget presented by the Minister of Finance, whilst not presenting any radical reductions in the tariff, still moves in the direction in which they desire and would have him move. In my judgment, it is a little unreasonable to have expected any greater variations in the tariff at the present time. I do not think that they are justified in reaching the conclusion that the opinions, or principles of the Minister of Finance in the direction of lower tariffs have been absolutely exhausted upon this occasion, and that there is nothing more to be hoped from him in the future. I believe the tendency the world over is in the direction of lower tariffs. Certainly, Europe will never recover her economic strength unless the countries there cease their foolish policies of the last year or two in their efforts to prevent international trading, and the economic recuperation of the most of Europe. If I am correct in my judgment of the future of other countries, namely that the tendency is in the direction of lower tariffs, and greater freedom of trade, as between the peoples of different countries, then I am justified in saying that in this country the people who believe in lower taxation upon commodities will look to the future with hope that public policy will continue to move in that direction in the future, regardless of what government is in office in this country.

I did not intend that my remarks should run to such a length. I feel that I am in the position of a man who said he did not have time to write a short letter. Unfortunately, I did not have much time to make preparation for my remarks this afternoon, and I offer that as an apology for the undue length of time I occupied addressing hon. members of this House.

Hon. HUGH GUTHRIE (South Wellington): Mr. Speaker, I rise at this late hour of the debate for the purpose of addressing the House for a few moments on some of the new features of the debate which have been placed before the House since last evening, by the amendments, or new proposals, which my hon. friend the Finance Minister (Mr. Fielding) has now laid on the Table of the House. The question, as originally presented to Parliament by the Finance Minister, has already been pretty fully discussed, and I will not attempt to add anything to that discussion, but will content myself with a few brief references to the matters which have arisen out of the remarks of my hon. friend last evening. The views of the official Opposition, who sit on your left, Mr. Speaker, in regard to the question of the budget in general, have been very fully and very ably placed before the House, and the line of action which it was proposed to take by those who constitute the official Opposition was clearly laid before the House in the speech of my right hon. friend and leader, the hon. member from Grenville (Mr. Meighen). The pronouncement of the leader of the Opposition that the Opposition felt it was its duty to oppose the budget was made after full consideration, after due deliberation, and after consultation with the members of the party sitting upon your left. However, I think we all realize that since the pronouncement was made some new and radical proposals have been made by my hon friend the Minister of Finance; and while my hon friend received many well-meant and well-deserved congratulations on the fact that he presented to this House his sixteenth budget, I think, now, perhaps, he is entitled to be congratulated on having brought down his seventeenth budget. I do not say that the course of the Finance Minister in this respect is unprecedented. I cannot speak as to that, but I do say that it is very unusual, and never before do I remember a single occasion when a Finance Minister, in the course of the budget debate, has revised practically his whole tariff proposals, or a very large proportion of them, and some of the most important questions which he originally submitted to Parliament by way of fresh resolutions.

I believe the House will agree with me that the chief criticism which has heretofore been levelled against the budget, as

originally introduced, by the official Opposition, was in respect of three particular items. Certainly there has been much general criticism and much detailed criticism, but the most pointed criticism and the main objections have been directed towards three particular items in the proposals of my hon. friend the Finance Minister. First, we criticised his proposal in regard to what is known as the question of depreciated currency of foreign nations. Secondly, we criticised the proposal of the minister in regard to the question which has been referred to as the "anti-dumping" clause. Thirdly, we criticised the proposal dealing with the question known as the "marking" clause, or the regulation which requires the marking of goods imported into Canada with the name of the country of origin. These formed the main subjects of discussion, of criticism, and of opposition by those who constitute the official Opposition of this House. In regard to one of those subjects the Finance Minister has made a further pronouncement of a novel and important nature. It will be remembered that this session opened on the 8th March last, and from that date till the 23rd May, when the Finance Minister made his budget speech in this House, he had abundant time fully to consider and weigh the whole situation before presenting his proposals to Parliament. I assume he did so. I assume he was advised by his friends, and by experts competent to advise him, as to what course should be adopted in each particular instance, and he came down to Parliament on the 23rd of May, and boldly announced, amidst the acclamation of his own supporters and the very strongest manifestations of approval by hon. members of the Progressive group in this House, that the Government had decided to wipe out the provisions of the act which was passed during the last session of this House, in 1921, viz., section 8 of the Customs and Excise Act, which provided against the admission into this country of goods from countries where there was a depreciated currency, except upon a special valuation as prescribed by that section. That announcement by the Finance Minister was, I think, ill-considered. I doubt if he had made himself fully familiar with the trade situation throughout European countries when he made the announcement. It was evident that the announcement pleased a great many hon. members on his own side of the House. It was more than evident that it also pleased the Progressive party on this side of the House, indeed, I think, the hon. leader of the Progressive party, the hon. member for Marquette (Mr. Crerar), took special pains to congratulate the Finance Minister upon that aspect of his budget speech. Just how did he announce it? His language will be found at page 2188 of unrevised Hansard. He highly condemned the proposal of the former Government, contained in the statute of 1921, and then went on to say:

> So, while you keep up the pretence of a duty of 35 per cent, you are actually taxing those goods 1,000 per cent. If you want to say that German goods shall be prohibited, say so; if you shrink from saying that in such a direct way, then put on the 1,000 per cent duty; but do not humbug the world at large by pretending that we have a duty of 35 per cent when the real duty is about 1,000 per cent.

What does the Minister of Finance (Mr. Fielding) propose to do now? Does he propose to humbug the world by letting the world believe that we have a duty of only 35 per cent, when his own proposal, as I hope to show in a moment, is that we impose a duty of about 200 per cent? Why, he asks, did the former government a year ago seek to humbug the world? Why, he says, did the government in 1921 not impose a duty of 1,000 per cent? To-day I put the same question to my hon. friend the Finance Minister; I ask him: Why seek to humbug the world? Why not impose a duty of 200 per cent? Because that is practically what the Finance Minister's new proposal means. The provision of last year to which I refer is section 8 of the Customs Act of 1921, which reads:

> Notwithstanding any of the provisions of this section, in computing the value for duty of the currency of an invoice, no reduction shall be allowed in excess of 50 per cent of the value of the standard or proclaimed currency of the country from whence the goods are invoiced to Canada, irrespective of the rate of exchange existing between such country and Canada on date of the shipment of the goods; and in respect of goods shipped to Canada from a country where the rate of exchange is adverse to Canada, the value for duty of the currency of the invoice shall be computed at the rate of exchange existing between such country and Canada at the date of the shipment of the goods.

Such was the provision which Parliament passed last year. Such is the provision which the Minister of Finance in his budget of this year, proposes to annul and to repeal, and for which he last evening proposed to substitute the following—this is the resolution of which my hon. friend gave notice last night:

> 1. Resolved, That it is expedient to amend section forty of the Customs Act by providing

that in the case of importations from a foreign country, the value for duty shall not be less than the value that would be placed on similar goods produced in the United Kingdom and imported from that country, if such similar goods are produced there. If similar goods are not produced in the United Kingdom, the value for duty shall not be less than the value of similar goods imported from any European country in which the currency is not substantially depreciated.

The minister may determine the value for duty of such goods, and the value so determined shall, until otherwise provided, be the value upon which the duty on such goods shall be computed and levied under regulation prescribed by the minister.

I am reading from the resolution as printed on page 2955 of unrevised Hansard. If the resolution has been correctly printed in Hansard, it goes much further than any one supposed, because it applies to every country in the world, whether the currency is depreciated or not. I fancy there is an omission or a clerical error in the print, or the resolution will have to be amended. The question is: How would this proposal work out, if adopted? We are agreed, I believe, in this House that, at the present time, currency conditions in Germany are such that the mark which, in normal times, is worth 23 cents, is to-day worth approximately only one-third of one cent. Last year, when Parliament passed the amendment to the Customs Act which I have quoted to the House, it provided that, under conditions such as these, the value of foreign currency for customs purposes upon goods imported into Canada should be not less than 50 per cent of the normal value of such foreign currency. The normal value of the mark is about 23 cents, the 50 per cent value imposed by the statute would make the mark equal to 11½ cents, whereas, to-day the mark, as I said, is actually of a value of about one-third of one cent. In order to give an illustration to the House of how the act of last session operates in regard to the duty upon imports from countries where the currency is depreciated and also how the proposal now made by the Minister of Finance will operate in regard to such duty, I am going to cite the case already cited so ably and so thoroughly by the hon. member for Centre Vancouver (Mr. Stevens) in regard to imported pocket-knives, and which will be found on the pages of Hansard. The facts given and the prices stated by the hon. member for Centre Vancouver are from reliable sources, and they represent actual transactions in the sale and purchase of pocket cutlery. I take the case of the pocket-knife merely as a single example. The same principles and the same reasoning will apply with equal force to all the other hundreds, yes thousands, of articles which Germany is now exporting and will continue to export to the Dominion of Canada if the act of 1921 be repealed. The instance of the pocket-knife will serve my purpose. Pocket-knives are manufactured and sold in Germany to-day, or they were six weeks ago, at 55 cents per dozen in Canadian money or 165 marks in German money, because 165 marks is equal to 55 cents at the present rate of exchange. The duty on such knives, before the act of 1921 came into operation, was 30 per cent. Thirty per cent on 55 cents is 16 cents, so that the duty and the cost added together would make the price of these knives 71 cents per dozen landed in the Dominion of Canada. This was the condition which Parliament had to face a year ago when it amended the Customs Act. What effect had the amendment, you ask? The amendment established a value of the German mark for customs purposes of 11½ cents. 165 German marks valued at 11½ cents are equal to $18.98 in Canadian money, and on that amount duty was calculated at the rate of 30 per cent, so that the duty in that case would be $5.69. The price of the knives in Germany was 55 cents, so that if we add the duty, the total cost laid down in Canada, duty paid, would be $6.24 per dozen, and generally speaking, the Minister of Finance was about right when he said that this would prove to be a duty of about 1,000 per cent. Such is the law as it stands to-day. It was enacted to afford protection to the workmen and the industries of Canada. The minister proposes to repeal that law and to substitute the resolution which I have just read, whereby German goods shall be valued, not according to German values or standards, but according to the value of such goods in Great Britain. Let us proceed a step further in our inquiry. The value of that identical pocket knife in Great Britain at that date was $3.65 per dozen in Canadian money. If the present resolution passes, that price, the British price, will be the established value for customs purposes of German knives. Upon that valuation duty will be computed at the rate of 30 per cent amounting to about $1.09. The cost of the dozen knives is 55 cents and the duty $1.09, so that the total cost of the knives, with the duty added, would be but $1.64 per dozen, as against

the former price, including cost and duty, of $6.24 per dozen. The cost of production alone in Great Britain is $3.65 per dozen. The cost of production in Germany is only 55 cents, and with duty the whole price of the German article will be only $1.65 per dozen, or less than one-half of the actual cost of producing the knife in Great Britain. What a tremendous advantage such a measure will give Germany over Great Britain! The cost of producing the knife in Canada, I am told by gentlemen who, I believe, are good authorities, is about $4 per dozen, and the knife is sold to wholesalers at $4.75 or thereabouts per dozen. If the proposal of the Finance Minister be adopted, the result will be that Germany can sell and deliver in Canada, duty paid, not only pocket knives, but almost every other line of manufacture at prices below half the actual cost of manufacture in Canada.

Mr. CRERAR: The House will be interested to have an explanation from my hon. friend, if he can give it, as to how the Germans can produce knives at 55 cents per dozen that can be produced in Great Britain only at as low as $3.60 a dozen.

Mr. GUTHRIE: I am afraid I must ask my hon. friend to put that question to the Germans themselves, but I think it is by reason of the fact that the German mark is depreciated to the extent I mentioned,—and I got the figure which I have given from the Minister of Finance's statement —of one-third of one cent per mark; and the German mark has been stabilized within Germany by artificial means through legislation of their own. But I am not so much concerned about the causes; I am concerned now with the result. I believe, in regard to this question, in the force of the statement of the late Grover Cleveland in another connection, namely that it is a condition which confronts us and not a theory. There is an abnormal condition and we know it; and must deal with. Britain knows it; Australia knows it. They are dealing with it. How are we to meet it, or are we to meet it at all? That is the question we have to solve in this House. The former government applied a remedy by the act of 1921. But under this proposed amendment these knives will be landed here at $1.64 or $1.65 a dozen, duty paid, British knives being $3.65 without the duty added. You must add two-thirds of the duty in the case of British knives to the price I have just quoted. The British knives are identically the same. And in Canada the very same knives are manufactured at $4. They also come in from the United States at about $4.75, duty paid, as I am informed. It is the standard pocket-knife and precisely the same principle as applied to knives will apply to all other goods.

Now, how can we expect goods to be made in Canada if Germany is permitted to utilize our market under abnormal and ruinous conditions? We realized this condition as it existed last year and we promptly provided against it. It was pointed out at that time more forcibly and completely than I can point it out, and Parliament took prompt action, with little discussion. There was some objection, but I do not think the House even divided upon the question. We are still confronted with this abnormal condition, and how are we to remedy it? My hon. friend, the Finance Minister, proposes to wipe out the act of 1921 and substitute merely a half measure which will not stop the inroads of these German goods. In his first budget speech when he made the announcement that he was going to repeal the act of 1921, an announcement that was received with so much acclaim by his supporters and also by the Progressives, the Finance Minister said that these goods will come to Canada through Holland, through the United States, through Great Britain and other places. That may be; but we must try, if we can, to find the real country of origin and stop them in the way provided by the act of 1921 and by the Marking Act both of which it is proposed to repeal. As an auxiliary to our depreciated currency legislation we passed the Marking Act, the one to help the other, so that we might successfully keep track of these goods if we possibly could. Examine for a moment the effect the repeal of these acts will have upon the workmen of Canada. A telegram was shown me a short while ago in connection with the importation of aluminium goods. Germany is turning out and shipping to Canada to-day aluminium goods produced in that country at one-tenth of the cost of production in Canada. Can our factories go on in the face of such facts? What will become of our workmen? My hon. friend from Halifax (Mr. Maclean) in his able address this afternoon intimated that even free traders were generally fair traders, and that in cases of abnormal trade conditions he would see that such conditions were remedied. Well, if we are to remedy the present adverse condition which faces us we shall do it not by any half measure such as that proposed

last night by the Finance Minister. A half measure is utterly worthless in such a case. The stream is flowing, these goods are coming in in great volume, and the volume will increase day by day. Last year we tried to stop it by damming the stream and raising the dam to a certain height. My hon. friend, however, proposes to destroy the dam which we erected and to build a dam only half way across the stream. What good will that do? You cannot stop the stream by building the dam half way across the channel; you must go all the way across as we did by the act of 1921. The hon. member for Vancouver Centre (Mr. Stevens) in his speech the other day suggested that if the 50 per cent valuation of foreign currency was too high it might be reduced to 35 per cent, and I thought that the Minister of Finance (Mr. Fielding) would favourably receive that suggestion. And, indeed, twice last night he rather commended the idea. But he did not adopt it. Instead, he has adopted a measure which I am afraid will give no relief at all, but which will allow German goods to come into Canada in the future at these ridiculously low prices, and Canadian factories which now manufacture any one of the thousand and one lines that will pour into this country from Germany at these absurd rates will eventually have to close down. Take the textile trades; the encroachment of the German goods in this line is increasing. Take the metal trades, in these also there is strong evidence that Germany is making a most determined effort. Last week a deputation of cigar manufacturers were in the city and interviewed my hon. friend the Finance Minister with regard to the cigar duties. Incidentally, I may remark, they saw me and some friends. They told me that many German agents are in Canada to-day seeking orders in almost every trade. They approached the cigar men and said: "Tell us the lowest prices, you pay for labels, bands, etc., and we will cut those prices by at least 25 per cent if you will give us your order."

Mr. JOHNSON (Moosejaw): Has the hon. member any information as to whether the German manufacturers import their raw material, or is it produced in Germany?

Mr. GUTHRIE: I suppose that some of the raw material they use must be imported, but I think a large part of it is produced in Germany.

Mr. JOHNSON (Moosejaw): For the raw material they import, would they not have to pay prices comparable with the valuation of the mark in the country from which they get that material?

Mr. GUTHRIE: Yes, I think they would have to, in the case of articles imported. I am free to confess that I cannot fathom their methods but the fact is that they are doing it, and I know what Australia did to meet the unfair competition. My hon. friend from Vancouver gave instances of goods, made in Germany, selling in Australia at ridiculously low prices, and the Australian government took prompt steps, deciding to admit those goods but to value them for customs purposes according to the Australian standard of values. Why should we not adopt the Canadian valuation in this instance? I ask my hon. friend that question. Why take the British standard? Why not take the Canadian standard? There is a bill now before Congress at Washington—it has not yet passed, but it is a part of the tariff proposals, or at least it is proposed by somebody—to adopt the American valuation for customs purposes in the United States. I repeat, why should we take the English valuation in this case and not the Canadian? Or why not simply readjust, if you like, the act of last session, which was absolutely fair in principle? It might possibly have been too high, but if 50 per cent is considered unreasonable it might be reduced to 35 or 30 per cent, or whatever might be thought proper. Why not amend the Act of 1921. By doing so you would absolutely control abnormal trade conditions and give industries of this country a fair chance to compete. This danger is only incipient. The tide has only just started to flow. The year before last our imports from Germany were about $1,500,000, and last year up to the 31st of March last, I see by the trade reports, they passed the $2,000,000 mark. This is the year they are expected to climb, and I believe that under the halfway measure proposed by the Minister of Finance they certainly will climb to a very large amount. I doubt very much whether German goods are coming in to Canada from Holland. The most recent trade figures would not warrant that assumption. The year before the Act of 1921 came into operation our importations from Holland were larger than they were last year. I am informed that German goods may and do come into Canada from Great Britain, and they come also from the United States. Let us consider for a moment the exceptionally favourable position the German mnaufacturer is in. If my hon.

friend's proposal should pass this House, these pocket-knives to which I have referred can be landed in Canada, in round figures, at $1.65 a dozen, as against $3.65 a dozen, with duty added, for British knives, and $4 a dozen for Canadian-made knives. Why, the German can undersell us by $1 or $1.50 a dozen and still make 100 per cent to 200 per cent profit clear and aboveboard for himself.

Mr. CANNON: Is the value of the German mark fixed by any Canadian authority? If not, by whom is it fixed at one-third of one-cent?

Mr. GUTHRIE: I believe that is the international scale, but I have taken the values which I have given from the statement given to the House by the Minister of Finance, and it is the value accepted by all banks. Now, I have enlarged somewhat upon this point, in the hope that I might explain it as fully as possible, and I leave the House to deal with a feeling in my own mind that a very grave trade situation may arise in the near future in Canada if the Government persists in repealing the Act of 1921 without providing other adequate means for dealing with the situation. The resolution proposed by the Finance Minister last night in my judgment utterly fails to meet the situation. It is not even a partial remedy. Under its operation German goods will flow into Canada, Canadian industry will suffer, and Canadian workmen will be thrown more and more out of employment. I have indicated as clearly as I can a way out of the trouble. The way suggested by my hon. friend in his amended resolution does not meet the difficulty. Certain it is that the Finance Minister was entirely wrong when he came to the House on the 23rd May last with his original proposal. Certain it is that when he announced with so much acclaim that the late government were humbugging the people by the legislation of 1921 and suggested that we should have put on a duty of 1000 per cent if we had been candid, surely at that time he did not understand the situation himself. The Finance Minister now proposes what is equivalent to a duty of about 200 per cent against German goods. I would not ask him if in so doing he merely intends to humbug the people, but I do ask him most sincerely to adopt the present law as the best method of dealing with the situation and, if 50 per cent is too high, reduce it and put on what percentage is considerd proper.

Let me pass to the next point namely the anti-dumping clause. That particular law was originally introduced by my hon. friend the Minister of Finance in the year 1907. I well remember the occasion. I thought at the time, and I still think, that the principle embodied therein was a wise one; but the difficulty was to apply the law. It is the same difficulty which confronts my hon. friend in regard to Germany's depreciated currency. He admits that the principle of last year's legislation was good; that he realizes that a difficult and abnormal trade condition exists but he fails to apply a proper remedy. That was the trouble with the anti-dumping clause of 1907. The object of the law was good but the machinery for its enforcement was defective. The act provided that goods entering Canada were to be valued at the fair market value in the country of origin; but the difficulty was to get at that fair market value. I do not know how many cases were actually traced and tested of goods imported from the United States or any other country into Canada but I am informed that they were very few and very far between, and the reason given was the difficulty of ascertaining the correct value of the goods in the foreign markets. Men would make a few wash or fictitious sales of their goods, one, two, or three sales at ridiculously low prices, and by such means establish the market value. Then they would ship tremendous quantities of the goods into Canada invoiced at those ridiculous and fictitious prices and ask to pay duty on such prices, and when investigators were sent out to ascertain the fair market value, those fictitious sales would be pointed to as establishing it. That was where the law was defective.

A critical situation arose in Canada last year, more critical, I think, in regard to the fruit trade than to any other industry. It was found by the fruit men and the vegetable men all along the shores of lake Ontario and lake Erie from Toronto to Windsor—probably also by the fruit men of British Columbia, although I do not know very much about the situation out there—that by reason of the fact that the American crop ripens two or three weeks ahead of the Canadian crop tremendous quantities of fruit and vegetables became piled up at the peak load period in the United States markets—at Buffalo and other fruit points the express company's stations, sheds and warehouses were full and overflowing, and the question was to find a market. The price had dropped to next to nothing, there

was a great slump, and the fruit was shipped into Canada just at a period when the Canadian crop was at its best and should command the highest price. As it was in fruit, so it was in vegetables. Under all the circumstances the government thought well to introduce an amendment, which is known as Section 7 of the Customs Act of 1921, and which provides as follows:

> Provided that the value for duty of used or unused goods shall in no case be less than the actual cost of production of similar goods at the date of shipment direct to Canada, plus a reasonable profit thereon; and the Minister of Customs and Excise shall be the sole judge of what shall constitute a reasonable profit in the circumstances.

Instead of the anti-dumping clause contained in the act of 1907, which provided that the value for customs purposes should be the fair market value, the new act of 1921 provided that it should be the cost of production plus a fair margin of profit. I had never heard any complaint as to the efficacy of that act until the Minister of Finance on the 23rd May last complained that it was unworkable. I had never heard it charged that the act was unworkable or not working; in fact, I had always heard it commended by fruit men as having been of enormous benefit to them, for it stopped the shipment of fruit into this country from the United States at slump prices at a time when the market in the United States was glutted. When the United States growers find themselves with large quantities of fruit on hand at the middle or end of their season and prices have gone down to rock bottom, they ship it over to Canada just when our new fruit is coming on to the market. Is it a great hardship that such fruit shall be valued at its real cost of production in the United States rather than at slump prices? Is not that a reasonable basis for customs valuation in this country? That is all which the law of last session provided. That is all we ask to have maintained in the present law. But my hon. friend the Finance Minister has disregarded our plea; he has brushed it aside merely stating that the enactment was unworkable and that the Minister of Customs cannot apply it. I feel sure that the Customs officials will find a satisfactory way to apply this law if they are permitted to do so. Therefore we ask that this act be not repealed. But in his amended resolutions given to the House last night I am sorry to see that the Finance Minister has given no indication that the anti-dumping clause is to be continued.

[Mr. Guthrie.]

My third point is practically in conjunction with the first point. The law of 1921 which provides for the marking of goods with the country of origin must be read and taken in connection with the other questions of importation from countries where a depreciated currency prevails. I do not contend, neither did the Minister of Finance (Sir Henry Drayton) contend last year, nor will anyone else on this side of the House contend that all goods imported can be so marked. It is impossible to do so in some instances. But in the vast majority of cases these goods can be marked with the country of origin. This was just an additional safeguard to the workmen and to the industries of this country. Now my hon. friend the Minister of Finance seeks with a wave of the hand to remove this safeguard. I thought he was going to reconsider his decision on this point after the matter had been so ably discussed during the debate, but evidently he is not inclined to do so. We look upon the Marking Act as a most important factor in regard to the regulation of trade from these countries of Central Europe where on account of depreciation of currency ruinous competition can be set up against the Dominion. It would help Canada very much if all our citizens could know the country of origin of the goods which they buy. Who objects? Only the importer, only the wholesaler, only the jobber, only the shopkeeper. The purchaser does not object; he would like to know. Why not let him know in all cases where it is practicable? But my hon. friend brushes this provision aside also. It would not perhaps be so bad if he proposed to repeal the whole enactment. But what has he done? Virtually he says, "No, this is not a matter upon which Parliament should deliberate. The Government will keep a string on this marking requirement, and do it by Order in Council. The Government will retain power to act by Order in Council and require the marking of goods as the government may see fit. The Government will now do the very thing which we have condemned during the last five years in Parliament and out of Parliament on the part of the former government. The government will govern by Order in Council. Why should not Parliament decide that, and not the Government? Parliament is perfectly competent to do so—the only competent body, in fact. Look at the opportunity which the Order in Council method offers for wrong-doing

No one suggests that the Government would do wrong. Far it be from me to make such a suggestion. But governments and members of governments are only human; under the proposed Order in Council system there will be an opportunity to favour your friends and to penalize your opponents. Should any government have that power, that privilege, or that right? I submit that is a matter upon which Parliament alone should exercise control, and it would be far better and far more in the interests of the country, if my hon. friend is determined to repeal the Marking Act, to wipe out the whole of it and not to retain in the hands of the Government the power to put the provisions of the act into operation by Order in Council.

These are the only three points which I desire to discuss. Having given these three proposals the very best consideration which I can give to them, and having discussed them and considered them with my friends, and particularly with my leader, I can only say—and I think I can speak for those who sit in the official Opposition in this House—that these budget proposals are not satisfactory; that they are thoroughly unsatisfactory, and also unbusinesslike. In my judgment the Government proposals cannot be viewed as measures either for the general or particular advantage of Canada, if carried into effect these proposals will result in a direct discrimination against the trade of Canada, against the workingmen in the shops of Canada and likewise against the established industries of Canada. For these and other reasons, I cannot support the budget.

At six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

Mr. ALFRED SPEAKMAN (Red Deer): Mr. Speaker, I do not know whether it is altogether incumbent upon me or any other member of the House to speak now on the budget as the subject has been so thoroughly covered, and viewed from almost every angle; yet there is always some point which may have escaped notice, perhaps always some slightly different slant which may be taken at some of the proposals presented.

I come here, as you all know, a man from the prairies. I am not ashamed of that fact. In fact, I am rather proud to say that I come from the province known as Sunny Alberta. It is natural that I should to a large extent express the sentiments of the people of that province and of the people living in the constituency which sent me here, but, Sir, since coming here I have endeavoured to learn a little more of the country in which I live. I have endeavoured to take as broad a view as possible of the country, so that I may not only serve the interests of my own constituents, those whose interests I know, but that I may as far as I can take part in the government of a great and united Canada. I have endeavoured in my own mind to understand the problems of other sections of the country, so that I might take a comprehensive view of the country as a whole and speak or work, or both, for the interests of the country as a whole.

For some time, from different sides of the House, we have heard the accusation hurled at us that the prairies are somewhat selfish. I am frank to admit that perhaps that accusation has some foundation in truth. I am less ashamed of that fact because I have not found an absolutely unselfish feeling pervading the rest of the House from other parts of Canada. I have not noticed when matters relating, say, to the maritime provinces, are under discussion, that members from that part of the country are inclined to take an absolutely unprejudiced view of those things, and so with British Columbia and the other provinces. As a matter of right, hon. members think in the terms of the country which they understand. Why, on hearing from the city of Toronto, you might almost say that the atmosphere was slightly Torontonian. So I am beginning to think it is not a matter to be ashamed of, not a matter for regret, that any one should express first, and perhaps most firmly, the opinions and the attitude of the people whom he represents. He can, besides, I think, speak with more authority, with more knowledge, and with more intelligence, when he confines himself to some extent to the interests of the country in which he lives and the pursuit which he follows.

I must, of course, discuss this budget somewhat from the point of view of how it affects the prairie provinces. I shall try, however, not to confine my ideas entirely to the prairie provinces, and shall do my best to be fair in my own mind to the interests of other parts of Canada. In the prairie provinces we feel that any budget which is based upon the principle of protection, or which largely involves that principle, is bad for us. Perhaps that is a selfish view, but it is an absolute fact.

More than that, I think this House recognizes that it is a fact which should be taken into consideration, because I believe that on the development and prosperity of those prairie provinces depends to quite an extent the future of this fair Dominion. I think that is a fact which will bear repetition. It is a fact which has not been contradicted. It is a fact which has been stated from all parts of the House that at some time in the future the majority of the population of this country will lie in the West, and that the future of this country will lie in the hands of the West. That being the case, there are two aspects which must be considered in dealing with the West.

The first is that, compatible with the interests of Canada as a whole, the prairie provinces should be given the opportunity of the fullest possible development. They should be given the opportunity of becoming prosperous, of attracting the best class of population, and of securing so far as possible the success and prosperity of that population when it gets there. Secondly, I believe that in the interests of Canada it would be a fatal mistake in any way to antagonize that western country by unthinking, unfair treatment.

How does the protective tariff affect the province in which I live? In the first place —I am not going into this argument at any length, but shall only give a resume—the protective tariff does without a doubt, even in the opinion of those who most favour that policy, increase to some extent the cost of living. It increases, also, to a large extent the cost of production. Now, that is an undoubted fact. The only question is whether that is balanced by benefits accruing to the country from that system. Why does it increase the cost of living? Simply because, whenever a tariff is put on any article entering into any country, it is put on for the purpose of allowing the manufacturers of the same article within that country to increase their price. It seems to me that is the object of protection. I was somewhat interested by a statement made by an hon. member on the opposite side of the House, that in one branch of the textile industry, I think it was, the manufacturers of the particular article did not take advantage of the tariff: that is, they sold on an average, due to internal competition, at about the same level of prices as obtained in the great country to the south of us. That statement interested me very much. I am not going to challenge the truth of it, because, no doubt, he is in a position to know much better than I whether it is true or not, and, in all likelihood, he made the statement in good faith. But, if the manufacturers of those articles at the present time are not taking advantage of the tariff, are not raising their prices to the level of the tariff, and are not depending upon that protection, why, in the name of common sense, do they raise this cry that the removal of a part of the protection which they are not using, according to their statement, would ruin their industry? I cannot understand that. Looking at it from the point of view of common sense and ordinary logic, if the one statement is correct, the other cannot be; and if the statement that it would ruin their industry is correct, then they must be taking advantage of it, in order to get high prices. As a matter of fact, I believe that great apostle of protection, that fine man and eminent public statesman—although I do not agree with all his opinions—Sir George Foster, made that statement in the House. When the statement that the manufacturers raised the prices of their goods because the tariff was discussed, he said "Why, of course, they do. The protective tariff is for the purpose of raising the price, and that is what they have it there for." It goes without saying that that protection raises the cost of living.

What corresponding benefit accrues to us, to offset these disadvantages? It is well known the price of everything we sell is set by the export market. It is not assisted, or altered in any form whatever, by that tariff. Therefore it follows—and I think it has been admitted by some of the previous speakers—that, in the prairie provinces, at least, protection is practically an unmixed evil—that we suffer under the disadvantages of protection, and also under the disadvantages of free trade. That, Mr. Speaker, is our point of view. But since coming here—and I will say to some extent before coming here—I have recognized that, in a country of this great extent, containing as it does, such a diversity of interests and such a diversity of opinions, any government must be a government of compromise. I do not mean a compromise of principle. I do not suggest that any individual must compromise his principles, or his feelings of what is right or wrong, but I say if people come together from all parts, with different opinions, the only way they can get on any common ground, and the only way they can arrive at any sane method of government, is by

some policy of give and take—some compromise. I intend to go into that a little further a little later on.

I want to speak, for a moment, upon the principle of the tariff, as a means of taxation. I have begun to think that I must be one of those cranks who believe that a tariff, as a means of raising taxes any further than is necessary—for instance, the sales tax as a means of raising revenue, if you carry it further than absolutely necessary,—is a wrong system. I believe a commodity taxation of any kind is founded essentially and fundamentally upon a wrong conception of taxation altogether. I know that that is a very broad statement to be made by a man as inexperienced as I am, but I have looked upon it from, perhaps, only one point of view,—the point of view of the poor man in this country. I have looked upon it, not only from the point of view of the struggling farmer, but, since coming east, I have been in some of the great factories of the country, and have seen the women and girls working steadily in the factories on a very uninteresting job—for what? The means of a poor living. That is what it amounts to, and it is because of having seen those people, and the fact that the protection of, the commodity means that they are compelled to pay more for the means of subsistence, more for their clothing and boots and shoes to keep the wet from their feet, that I have come to the conclusion it is wrong. I believe I touched once before upon the commodity tax, as it affected the population of this country—the immigration to this country, if you like to call it that. I believe I said that, in my opinion, and in the opinion of most people in the House, the most desirable class of population in this country, or in any country, was the native born population; that, in fact, we should follow, as far as we could, our friends of the fair province of Quebec, and build up a vigorous and numerous population by our own efforts, and any fiscal policy to my mind should be framed with the idea of encouraging the creation of such population.

But does a commodity tax do that? Why, Mr. Speaker, the commodity tax acts as a great deterrent against such increase of population. It places an absolute premium upon bachelors and old maids, for the very obvious reason that people are taxed as a penalty for having children. That sounds like a strong statement, but I believe it is absolutely true. I do not think it is intentional, but it is absolutely incidental to any commodity tax. As I said before, the father and mother of a family know that from the moment the baby is born they have to buy boots and shoes, clothes and everything else for it. Under our system of commodity taxation they are taxed on those articles, and that, simply, means that, for every additional child in the family, they have to pay an additional tax, and, if that is not a baby tax, what is it? I am not a protectionist, and, I think, perhaps hon. members have gathered that fact already; but there is one industry in this country that deserves protection and should receive it, and that is our own infant industry. I shall stand—and I hope I always shall—for the protection of that industry, and for the encouragement of large families.

There is another point of view from which the farmers at least look upon the tariff as possibly an unmixed evil. The hon. member from Halifax (Mr. Maclean) made one of the finest and most statesmanlike speeches for three quarters of the time during which he spoke that has been heard since the House met, and in the course of his remarks he made the absolutely true statement that, in regard to international commerce between countries, goods must be paid for with goods; in other words, we must import in order that we can export. We, in our market, depend absolutely upon our export market. We know that a protective tariff, by restricting the importation of goods from the countries to which we would sell our produce, restricts our possibility of selling. So, not only does a protective tariff increase the cost of our production, but it restricts our market and reduces our price for what we have produced. That is another reason why we object to it from the point of view of the prairie. I have noticed with some interest, a disposition from different parts of this House to look upon the West as a market placed there by Divine Providence for their goods. We are willing to buy their goods; we need their goods; the mutual trade and commerce between provinces is just as beneficial as that between nations; but we cannot see that that is the only reason why we were placed in the world. We cannot see that our only object in life is to provide a carefully conserved market for any of our friends, however pleasant gentlemen they may be and however unselfish may be their views,

and we rather protest against being looked upon from that point of view.

An hon. MEMBER: Louder.

Mr. SPEAKMAN: I will speak louder presently. We have been accused of selfishness—and speaking of their unselfishness has reminded me of this—and why? Because we object to having to live indefinitely under a policy from which we receive no benefit and for which we have to pay the price. That is why we are looked upon as being selfish. May I ask those other hon. gentlemen: Is it any more selfish to wish that as we have to stand on our feet, they should have to stand on their feet, than to wish that any particular interest should be bonused in order that it might be able to carry on successfully? I am not accusing them of selfishness; but if there was a question between the selfishness of free and fair trade and the selfishness of those who prefer a protective policy, I think any honest, impartial jury would say that, if there was any choice, those who favoured a protective policy would be a little the more selfish of the two. As I say, however, I do not intend to throw any slurs at any one else; I am simply answering what we consider to be rather an unfair insinuation or assertion against ourselves.

Since I have come here and during this debate, I have been endeavouring, in order to be fair, to imagine myself for a moment in the place of the Minister of Finance (Mr. Fielding). I am quite aware that this is rather a presumptuous flight of imagination; but if we are going to try to get anything at all, we must endeavour to put ourselves into the other fellow's place and to look at things for a little while through his eyes. I considered what I would do, were I by some peculiar freak, placed in a position where I would have to carry a policy into effect and to impose that most unpopular thing, taxation, upon the people. I quite agree with the Minister of Finance that any one who taxes other people is a most unpopular gentleman, and more than that I quite agree that, in the opinion of most people, there is only one fair method of taxation in the world, and that is the method that leaves us alone and makes the other fellow pay it all. This makes me more moderate in my statements. Looking at this matter from the point of view of revenue alone, if I believed that protection was not a right principle, as the present Minister of Finance has stated in his opinion, and if I were endeavouring to raise revenue and at the same time endeavouring to go against the principle of protection, I would see if I could not balance these two things, and my suggestion would be that instead of a sales tax, an excise duty be placed upon those articles within our country that were protected by too high a tariff. That is not a very popular sentiment; but I believe it is absolutely just. We have heard it stated that, had it not been for the attitude of the United States, in all probability our tariff against the United States would be lower. That means that it could be lower without damaging our own interests. If it could be lower and if the present attitude of the United States makes it unprofitable or unwise to lower the tariff, why not, to some extent, do away with some of that protection on the Canadian side by imposing an excise tax and thus take off some of the surplus profits that may accrue? I believe that is sound. Although I am a free trader in principle, I am not one of those who believe that we can step in at a moment's notice and change the fiscal policy of this country right around. I believe, however, that we could make a very material advance in that direction and that we could serve notice upon those interests that are protected at the present time, that they must put their house in order, because, bit by bit, inevitably, just as sure as death and taxation, the tariff is going gradually to come down and they are going to be thrown on their feet to fight out their own salvation.

In connection with that and in connection with another matter, I was very much interested in following the debate regarding depreciated currency in other countries. I am not an expert in depreciated currency, and I am not going to discuss the matter from that aspect. But one thing struck me very forcibly during the debate and during the remarks of some of our speakers to the right, and that was this. According to their statements, manufactures in Germany, which was singled out as the shining example, were apparently able to manufacture and deliver goods at from one-quarter to one-tenth of the cost of manufacture in this country. I cannot quite understand that, when we consider that a large quantity of their raw material must be imported. But if that be a fact, I have this suggestion to throw out to hon. gentlemen to my right, in return for many suggestions that we have received in the past as regards better meth-

ods of farming, that the Government should send a commission to Germany to find out how they do those things, or that the Government should establish a school of manufacturing in this country and bring over a German professor or two to instruct our manufacturers. If the Germans can produce manufactured articles at so much less than the cost of manufacture in Canada, and live happily, cheaply and apparently comfortably while they are doing that, their methods are well worth studying; some of our manufacturers might well take advice from them, might study their methods, and then they would not need a protective tariff at all. That is only a suggestion, because I always hesitate to advise another man how to conduct his business, although I notice other men are not always so reticent about advising us.

There are two other matters I want to touch on very briefly, not so much in connection with the tariff itself, as in connection with other matters which come up under the budget. In the Speech from the Throne, part of which I admired very much, whatever I may have thought of it since, in referring to agriculture, His Excellency, speaking, I presume, as the mouthpiece of the Government, said that in order to encourage agriculture, they must necessarily proceed along three lines: better marketing facilities; lower transportation costs and lower costs of production. In our opinion, lower costs of production, to a large extent, lie in the hands of the fiscal policy. We may, to some extent, be wrong in that view; but I believe lower costs of production can only be brought about by permitting us to buy our means of production more cheaply. The subject of transportation has been so thoroughly touched upon that I do not intend to go into it at any length at all. I can only say this, that I wish all success to the efforts of the Government in that respect. I believe, not only is their policy sound, but it will eventually prove to be the right policy. I am speaking of the official policy of the Government, that is the policy of absolutely co-ordinating their lines, of cutting out unnecessary competing lines, of cutting down expenditure as far as possible and of making the shortest haul with the heaviest tonnage possible. I think that can be done; and when the time comes—as I trust it will be soon—I hope they will have branch lines built as active feeders so that the products of the West may be carried to this end of Canada. As the matter of marketing is one that is of great significance in view of some work that is going on in this House at the present time, we most sincerely hope that when the proper time comes the Government will be prepared to implement that suggestion in the Speech from the Throne and support us in our efforts to bring about a better system of collective marketing.

Now, I think I have covered all I intended to say to-night. I had no intention of speaking for more than twenty minutes, but I shall say a word or two as to the manner in which the budget meets my views, personally, at least. I have said that I believe the government of this country can only be a government of compromise. That is my opinion. But what is compromise? Compromise is a matter of give and take, is it not? It is a matter of one man going part of the way and the other man going the other part to meet him. It is the balance of opinions between two adverse views, meeting on common ground somewhere near the centre. And in that respect I very much regret to say that the budget does not constitute, to my mind, one of fair compromise; because I believe that it calls upon us who are opposed to the principle of protection to take about ten minutes' walk to meet what has been aptly termed a mere footstep or a shuffle in our direction. I do not feel that that can fairly be called a compromise. I am well aware that what steps have been taken have been taken in the right direction. I am well aware of that. But I do not think for one moment that it can properly be said that these reductions have changed the previous budget from a protectionist budget into one for revenue only. In other respects, I found myself in perfect harmony and agreement with the statement of the Minister of Finance (Mr. Fielding). With his efforts towards reciprocity, I had, and I think we all had, the fullest and most complete sympathy, and I can tell hon. gentlemen on the other side of the House that the one outstanding, saving grace in the history of the Liberal party in the last twenty years, at any rate in my opinion, was the fact that they went down honourably to defeat in what was the greatest move that had been made up to that time towards free trade. During our campaign in the West, where we fought about as hard with the Liberals as we did with Conservatives, and where practically every contest was a three-cornered fight, I was asked what I thought of the Liberal party. That is

a hard question to ask me, especially as asked by a Conservative. However, I said that as far as I could judge, taking their past record into account, the only difference between that party and the Conservative party consisted in their stand in the 1911 election; and that, as a matter of fact, the worst thing I had ever heard said against them—and I have heard some mighty hard things—was that they were nearly as bad as the Conservatives.

Mr. GRAHAM: That was going far enough.

Mr. LAPOINTE: Not guilty.

Mr. SPEAKMAN: That, at all events, was the point of view of those whose opinions I had learned; and whether it will be greatly altered for the better by the present budget I cannot say. But from my own feelings in the matter, and from the messages I have received from the West, I should judge it has not altered greatly. No one, of course, is wholly black or wholly white, and there were varying shades of opinion with regard to the Liberal party. Some thought that it was a little lighter shade of grey than the Conservative party.

An hon. MEMBER: Muddier.

Mr. SPEAKMAN: Perhaps muddier. And speaking of mud, that reminds me of something that happened a few days ago. An hon. member to our right made an attack on our organization as a whole, and on our leader (Mr. Crerar) in particular. I was sorry the hon. member for Marquette was not present at the time to answer for himself. The attack had reference to the fact that when in private life he was engaged in the commercial pursuit of handling a large grain company, a most heinous offence indeed. I thought at the time that the statements that were made in the House bore a strange similarity to the contents of a number of pamphlets that used to flood the western country during the election. Why, we waded knee deep in them. Of course, they were anonymous pamphlets; like illegitimate children, whom no man would own, they were laid at our doorsteps. But there was a strange similarity between the utterances of one or two hon. gentlemen on our right and the contents of these pamphlets, which invariably wound up with the entreaty to "Vote for Meighen and save the country". And I began to wonder whether those hon. gentlemen had anything to do with those pamphlets. There is a homely adage that when you see shells you suspect the presence of eggs. Perhaps my suspicions are unfounded, and I hope they are; but I have suspicions. Well, there was one answer to those pamphlets that flooded the West, and that answer was emphatic. From the whole West, which was interested particularly in the grain trade, and which knew more exactly the untruth of the assertions contained in those pamphlets, not one single member of the party supposed to be responsible for those pamphlets was returned to this Parliament. On the other hand, almost a solid delegation of men came in support of the leader whom hon. gentlemen have attempted to malign. That was the answer given by the prairie provinces to those allegations, and it shall continue to be the answer which those provinces shall give in the future to allegations of that nature, from whatsoever source they come.

Now, I have stated rather briefly that I do not altogether admire the budget, and I may say even more briefly that I have absolutely no use for the amendment that has been offered. It is all very well for any party to climb to the mountain tops of morality and therefrom deliver sermons directed towards their political opponents, and to offer advice on public morality to members of this group. I can say quite safely that I am not particularly seeking inspiration on questions of political morals from hon. gentlemen to my right. Mind you, I do not say that they are much worse than other gentlemen, but we are not seeking advice there. An hon. gentleman suggests that we are not seeking it at all. Well, perhaps we are not; we have not been in public life long enough to have lost our own morality. However, that is simply a passing jest; it is merely by the way. I have no intention, I can assure you, Mr. Speaker, to cast any slurs on men in this House, because there is one thing that I have learned, if nothing else, that will be useful to me since coming to this Parliament, and that is that the average decency, morality and common sense in this House is at least equal to the average decency, morality and commonsense outside. And that remark I mean to apply to all three corners of this House. As I have got more acquainted with the men who compose this Parliament, I have come to the conclusion that even the devil is not as black as he is painted; and you will find a sense of public duty and a desire to do what is right all

over the House. But I also think that that sense and that desire have become somewhat perverted and distorted by the unfamiliarity of some hon. gentlemen with the whole of Canada. At least, they are not as familiar with Canada as they would lead us to think they are. I believe that half of the trouble and the differences of opinion in this House could be adjusted if we could only know one another better; and that is one reason why I enjoyed my trip to Montreal and Quebec city, because I believe that if we could get to know one another better and understand our problems better we would have more sympathy one for the other, and I believe that with greater sympathy would come closer co-operation, and in that closer co-operation of honest, decent-thinking men lies the salvation of the country.

Since coming here I have been working somewhat intensively on the soldier's special committee, and I am going to speak of that committee from one standpoint only. Over the door of our committee room is the inscription, "Abandon politics all ye who enter here."—metaphorically speaking of course. And we have abandoned politics absolutely. Conservatives, Liberals and Progressives—we all mix with one another there. No man is regarded from the party standpoint, but we all meet there on common ground, each anxious to distinguish between right and wrong, to contribute his quota to the common stock of knowledge, and so reach a conclusion as to what is best to do under all the circumstances. My experience on that committee has often made me think that what has happened there is very much like a fulfilment of my dream of Parliament in the days gone by.

Now, Mr. Speaker, you will say that that is the dream of an idealist, and although I know I shall be looked down upon by some gentlemen here, I will admit that I am an idealist. And I will go a step further than that: I believe that no man has much business in our public life who is not to some extent at least an idealist. Because when all is said and done, what is an idealist? Is not he the man who has an ideal of conditions which shall be a little better, a little fairer, a little cleaner, a little juster than existing conditions? I say, God help the man who has no such ideal, who thinks that everything in this world is right just exactly as it is at the present moment, because that man is past all human help.

I am sorry in more ways than one not to be able to approve or to support the budget of the hon. Minister of Finance. As I sit here in my place and look across the floor at that honourable gray head, and think of the years of honest, clean public service which he has given to his country—as many years as I have numbered during my whole life—I can assure you, Mr. Speaker, that it is very difficult for me to criticize the owner of that head. And I am not now criticizing that man, at least I try not to speak unfairly or harshly. I cannot approve of his ideas or of the budget he has brought down, but so far as he himself is concerned, I respect and honour him.

Mr. JEAN J. DENIS (Joliette): Mr. Speaker, at the outset of my remarks it is a duty as well as a pleasure for me to join those who have preceded me in offering my tribute of homage to the hon. Minister of Finance (Mr. Fielding). Perhaps all hon. members are not aware that the hon. gentleman has been a Minister of the Crown for about thirty years either in the province of Nova Scotia or in the Dominion. I am told that this record is unequalled in the British Empire to-day.

Coming down to the budget, in my opinion it is, generally speaking, satisfactory. We must not forget that the good old days have passed, and I am sure the hon. Minister of Finance has had more worry and more labour preparing this budget than perhaps he had in preparing the fifteen other budgets which he has had the distinction and honour of presenting to this House. In 1911, a new government came into power, the government of our Conservative friends, and later this country joined the Allied powers in that world-wide war which cost so much in life and treasure. The expenses of that war increased our national debt eight times beyond what it amounted to when the Liberal party left office in 1911, and unfortunately our successors did not take the care they should have taken in looking after our national expenditure so that to-day our financial burden is very heavy indeed.

The old Liberal chieftain of 1911 is no more, but the man who was his right arm, who was his Finance Minister for fifteen years, is still with us, and representing in himself the genius of the man who is gone as well as his own, and he is to-day presenting the most satisfactory budget that can be presented under the circumstances.

I have every sympathy for my hon. friends obliquely opposite. Unfortunately they are not satisfied with the budget. But, Mr. Speaker, after listening to various speeches from that quarter of the House I have asked myself several times: What is it that would satisfy them? These hon. gentlemen have come here with theories; they do not grasp the facts—at least, they do not as far as national events are concerned. They are interested in whatever may concern their own respective provinces, but in my humble opinion they have failed to comprehend the situation from a national standpoint.

Coming back to the old Tory party, it was unfortunate for the country that the unavoidable increase of our national debt should have been aggravated by the extravagance, I might even say the foolishness, which characterized their administration of the affairs of the Dominion. Of course, we all acknowledge, as I have just said, that a great proportion of our expenses incurred during the war was unavoidable. But could they not have avoided buying the Canadian Northern and the Grand Trunk and placing on the shoulders of the people annual deficits of from $70,000,000 to $100,000,000? I assert that they could have avoided that course, and they must bear the responsibility of their action. Could they not have avoided building the Canadian Government Merchant Marine that they are so proud of? And they are the only ones that are proud of it, for I have never known any one outside the late government and their followers to take any pride in that exhibition of government folly. They gave contracts to the amount of $70,000,000, without tenders, for the construction of the ships comprised in the merchant marine. It looks suspicious, Mr. Speaker, to see a government build a merchant marine at a cost double the amount at which the ships comprising it could be bought in England or in other countries. We all know that the Canadian merchant marine is hardly worth fifty cents on the dollar, if it is worth that. The Canadian people, after all the sacrifices they have made in blood and money, could not reasonably be expected under the circumstances to bear the burden involved in this project; so I say on that score again the late administration was faulty.

Then, the late government lent money to the Balkan States. I will not go into the details, but as hon. gentlemen know, this transaction also was a disastrous one. For all these reasons, Mr. Speaker, and many others which I will not now mention, the old Tory party, which for so many years had the confidence of the people, has fallen to a depth never experienced by any other party in this Dominion since Confederation. For a party which in the last Parliament had about one hundred and fifty followers it has, since the last electior fallen into very great depths indeed. It is unfortunate for the party; it is unfortunate, to a certain extent, for the country itself, because if the people lose faith in politics; if they lose faith in those who represent them and those who administer the country's affairs, we come to a very serious condition indeed. Here was a party that was in power for ten years, and during that time they ruined the country; they lost all that had been accumulated during generations by the old Tory party, all that had remained in the way of tradition. This, Sir, should be a lesson to the Conservative party and should serve as an example to any other party in this country.

9 p.m

The Liberals are now in power, and they have to face the music; they have to impose taxes to meet the necessary expenses of the country. Last session and the session before, the Tory party had to acknowledge to the House a deficit of some $70,000,000—in reality it was a deficit of over $100,000,000. From the way matters were going at that time, it is evident that if the Tory party had remained in power these deficits of $100,000,000 or more each year would have been continued. But the people awakened to the seriousness of the situation, they placed the control of the country's affairs in the hands of a new administration, and they expect it to make both ends meet. No matter what government is in power, whether it be Liberal, Progressive or Tory, it must at least make an earnest effort to meet the expenses of the country. We cannot indefinitely go on borrowing money; we cannot indefinitely add to our debt. There must come a time, and that very soon, when receipts will meet expenditures. Look at England; though she was so sorely tried by the war, she has during the last three years been paying off annually a considerable amount of her public debt. She has had a surplus every year. We in Canada, a young country with vast natural resources, have done nothing in that respect. I hope we shall be able to do something in the future. I can hardly hope that this year the expenditures will

be met by the revenue, but I am confident that very soon the Liberal party will be able to accomplish that end. If it does nothing else, I am sure that on that score it will deserve credit and will meet the commendation of the people of this country.

This is the first time since Confederation that we have had in this House three parties aligned. The new party, the Progressive party, have their ideals and their programme, as is their right. I may point out that since I have been in this House the Progressive party have changed their name about as many times as the Tory party changed theirs during the same period. First it was known as the "Farmers' party;" then the word "Agrarian" replaced the word "Farmer," and to-day they call it the Progressive party. Whether they be farmers, agrarians or progressives, there is one thing they must not forget, namely, that they must adjust their policies to the conditions which exist throughout the country. They must acknowledge the facts and they must frame their policies accordingly. As the name of a party, the word "Progressive," is a peculiar one. Progressive, I suppose, implies progress, and when a party takes the name of "Progressive," it might appear on the face of it that other parties were not progressive; that other parties were reactionary; that they did not know, perhaps, what they were talking about; that they did not know much about politics or were far behind the new party which, under the name of "Progressive," had come to save the country. If the word "Progressive" is supposed to refer to a party which favours progress, I acknowledge that the word is well chosen. Our friends obliquely opposite certainly favour progress, but they favour it so far as it affects their own group; they favour it accordingly as it is expedient for them to do so. They favour progress as long as we are willing to give them what suits their purpose, what suits their own particular progress. But I have yet to hear one of them favour national progress, and that is what we want in this country. No party can exist very long in this Dominion if it does not keep steadily in view the progress of the nation as a whole. We must look to the interests not of one province, not of two or three provinces only, but of the country generally. I ask my hon. friends to look to the welfare and the benefit of the country generally, not to the welfare and the benefit simply of their own provinces.

The science of government is a very difficult one; it entails moderation, broad-mindedness, co-operation, compromise, and self-sacrifice. I was glad to hear the hon. gentleman who preceded me (Mr. Speakman) speak of compromise and co-operation. I believe that no government in this country can govern unless it governs on the principles which I have enunciated. Why, Mr. Speaker, this is news to no one in a country like this, extending as it does from one ocean to the other, and with multifarious races and creeds and opinions and a great diversity of interests, and with people who do not know one another. Certainly this country is a hard one to govern. It cannot be compared to any of the European countries, to France or England, for instance, where you have a homogeneity of race, of character, of sentiment and aspirations. Our aspirations are different, our characters are different, our sentiments are different. But if only we will look at the interests of this country from a broad national point of view, if we are broad-minded and willing to co-operate with one another, we can do a lot, and we can govern this country properly. I am afraid that some of my friends on the other side have not yet learned the first chapter of the book which might contain these teachings. Our friends opposite, for instance, want the Wheat Board. The Wheat Board to them is the best thing in the world, but they forget one thing, and that is that we in the East have no use for the Wheat Board. We in the East will not suffer a bit whether the Wheat Board is established or not, and if we chose to be narrow-minded, if we lost sight of the fact that we must co-operate with one another and compromise, surely none of us in the East would ever vote for the Wheat Board. But I do not look at it in that way. I say to my friends from the West: If the Wheat Board is a good thing for you, and if I feel it will not injure the East to any great extent, so far as I am concerned I am willing to take the risk and give it to you, because my policy is a policy of broad-mindedness and co-operation.

Our friends from the West also want a reduction in freight rates. They do not ignore the fact, I am sure, that while reduction in freight rates would be of direct benefit to them, it would be detrimental to the provinces of Ontario and Quebec. Do they ignore that? Certainly they do not. When the freight rates are reduced,

the deficits on the railways will be increased, and when the deficits on the railways are increased, the whole of Canada will have to make up those deficits, and the share that the East will pay will be very much larger than the share paid by our friends from the West. A calculation would prove that for every dollar that we reduce the freight rates our friends from the West are making a profit of 50 cents, and the provinces in the East are making a loss of 50 cents. Oh, our friends know that. They have started this agitation for a reduction in freight rates, although they know it will be giving them advantages to the detriment of the East. Shall we reduce the freight rates? We might do that. I am not ready to say that I shall not vote for a reduction in freight rates. Why? Because I want to co-operate with them, I want to compromise.

There is something else my friends from the West want. They want free trade. Do our friends from the West forget that fifty years ago, as was said this afternoon by the senior member for Halifax (Mr. Maclean), there were very few people in the West? Do they forget that the West has been opened up with money taken from the eastern provinces? Do they forget that their railroads have been built by money taken from the eastern provinces? Do they forget that the old province of Quebec was inhabited more than three hundred years ago?

Mr. BROWN: Has my hon. friend ever examined the customs returns from the port of Winnipeg, and ascertained the amount of customs paid by the people of the West to help Canada?

Mr. DENIS (Joliette): I have not examined those figures particularly, but I would ask my hon. friend to examine the customs returns for Montreal, and he will find there is no comparison between those figures and Winnipeg's figures.

Mr. BROWN: How much that goes through the port of Montreal goes to the prairies and is paid for by us?

Mr. DENIS (Joliette): It is not fair to ask offhand a question like that. I do not possess in my head all the figures that are in the public books, but I know one thing which cannot be controverted, and it is that there is no comparison whatever between the customs receipts of the port of Montreal and the port of Winnipeg. But that is not the question.

[Mr. J. J. Denis.]

Mr. SPENCER: The hon. member has informed the House that the railroads in the West have been paid for by the people in the East. Does he realize that half the country in the West has been given away to the railways to put those railways through, and given free of taxation, and the taxation has been paid by the people in the West for forty years.

Mr. DENIS (Joliette): If much of the land in the West was given to the railways, the people in the West certainly never paid for it. It never cost them anything. But that is not the point. My point is this: It matters little whether land was given to the railways or not. These transcontinentals, leaving out the Canadian Pacific, have been built with the money of this country, and subsequently they have been bought by this country to the great detriment of the country as a whole, and for the benefit of our friends from the West, and now that these railroads have been built and are in our possession our friends from the West say: We want reduced freight rates. They want the deficit on the railways to be increased. I do not blame them. It is to their advantage, but again I say, do not forget the principle of co-operation. That is what my friends from the West are forgetting.

I have said that they also want free trade. Do our friends forget for a minute that free trade would spell disaster for the eastern provinces? No one can ignore that, but just the same our friends from the West are in favour of free trade. They do not care what happens to Quebec and Ontario and the rest of the country. They want free trade because free trade might be good for them. After they have asked for all these things, after they have come to this House and expounded all their principles, they plead with the Minister of Finance in a pitiful voice and say: It is too bad we did not have a better budget. If you had given us something that we had expected, we would have been so glad to vote for you, but we cannot accept these reductions. Well, Mr. Speaker, I should like to hear my hon. friends propose something better than the Minister of Finance has proposed for this country. I hope I shall give no offence to any one when I tell the House that in my estimation there is no man in Canada who is more capable, more learned, and of greater experience and fitness to prepare a budget and submit it to the country than the present hon. Minis-

ter of Finance. My friends on the other side want free trade. Did they expect for a moment that this Government was going to give them free trade or anything like it? They did not. Some concessions have been made. These concessions, of course, might be open to criticism. The high protectionists say: These concessions are too great; you have gone too far; you should not have given them. Then the free traders say: The concessions do not go far enough. Again, we see the necessity for compromise. What is the best that can be done under the circumstances? I say that the Minister of Finance and the Government have done the best that they possibly could under the circumstances to satisfy, not one group or one province, but the people of this country at large.

I now propose going into a subject which is not very interesting to the House generally, but which is particularly interesting to the constituency which I represent, and the district of Joliette. I refer to the tobacco question. Perhaps, very few people know of the importance of the tobacco industry in this country. In the last twenty years it has developed to such an extent that to-day the government of Canada is deriving $29,000,000 from that industry alone. The government receives from tobacco the largest revenue obtained from any one article. The tobacco that we use is partly produced in Canada, and partly imported from the United States. Figures are wearisome, but I cannot help placing before the House the figures indicating the quantity of tobacco we are now importing into Canada. The quantity and value of unmanufactured tobacco imported into Canada from all countries during the ten years ending March 31, 1922, are as follows:

Year	Pounds	Value
1913..	22,153,588	$5,719,755
1914..	17,598,449	5,109,641
1915..	18,593,959	4,718,488
1916..	20,834,772	4,624,767
1917..	17,702,637	5,029,355
1918..	17,824,947	6,634,948
1919..	25,103,080	10,910,010
1920..	24,345,295	13,604,757
1921..	20,007,411	13,083,293
1922..	20,870,509	8,867,469

The total quantity imported for the last 10 years, ending March 31st, 1922, is 205,036,545 pounds, having a value of $78,302,323. That is the total quantity from all countries. From the United States the total quantity is 192,503,253 pounds; value $71,666,631. Therefore, Mr. Speaker, for the last ten years we have imported into Canada over 200,000,000 pounds of tobacco, and we have paid foreign countries over $78,000,000 for that tobacco. We have imported from the United States alone over 192,000,000 pounds and paid a total sum of over $71,000,000. These facts are rather startling. Since Canada has become a tobacco growing country, since the best methods for producing tobacco have been adopted, and the province of Ontario is producing certain grades of tobacco, and the province is producing other grades the growers have asked themselves more than once if it would not be possible to adopt some policy that would give them more protection, or, at all events, whether it be called protection or anything else, something that would prevent this importation of some 20,000,000 pounds of tobacco each year from the United States. A couple of years ago, Quebec and Ontario organized and began sending delegations to Ottawa. The Conservative party was then in power. The organizations met the government session after session, and between sessions, perhaps, but the result was that nothing was done. Those organizations asked, above all, two things. First, they asked that the duty of 5 cents a pound on the raw leaf be abolished. Secondly, they asked that the excise duty of 40 cents a pound on raw leaf imported from the United States, or other foreign countries, be raised in order to prevent tobacco being imported in such immense quantities from foreign countries. Tobacco comes free into Canada from foreign countries, but there is an excise duty on raw leaf tobacco of 40 cents a pound when it is unstemmed, and 60 cents a pound when it is stemmed. It might just as well be a customs duty, because it would work out just as well, but, at the present time, it is an excise duty, and if you will look at the statute you will see that raw leaf tobacco is free when brought into Canada, but subject to an excise duty of 40 cents a pound.

This tobacco question, which interests certain localities in the provinces of Ontario and Quebec, has become very acute. I must say that although delegation after delegation came to Ottawa, no remedy, no relief, no help was ever offered by the late administration. To-day we are in a position to say to the tobacco growers of Canada that the present Government has given them relief, and the tobacco growers of Canada owe a debt of gratitude to the present Administration for having given

them the relief which they requested. When the budget was delivered on May 23, the Minister of Finance (Mr. Fielding) announced that this duty of 5 cents a pound, which was bearing heavily on the planters or growers, was to be taken off when tobacco was sold to a manufacturer, but when tobacco was sold to the public the duty was not to be removed. Yesterday, I was delighted to hear the Minister of Finance, in his exposition of the amendments which he made to the budget, declare to the House that he had decided to abolish the tax of 5 cents a pound altogether, and that, in the future, raw leaf tobacco grown in Canada would be free of duty. I make myself the echo of my constituents and of the people generally of the district of Joliette, in offering our best thanks and congratulations to the Minister of Finance and the Government for what they have given us on this particular occasion. Last night, the Minister of Finance said:

> Canadian raw leaf tobacco has a tax now of 5 cents a pound upon it. We did propose to remove that tax, as respects the portion of the raw leaf sold to the Canadian factory, because when it goes in there and later on comes out, we get the tax on the manufactured article. There remained a tax on that portion which was not to be sold to the factory. It has been represented to us that there is a very large quantity of raw leaf tobacco on hand almost unsaleable, and that where they get sale for it, it does not command more than 6 to 10 cents a pound at the most. It would mean a tax of 5 cents on goods which, in some cases, had to be sold at 7 or 8. Therefore, we have concluded to abolish the tax altogether.

I must say to the Minister of Finance that the case was even worse than what was supposed. Raw leaf tobacco to-day, or yesterday, at least, was selling in Quebec at 5 cents a pound and less. It was high time that the Government should give some relief to the tobacco growers of Quebec and Ontario also; they have given that relief, and for the support and encouragement which they have given to the tobacco growers of Canada, I wish to offer my best and most sincere thanks. The minister said yesterday that recommendations had been made to them. This is true. I made strong recommendations to the Cabinet, and so did other hon. members. Especially did I make those recommendations in my statements dated June 8 and 10; but the difference between this Government and the late government is this, that when recommendations are made to this Government and a request is made for support or help or assistance to a certain class of the community, they are ready and willing to give it, while the late administration always refused to give the help and support which we are now receiving from this Government.

Taking conditions as they are now, we have three categories of tobacco in Canada. We have first of all what I might call free tobacco, that is tobacco free of duty. That is the poor man's smoke. Then we have Canadian manufactured tobacco which should sell in the neighbourhood of about 75 cents a pound. In the third instance, we have imported manufactured tobacco, which sells at from $1.25 to $1.50 a pound. Is it not right and proper that when tobacco has become a necessity of life, different grades of tobacco should be offered to the public at different prices suitable to the different means of the public? It has been said many a time that tobacco is a luxury. It is and it is not. Tobacco is a necessary of life for the poor man. It is a necessity of life when 90 per cent of the men of this country have to use it. We all know that the poor man would very often rather go without a meal than without his tobacco. Therefore, I say that tobacco has become a necessary of life. For the rich man, for the man who wants to buy imported tobacco, for the man who wants to smoke manufactured tobacco, it might become a luxury. Therefore, the new provisions give the poor man a necessity of life in giving him a free smoke, and they give the rich man the luxury which he wishes, for, of course, the price is not the same. There is a price for the poor man and a price for the rich man. But is it not reasonable that, at least, something should be given free to the poor man? The taxes of this country have been increased. The situation could not be otherwise: they had to be increased. The sales tax and many other taxes have been increased. If taxes, of necessity, had to be increased all around, I say: At least give the poor man a free smoke, and to-day the poor man has been given a free smoke by this Government. This, Sir, is a Liberal policy; this is a policy which looks for the poor man and tries to alleviate as much as possible the burdens of the poor. I was saying a minute ago that many delegations for the last three years came to Ottawa, but they received no support from the government of the day. We asked that the duty of 5 cents a pound on raw leaf tobacco be removed, and it has now been removed by the present administration. I would ask something else from the Government, not this session perhaps but later on. There is another improvement which might be made that would benefit both the Gov

ernment and the people of this country, and it is this. I do not think we should let this state of things continue whereby we have to buy 20,000,000 pounds of tobacco each year from the United States. I do not think the government of the United States would stand very long for a condition of affairs by which Canada would sell yearly to the United States 20,000,000 pounds of tobacco, or, say $10,000,000 worth of any other commodity which could be produced in that country. We all know of the Fordney emergency tariff bill. When the United States wanted to protect their produce against that of foreign countries and especially against Canada, they, not very long ago, passed a bill called the Fordney emergency tariff bill. That bill was far-reaching; but the government of the United States were not satisfied with it, and now they are passing a new bill which enlarges on the Fordney bill. Therefore, I say this is again a matter of co-operation and compromise. If the United States will not admit the natural products of this country within their borders or territory, if they will not permit the cultivators and farmers of this country to sell their produce there, then I would say, not that we should close our doors to them, but that we should take every possible means to prevent the United States from flooding this country with 20,000,000 pounds worth of tobacco which Canadian can produce in this country in as good quality as the United States can export into Canada.

Now, I have already spoken too long. I ask to be excused, and I will resume my seat immediately. Before doing so, however, I desire once more to congratulate the Minister of Finance on his health, on his courage and on his ability in submitting to this House the splendid budget which he has prepared together with the other members of the Cabinet. I wish to thank him again, and the Cabinet generally, for the assistance they have given to the tobacco growers of my constituency, and to tell them right now that what they did on May 23rd, and again yesterday, will not be forgotten by the people of the district of Joliette, who, when the day of reckoning comes, will not fail to stand by those who have proven themselves their friends and have helped them in their hour of need.

Mr. J. W. FINDLAY (South Bruce): It is neither from any desire to prolong the debate nor from any wish to hear the sound of my own voice that I rise to take part in the debate; nor have I any great hope that I shall be able to introduce anything particularly new into the discussion. As the debate has been in progress three weeks and has been contributed to by a great many experienced parliamentarians, I have very little hope of being able to add any new features to it; and I would not rise to-night if it were not for the fact that I feel it my duty to myself and to my constituency to state clearly to this House and to the country my position with regard to the budget. The old historic constituency of South Bruce which I have the honour to represent in this House, sent me here as a protest against the protective principle and, as well, as a protest against blind and bigoted partyism. I feel it my duty, therefore, having been elected under those circumstances, to state the reasons why I cannot see my way clear to support the budget brought down by the Minister of Finance (Mr. Fielding). I have for years had a great deal of respect for the Minister of Finance, and I want to state that fact right here. I have watched his career and have admired his ability, and I want to join my voice in words of congratulation to him on his preserved strength and vigour. I trust that he will continue to give his services to the country for many years to come, and I hope that before he brings down his next budget he will have seen his way clear to going a great deal further in the way of reducing tariff taxation on the people than he has seen fit to do at the present time. It is not my intention to take up the time of the House at any length to-night. A weekly newspaper published in the constituency I represent, making some personal remarks about myself during the campaign, said I would never tire an audience with a long speech, as some of my predecessors had done; neither would it be necessary, after I had stated my position on any question, to call around the next day to see where I stood, as was the case with another gentleman who preceded me in the representation of that constituency. And I think that if these two policies, of brevity in speech and constancy in principle, were more largely practised in this House, the business of Parliament would be conducted with more expedition and with greater satisfaction.

I want to refer for a moment to something that may be regarded in a way as ancient history. In 1911, we had an election on the reciprocity agreement which had been negotiated by the present Minister of

Finance, and his colleague the late Hon. William Paterson; and whenever the political machine which calls itself the Liberal party at the present time is charged with insincerity in its attempt to lower the duties in this country, its members have always instanced their endeavour in 1911 to gain free access to American markets for Canadian products. I was willing then, I have always been willing, and I am willing now to give them credit for the effort they made at that time; and I may say that I myself did all I could to help elect the Liberal candidate in South Bruce during that campaign, because he stood on the reciprocity platform. I have debated the question with myself many times as to what were the causes that led to the defeat of that agreement, and I have been forced to the conclusion, very much against my will, that one of the chief causes was the fact that there was within the Liberal party itself a large element that was opposed to reciprocity, as it is opposed to the principle to-day, and that is the protective element. That is one of the chief reasons why the reciprocity agreement was defeated.

Now, Ontario farmers are charged with being protectionists because they did not support the agreement in 1911 as they should have done. Let me say that the Ontario farmer is not a protectionist. Whenever any hon. gentlemen in this House refer to the Progressive party they always speak of that party as though it consisted exclusively of men from the western prairies. I take exception to that view; the Progressive element is not by any means confined to the prairies. The Ontario farmer's ideas are just as progressive as those of the western farmer. But the Ontario farmer has been in the past a very strong party man, and it was largely because of his party affiliations and the fact that he was tied up to party in 1911 that he did not vote according to his convictions. I am thankful to say that a very great change has come over the Ontario farmer since 1911. He has had his eyes opened to the folly of allowing party to stand in the way of principle and firm belief. We had a very candid confession the other evening from the member for Portage la Prairie (Mr. Leader) that he voted against the pact in 1911 because he had always been voting Conservative, and could not bring himself to vote Grit, as he would have to do if he wanted to support the agreement. That confession of the hon. member can be multiplied by thousands of others in the province of Ontario.

There was one other circumstance which I believe had a great deal to do with the Ontario farmer not supporting the reciprocity pact of 1911, and that was the coupling up with it of the Laurier naval policy, which was not popular in the rural sections. Another factor which helped to defeat the reciprocity pact was the very general suspicion that the Liberal party in going to the country on that issue was really desirous of securing a new lease of power on what they naturally considered was a popular issue rather than the American market for the products of Canadian farms.

It has been stated that this is not a protectionist budget because the tariff changes are all in a downward direction. Well, it depends on what we understand by the term "protectionist budget". The reductions are very slight, and they are not on the necessaries of life. With all due respect to the Minister of Finance, I think that the 2½ per cent reduction on certain farm implements will be looked upon by the farmers as a sop to gain their support.

A great deal has been said in this debate about public morality and political honour, having particular regard to the failure of the Liberal party to redeem the promises they made during the election campaign. Well, people who live in glass houses should not throw stones, and as between the Conservative party and the Liberal party I cannot decide which is the more guilty. We all know that both parties have made election promises and broken them. I well remember that when the Liberal party was returned to power in 1896 they were elected not only on their platform of a tariff for revenue but also on their promise of Senate reform. I can readily understand that when people talk of reforming the Senate they are not taken seriously. But at any rate the Liberal party appealed to the people in 1896 on a platform of which Senate reform was a prominent plank, and yet after fifteen years of power that branch of our legislative machinery, which a great many people look upon as unnecessary or at least as not at all democratic, remained unreformed. It appears to me that those who appeal to the support of the electors should realize that when they make promises of what they will do if returned to power they are supposed to be speaking in earnest, and they must realize that no longer will the people tolerate hollow pro-

mises. Therefore I would counsel our statesmen and politicians to mend their ways in that respect.

We all realize that we have an enormous debt to take care of. But is there no other way of meeting our obligations than by increased taxation? When a sensible business man finds his income is less than his expenditure, he at once attempts to curtail his expenditure. Why is it that the business of the country cannot be run on the same principle that applies to private business? Surely there are many ways in which our national expenditure might be curtailed. I was glad to hear the hon. member for Cumberland (Mr. Logan) suggest that economy might be practised by reducing the sessional indemnities. Of course, this is not a very popular subject to bring forward in this House, and it may be suggested that any one who discusses it is playing to the gallery. But I do not refer to it from any such motive. I do believe that it is time to practise what we preach, and while it might entail some considerable sacrifice on many members, I feel that all who are sincere in advocating economy should support a bill to reduce the sessional indemnities of both Houses and the salaries of ministers.

It was stated last night by the Minister of Finance that when raw material is imported by the manufacturer and the finished product is exported, he receives a refund of about 99 per cent on the duty paid on his raw material. It appears to me that there is something in that feature of our tariff which is not fair. If on account of a scarcity of domestic feed for his stock a farmer is compelled to buy feed in a foreign country, he has to pay duty on that feed, but after he has manufactured it into beef or pork and exported this finished product he does not get any drawback on the duty so paid. He pays duty the same as the manufacturer does, but when he exports his finished product, which is his fattened beef, he receives no drawback. Why does the manufacturer get a privilege which is not extended to people in other lines of business?

I want, in just a few words, to make my position clear with regard to this budget. I have given the matter considerable thought, and I have tried to do what I believe my constituents would expect me to do. As I said in the beginning, I was sent here as a protest against a protective tariff. In spite of the fact that speakers on the Government side claim

10 p.m.

that this budget is not a protective budget, I cannot see it in any other light. It is a protective budget. In fact, it is admitted by the official Opposition, as well as by a great many Government supporters, to be a protective budget, and under those conditions I feel it my duty to oppose it. It is a disagreeable duty, I may say, because my affiliations in the past have always been with the Liberal party, and I should have been glad if the budget brought down by the Minister of Finance had been of such a character as to enable me to support it. But under the conditions to which I have referred, and having regard to the purpose for which the people of South Bruce sent me here, I feel it my duty to register my protest against the action of the protective element in the Liberal party in bringing about the introduction of a budget which, in my opinion, is not in the best interests of this country.

Mr. N. K. LAFLAMME (Drummond and Arthabaska) (Translation): Mr. Speaker, I feel certain that you will, in all justice, recall that since the opening of this Parliament, I have in no way overtaxed your patience. I have endeavoured to put into practice an economy very seldom found, that of speech. I have, on the contrary, sought to become somewhat acquainted with my new, and, I may add, interesting surroundings on more than one score. I have made some progress, but I fear very much that I have, at present stumbled against an insurmountable obstacle. What has occupied the House's attention ever since May 23rd? A main motion and an amendment to this motion. I think there is no better means to elucidate the discussion than to examine again the question, as Webster said, to discover how far the ship has drifted from port. The main motion which the hon. Minister of Finance (Mr. Fielding) made, is that the House resolves itself into Committee of the Whole to consider and pass upon the principal business of this session, that is to say, using parliamentary language, to provide ways and means so as to allow the Minister of Finance to carry through his budget. That is without doubt the question. It would only be repeating things said a thousand times, to discuss the disastrous consequences of the world wide war; it has baffled the financial world, changed the conditions of living, burdened us with debts which, ten years ago, would have frightened us. All

these events were commented upon both by word and writing and all were sadly deplored. What credit has the Minister of Finance been given? The hon. leader of the Opposition (Mr. Meighen) who has, in this House, no greater admirer than myself and who commands a prestige far in advance of what his age would entitle him to—I say it openly; I stated it in private, I may do so in public—and who is a powerful debator almost without any rival in this House—merely told us in picturesque language which I shall condense into a simile after the Latin mind, by saying: that the hon. Minister of Finance's head was as white as winter. He forgot to add this: that time had not impaired his vigour, which recalls a spring day. What was the answer to this proposal? A motion was put forth, which parliamentary practice enjoins me to call a motion in amendment, but which amends nothing, which is placed along with the main motion but nevertheless has no connection with it. Taking up this question with the reserve characteristic of a new member, I should say: that the so-called motion interposed by those who in the past were known as the loyal opposition, but who have rechristened themselves by taking the name of official Opposition, ask that the House do not resolve itself into Committee of the Whole and that Parliament refuse the Ways and Means, which would permit the Minister of Finance, as I mentioned a few minutes ago, to carry through the House his annual budget. In fact if not in its wording at least in its effect, this motion, if adopted, would entail the fall of the Government, because it amounts to a motion of lack of confidence. It is a great responsibility to assume under the circumstances; however, as far as I am concerned, I would rather have the question put in clear-cut fashion—the people understand simple and plain questions, only because they solve them by a yes or no—it is better that the test should take place now.

What arguments are brought to bear in favour of this counter proposal? Do they affect public interest or do they come under the scope of party reasons? Let us examine these arguments which I have heard and read. They must weigh heavily upon the lips of those who have public duties to carry out, and particularly upon the lips of those who wish to uplift Parliament. What was said? The right hon. leader of the Opposition and my hon. friend from Vancouver (Mr. Stevens), asserted and reasserted that the policy introduced in 1878 had been the salvation of the country, that under the shadow of this protective policy our industries, then in their infancy, had developed, that the country had grown with them, and that the policy, which was necessary at that time had become essential to-day. That is clearly the summary of what the representatives of the official opposition have submitted to us. What is the second reason invoked by them? They argued, with a subtlety of mind, which I am not inclined to imitate.

We perceive in this, they said, our way of looking at things, we find the imprint of our principles, we see the protective policy reproduced almost word for word in the speech of the Minister of Finance delivered in this House on May 23rd. In a word, they tell us: The policy we have held forth since 1878, you carry out, and you follow in our footsteps. Anyone who is not familiar with the versatility of parliamentary life—and I am one—might be led to conclude that these two reasons would militate in favour of the main motion. But we are in the midst of parliamentary surroundings: we are not allowed to draw such conclusions, we must perform some special feat the ingenuity of which I admire, but nevertheless a feat, to conclude that these two reasons justify an adverse vote on the motion brought down in the House by the Minister of Finance.

Accordingly an excuse was offered. What is the plea? We were told: The Liberal party—I may speak of the Liberal party with an open mind; being one if its musketeers, a free lance and outspoken—we were told: The Liberal party held, in 1919, at Ottawa, a convention which it seems the Prime Minister (Mr. Mackenzie King) had thought imbued with a democratic spirit. At this convention, you discussed what is termed a platform with definite leanings. This platform was well threshed out by the right hon. leader of the official Opposition, who is at present listening to me; I shall not dwell upon it. He came to the conclusion that the ministerial party of to-day, with duplicity—that is the expression he used—had thrown overboard the pledges given and promises made. In other words the gentleman sitting opposite to us stated: Your policy is a poor one, but you are wrong in not having followed it. On the contrary, they add, the principles we

have been preaching for the last half century are the only true ones; by applying them, you are wrong. This is, Mr. Speaker, one of the things that I have not yet understood, during my short experience in this House. I hope that public life will impart sufficient suppleness of mind to enable me to understand that this distinguished political leader and statesman was right when one day he endeavoured to reassure me in these words: My friend, logic and politics in Canada are two grand ladies who have never met in the same drawing room.

I shall but add one remark in reference to the hon. members who hail from the prairie provinces. They are dear to me on more than one score, because I come from a county where were recruited and where they hold in the highest esteem the farmer's party: the county of Drummond and Arthabaska. I was anxious to know if, on the actual field of operations, the enthusiastic statements which I heard in December last, would come up to expectations. The trial is not over, it is on; it would be untimely therefore to pass a judgment. For the moment and I speak for myself alone, I understand the responsibility which weighs upon those who speak here, and I take the full responsibility, I do not acknowledge that a country like ours begins at Fort William and ends at the foot of the Rockies, and I do not wish to hear utterances which, after all, reminds one of "l'Internationale," and tell you—it is useless to hide the truth of what is brought out by the discussion that has taken place here for the last four months—which tells you: Toilers of the soil, you are small because you are on your bended knees; rise and you shall become their equals! I leave it to you, Sir, is that not the theme which served for more than one remark made since March 8th, last?

I think the time has come for one who, to-day, enters public life to shoulder his responsibilities, but I must, casually, remind the very able and estimable leader of the Agrarian party (Mr. Crerar) that to-night or in the wee hours of morn he will meet at the cross roads that lady of which I spoke a few seconds ago, and by name—cold logic.

If I remember well, a sub-amendment was moved. Why? Because our friends who hail from the prairies, apparently, were not satisfied with the amendment moved by the former Minister of Finance (Sir Henry Drayton). Their sub-amendment was declared out of order.

Sir HENRY DRAYTON (Translation): Oh! oh.

Mr. LAFLAMME: My hon. friend sees the point at once.

Therefore there are no longer three roads open, there are but two. By their sub-amendment they have implicitly condemned the terms, the purpose of the amendment. I would not be astonished that a great number of them would realize the difficult situation into which the windings of the discussion have led them and would lean towards the main motion.

One last word: I do not know why some of the most brilliant leaders in this House have thought it proper in a debate which had no relation whatsoever to the general topic of our parliamentary customs, to point out the necessity of mending our ways. It is a rather cold reception for an ordinary layman who comes with illusions and who sees men of experience that have fought against one another for twenty years and hear them say: The time has come when we must raise the standard of public life. Others thought that public men should have been the first to give the example rather than follow it. These things were said and repeated, why? In my opinion so as to find a reason more plausible than true, to attack the main question which is before the House. Mr. Speaker, the hon. member for Wellington (Mr. Guthrie) asserted this afternoon that, when the Minister of Finance, clearly admitting the forcefulness of the argument set forth by the member for Vancouver, surrendered on the question of foreign exchange fluctuations, there only remained to criticize the question of the dumping of foreign overproduction and that of the marking of foreign goods. These two subjects that are capable of being openly discussed, serve to-day as a last theme for criticism on the part of the Opposition, and would suffice to induce the Canadian Parliament, under the grave circumstances we are placed in, to decide that there is no necessity for the House to resolve itself into committee of the whole so as to dispose of the budget. Three reasons, which I shall sum up, are given to uphold this contention; in my opinion, these are not sufficient to make much of an impression on my mind: first you promised, in 1919, something that circumstances prevent you from carrying out; secondly, you give an example of public men who promise things they are unwilling or unable to carry out; and, lastly, because you want to strike out clause 7 of the Customs Act

December, 1921, and because you want to cut out clause 8, we are called upon to obtain from the Parliament elected in December, 1921, a vote which will mean: the Government's defeat. So far as I am concerned, this threat will have no effect,—and the view I express is that of many who sit on this side of the House—we are backed by something that will comfort us and by a power able to uphold us. I submit, Sir, that these three reasons are not worth much. I am sorry to say so—because the right hon. leader of the Opposition, who does me the courtesy of listening just now, will not find in this House a greater admirer than me—I find with regret that the exigencies of politics have induced him, in his anxiety to defeat the main motion which is before Parliament, to take a stand giving the impression that there comes a time when the image of his country is dimmed by the clash of party interests, to the point of preventing him from taking a broader and more lofty view of the question.

Mr. T. H. McCONICA (Battleford): Mr. Speaker, it was my intention to discuss the budget, but certain things that have occurred during the debate impel me to beg the indulgence of the House for a few moments. I regret that my duties on one of the special committees have prevented me from studying the budget and following this debate as closely and carefully as I should have liked. I have given very considerable thought to the subject, however, and I must confess that I have been more or less perplexed by the subjects that have been presented.

The first question that comes before us is the amendment of the ex-Minister of Finance (Sir Henry Drayton). What is the purpose of that amendment? What would be the effect if it were carried? Why is it presented for consideration? I apprehend that it is very clear to the mind of every hon. gentleman present that if by a vote of this House that amendment could be engrafted upon the budget now before us, the most decided vote against that amendment would come from the hon. member who has presented it for our consideration. He would run like a turkey if he thought it would pass; there is no question about that. It is not presented for the purpose of securing the benefits, as we conceive it, of the planks that are presented in the platform of the Liberal party. The hon. ex-Minister of Finance would under no consideration cast a vote which would engraft those planks upon the fiscal policy of this country at this particular time or at any other time. For that reason we are not to understand that a vote for the amendment is a vote in favour of all the policies set forth in the platform recited in the amendment. That is very evident. Then what is the purpose of the amendment? It recites that the present budget is not guided by the planks of the Liberal platform, and I apprehend that that is very substantially true. I have failed to recognize in the budget that has been presented for our consideration any resemblance to the planks recited in the amendment.

On the other hand, it is urged that these planks were adopted with certain mental reservations, that they were not very fluently proclaimed, that they were not in fact and in truth a proper expression of the intention of that convention. As to that I am not advised.

There is another defence, and that is that the mover of the amendment and his associates have also violated tariff promises. That has been proclaimed in this debate. I recall that on certain occasions there were certain promises, and I think on one occasion we had it promised with all the sanction and authority of His Excellency the Governor General in the Speech from the Throne that the tariff was to be revised last session. We have heard a good deal said about the revision of the tariff by hon. gentlemen to my right. We had their promise, but what it means no man on this earth can tell. It is one of those convenient tariff declarations which is supposed to look in all directions and be in favour of all things. The tariff was to be revised. It was an easy promise to make. It was a Janus-faced arrangement. To the protectionist it meant revision upwards, and to the free trader revision downwards. It was a promise that could easily be made and as easily be fulfilled. Any change could be called by the man who made the promise, a revision of the tariff, in his opinion, but even that small tribute was not paid to the promises which the right hon. gentleman to my right made, as I understand it. He could easily have made some change in the tariff, and he failed to make any. Hon. gentlemen opposite do not keep their promises, it is alleged, and hon. gentlemen to my right do not keep their promises, it is alleged. We in this corner are willing to agree that both of you are guilty, and if you want to find a political party in Canada that has never violated a tariff pledge, here

it is—the only party of its kind. Now, gentlemen, if you are all of the opinion that we should have a purification of political life in this country present yourselves in due form, and if you are found worthy and well qualified you may be admitted over here on approbation.

What is the matter with the amendment? It does not amend. That is the trouble. It does not even amend the political morals of either party, and I am willing to agree that both of you need it pretty badly. What is the matter with the budget? It does not budge. That is what we complain of in this part of the House. It is much too stationary to be much of a budget, and it follows too closely the lines which were followed by the leader of the Opposition. I want to say here and now that I have the most profound respect for the Minister of Finance (Mr. Fielding), and I want to join in all that has been said, and said so well on that subject by hon. gentlemen who have preceded me. I congratulate him most heartily on the splendid patriotic courage he displayed when he assumed the onerous duties of the very important position in which he now so ably presides. I want to congratulate this House and the country and the Empire on the fact that we are favoured with the great ability, the wide experience, and the sound judgment of so able a financier.

There is much in this budget with which I am not particularly pleased. In fact, I have a theory that a tax is a good deal like a pain. It is never where you want it, unless it is on the other fellow. It was said by one of old time that any old tax is a good tax, and any new tax is a bad tax, and I apprehend there is much truth in that. An old tax is established. It conforms to business conditions, and contracts are made with reference to it. It is settled as a part of business policy. An old tax is therefore a good tax. It may bear heavily, but rights are fixed with reference to that. Contracts are made with that in view. Any new tax must disturb, to an extent, business conditions, must, to some extent, interfere with values, and call for a readjustment of the conditions in which the world finds itself. Therefore, it is a bad tax in that respect. I am not in favour at this time in our history of sudden changes in our taxing system. I do not think it would be advisable, and, for that reason, there is something in this budget that commends itself to me. It, surely, is not a very radical change in the system which has prevailed, but there is something in it that I do not like, and which I will discuss later.

I was pleased to hear the hon. member reaffirm his allegiance to the principle of reciprocity. I certainly was in favour of reciprocity when it was before the country, and I have never seen a reason for changing my view. I honour the minister for the attempt he made to bring about a reciprocity treaty with the great republic to the south. I noticed, with a good deal of interest, the very able argument of the hon. leader of the Opposition (Mr. Meighen) against reciprocity. It was a cleverly conceived, clearly stated, and forcible presentation, of all the arguments, I think, that could be marshalled against the proposition. Now what were they? He is in favour of reciprocity as an abstract principle. But he is not in favour of reciprocity with the United States. The government that succeeded Sir Wilfrid Laurier's government was in favour of reciprocity everywhere, excepting where they could get it. We had rumours out in the prairie provinces of the blessings of reciprocity that were to come to us. Sir George Foster, Minister of Trade and Commerce at that time, went to Australia, seeking a reciprocity treaty with that distant island continent. He was gone for some time, and made a diligent effort, as I am advised, and, I think as I recall, all that country could offer, in regard to which we could enter into a reciprocity agreement, was prunes. That substantially exhausted the list, and we were not particularly in need of prunes, and, as we had not anything we cared to trade for prunes, and, I think, we were pretty well supplied with prunes, nothing came of that effort. But Sir George Foster stopped in China to look up our trade relations there, and we, in the West, thought we were going to have an opportunity of shipping our wheat over the highest mountains on the continent, across the widest ocean on the globe, and selling our products to that great nation of Chinamen who live on rice and rats. Nine-tenths of them could not tell the difference between a biscuit and a balloon. That is the place where we were to find a market for our wheat and other products. He was going to persuade them to abandon their rice lands, to sell their rat-traps, beat their chop-sticks into bread-knives, and buy our wheat, but that did not work very well. Now, what was the effect of the reciprocity

arrangements that were entered into by that government? Well, I believe they did, after a long time, make some trade treaty with the West Indian islands. That was the end of it. Here was the great country to the south of us ready to enter into trade relations with us and anxious to take our products. That market stood open for years, and what was the result? Why was it not arranged? The hon member tells us that the public men decided that that was not a proper proceeding, and that it was a dangerous thing to enter into a reciprocity treaty with the United States. When I try to discuss a question, it is always my specialty to do most of it from a book, and I have here a book entitled, "Makers of Canada," volume XXI, and on page 319 I find the following:

Reciprocity

Efforts were made from time to time by Canada, between the years 1847 and 1854, to secure the free admission of goods between Canada and the United States, but without success, until the latter year, when Lord Elgin negotiated a treaty. It came into force in 1855 and was abrogated in 1866, at the instance of the United States.

Now, mark this—

The renewal of the treaty was urged by Canada in 1866, 1869, 1871, 1874, 1879, 1887, 1892 and 1896, but in every instance the American authorities failed to respond.

Many public men had a good deal to do with the affairs of Canada during that period, and they evidently were in favour of reciprocity. I have here a list of names of illustrious men who favoured reciprocity, but I will not bother to read them. Hon. members know who they were. Yet the hon. member said that, in the opinion of Canadian statesmen, it was an unwise policy. But in 1896 the efforts on Canada's part stopped until there was a proposition from the other side of the line, and then the eminent Canadian statesmen of that time embraced that opportunity, and a reciprocity treaty was negotiated, which afterwards failed in Canada. When that treaty was first proclaimed Liberal and Conservative statesmen alike uttered shouts of delight, and said that it was a marvellously clever thing, it was just what Canada needed. After some little time, a change came over the spirit of their dream, and some of these gentlemen concluded that it would be dangerous to have business relations with the United States. Why? They said they are too big, that it would be unsafe for us to sell them our stuff or to buy their stuff. I cannot conceive that that is a proper objection. The bigger the market the better; we will not buy anything from them, unless we want it, and we will not sell them anything unless it is to our advantage to sell it. That is the effect of the reciprocity treaty, and the larger the market for us down there, in my opinion, the better for us. They say it is a dangerous thing to establish trade relations with the United States, yet in this last year 52 per cent of our foreign trade was with the United States, and the year before 58 per cent was with the United States. What is the matter with that kind of trade, if reciprocity is dangerous? They say it might be abrogated, and we could not trade with them. Our arrangements might be disturbed and we could not deal with them. Well, when that calamity comes it will be met as our difficulties have always been met. "Sufficient unto the day is the evil thereof."

[Mr. McConica.]

But hon. gentlemen tell us that we send our trade east and west, and if we entered into such an agreement with the United States, there would be a danger of our trade routes being destroyed. Are not many of our trade routes now running down into the United States? I am advised that more than 60 per cent of our wheat goes to the ocean by way of Buffalo and is shipped from United States ports. I am advised that a large quantity of the merchandise that comes to Canada is landed at United States ports and is shipped from there into this country. I am advised that a large part of the grain that goes through the port of Montreal is United States grain. Our trade relations are, therefore, at the present time a good deal mixed up. I recollect that when my right hon. friend (Mr. Meighen) was in power, he took over 1,700 miles of railway, and as near as I can remember, both ends of it were in the United States. He also took over an ocean port down in the United States. We are doing more and more business every day with the United States, and, in my opinion, that is a good thing. What is the trouble? I have heard hon. gentlemen suggest that we should not improve the St. Lawrence because there would be danger of trade complications. By the way, my recollection is that while hon. gentlemen were in power, they proposed to improve the St. Lawrence; they were not afraid at that time of our trade relations getting mixed up, of our trade routes becoming contaminated. I do not think there is anything in that argument.

What trade complications are liable to arise between us? If you visit the city of Windsor and look out over the Detroit river, you will see more tons of freight shipped past a given point on that little river than were ever before seen on the bosom of any inland waterway on the face of the globe, more tons of freight by far than pass through the Suez canal, or through the Panama canal, or through the Kiel canal, double the quantity of freight that passes through all those great artificial waterways together. You will see boats of all kinds, large and small, of every colour and of every shape, moving up and down, across and through and around, mingling in perfect harmony without a jar, some bearing the Stars and Stripes and some the Union Jack, in absolute unity of understanding, a tribute to the good sense, amicable business relations and the mutual confidence that exists between these two great nations.

We have our St. Lawrence river. It has been there for some time, I understand, and I apprehend that it will be there for some time to come. It is the great natural gateway to this continent. There is nothing like it anywhere else on the face of the globe. It is navigable for a thousand miles; it is a source of power, an inlet to the nation. It bears between its banks the surplus water from more than one-half the fresh water lake surface of the globe, and it will remain with us until the end of time. We cannot well get that confused if we should enter into a reciprocity arrangement with the United States.

I am in favour of sendng our wheat to the United States every time we have an opportunity to do so, and why? Oh, we are told, the United States export wheat. Secretary Hoover has, however, recently stated that within ten years the United States will be importing foodstuffs. Ten years hence the farmers of western Canada will be needing an outlet for their wheat. Russia to-day is out of the market. Russia in the future, will be our competitor. Russia has entered into some sort of relationship with Germany. Russia, herself, is not so formidable; but when German energy, industry and business sagacity penetrate that great empire, we shall be compelled to seek diligently for a market for the wheat of the western provinces. We can put the wheat fields of the United States out of business with our cheaper land, our higher production, our better quality of grain. The day will not be far distant when we can turn their wheatfields into corn fields, tobacco fields, alfalfa fields and cotton fields, and in time, there must be our outlet for the surplus grain of the western prairie.

But, say hon. gentlemen, we are going to build up manufacturing industries in the East and have a home market for our western products. Western Canada produces 300,000,000 bushels of wheat a year, and as about six bushels of wheat will feed a man, that means 50,000,000 people. Supposing we have 50,000,000 people in Canada and not a single one of them engages in producing wheat, then we have a possibility of consuming the wheat of western Canada in the home markets of Canada. But what will the 50,000,000 people do? Will they engage in manufacture? It is a laudible business, and apparently in the past it has been a profitable business; but where will they sell their products? That is the question. Where will you find an outlet for your commodities? You can manufacture goods in abundance in eastern Canada. I know of no place on the face of the globe that appeals to me more strongly than the great St. Lawrence valley as a hive of manufacturing industry, and nothing will please me more, nothing will please the people of western Canada more, than to see that the busiest place on the face of the globe. You have the power. My esteemed friend has often told us of the great electrical power that is capable of development in the St. Lawrence and in Canada. It is a power unequalled anywhere else, a power easily controlled, constant in its application, cheap to produce, and susceptible of being distributed in every direction at an exceedingly moderate cost. We have here an abundance of raw material. Why then, cannot Canada manufacture as cheaply as any other place on the face of the globe? What is the trouble between the East and the West? What is the matter with our economic situation? The trouble is that it is not balanced properly. We in the West are buying in a highly protected market; we are paying railway freight rates to support workmen whose cost of living is fixed by highly protected markets; we are buying our implements of production from firms that are highly protected, and we are selling our products in a free trade market. That is what is the matter; and when we come to cast the balance at the close of the year we find it on the wrong side.

Now what is eastern Canada going to do about it? Why do they not sell their

goods now? Why are they not shipping trainloads of commodities into the West these days? We need everything out there that the human imagination can conceive, and we need them in large quantities. We want fencing, lumber, hardware, paint, glass, and everything that the East can produce; and we want these things in abundance. Why do we not buy them? We do not, simply because the purchasing power of the West is exhausted; it is gone. We cannot buy because we have not that with which to pay; and it seems to me that the prospect for the future is dark indeed. I listened with attention to the hon. member for St. John (Mr. Baxter) the other day, who challenged the statements of the hon. member for Springfield (Mr. Hoey), with regard to the farmers. which he said were overdrawn. He implied that those statements were not entirely reliable. Now, I have great confidence in the hon. member's judgment on some things. I consider him the greatest living expert on morganatic political alliances; in that matter he is an expert in practice as well as in theory; and I was pleased when I saw the smile that spread over his countenance when he rose the last time in his place to foregather with his friends across the way with whom he was so tenderly, and touchingly, and ticklishly united on that occasion. He seemed to enjoy it immensely. But when it comes to conditions in the West, I fancy he does not know as much as I do. I am a farmer; I do not do anything else; I have no other means of support; I do not know what we should do with reference to the budget and all that sort of thing.

But, Mr. Speaker, that is not the pressing question with me. The question with me just now is, what I am going to do with my holdings in the West, the farming enterprise that I have on my hands, I paid the Canadian Pacific Railway Company last year over $4,000 in freight, and I have bought $23,000 of eastern made farm implements and vehicles in the last eleven years. My business has come to the point now where I cannot make it pay, and the problem with me is, how am I going to save myself. I see no light in the future. And that is the problem that all of our farmer friends here, and people in the West, have to face. We do not know what to do. We are paying too much freight; we are paying too much for our supplies. Our help we employ in competition with railway men and men employed in factories at exhorbitant wages, and we also must pay high wages. Now, the budget does not balance with us; I hope it may balance here. But what are we going to do? We must have cheaper freight rates; we must have a better system of marketing grain; and we must have cheaper supplies; otherwise we cannot succeed. And what will be the effect if we do not? Where do the manufacturers sell their goods? Where will hon. gentlemen's manufacturing friends find a market? what is the matter with the market now? You have all the protection you need, I think. Protection has been the order of the day in this country for fifty years. Well, what is the trouble with the manufacturing interests? Why do not the wheels of industry start if protection is the remedy? These men should call on their god Baal, the god of protection, and ask him to come down and start the fires in the furnaces. Perhaps he may be asleep. It is going to take a miracle to start things in the West under present conditions, and if our industrial enterprise in this country is to keep going we must begin by improving conditions in the West. You are ready to start your factories; your workmen are standing idle; your warehouses are piled high with unclaimed goods. Where is the trouble? You have no outlet for your products. The time has come when Canda must take her position in the world.

I listened with interest to the address of the Minister of Justice (Sir Lomer Gouin) for whose ability I have great respect; and I can see his viewpoint. But that viewpoint will not stand in western Canada. I say to him, in all candour, "We cannot buy your stuff". I listened to his recital of history with reference to Hon. Edward Blake and other eminent statesmen of the past. I did not know whether his citations were correct or not, and I do not care very much whether they are. I think those gentlemen have been out of business for some time, and the conditions that prevailed then are not the conditions that exist now. In those days Canada was a little, unknown colony and her commerce consisted in loading a ship and sending it somewhere to trade and sell goods and bring back something we needed here. Today the world is one great industrial manufacturing centre. Conditions are entirely different. The means of transportation are so rapid and so universal, and the means of communication are so instantaneous, that every man in any particular line of

business knows exactly what the world status is every day of the year. He knows where he can find the best market for his goods and where he can supply his wants at the lowest price. So that the conditions that existed in those days no longer prevail; and Canada must do one of two things; either decide to live within herself, or determine to become a world power and one of the world's commercial nations. We must seek an outlet in the markets of the world for all our products. I am a wheat grower. I am getting up in years, but I can go on a farm and with a fair chance stand up against any wheat producer on the face of the globe. And so can any of us in that country. But we want a fair show; we want reasonable means of marketing our produce; we want reasonable freight rates. Give us these and we ask for no better opportunity than to meet all the producers of the world and sell our commodities to the nations on such terms as they choose and at such prices as they can afford to pay. Why is it that Canada cannot manufacture as cheaply as the United States? Oh, say my hon. friends, the factories there are large; the United States has a population of 110,000,000 whereas we have a little less than 9,000,000. Do hon. gentlemen know any one down in the United States that is supplying the wants of 9,000,000 people? It is not necessary to have an enormous factory in order to produce at a profit. Better management is usually found in the more moderate sized factories. No factory in the United States has a monopoly of any line of business, never has had, and those factories succeed because the moderate sized factory is the most successful. Many of our factories here in eastern Canada are big enough to produce as cheaply as the American factories. We are told by the hon. gentleman from Halifax (Mr. Maclean) that this is a young country. It is in some parts, and in other parts it is pretty old. Our industries are young we are told. Why, we have had protection for fifty years, and we have industries with whiskers as long as your arm—but they are infants still. Mr. Speaker, none of them is of age yet. The hot-house plant is very beautiful, but it is not very robust and soon languishes. So it is with our hot-house industries. If they cannot stand alone after forty or fifty years of nursing, the sooner you tell them to get down to, or out of, business the better in my opinion. Protection! Infants! Those infants are grown so big that they cannot move themselves, and yet they want us to protect them!

The way to put industrial business on a substantial basis in eastern Canada is to take such industries as can properly be conducted here, and say to them, "Root, hog, or die." If they need protection, let them show how much—that is our platform—let them show why they need protection, and then if it is worth while to nurse them along, all right, we will consider the question. The proposition that in this country where the raw material comes in free we cannot manufacture woollen goods without 30 or 40 per cent of a protective tariff is to my mind exceedingly strange. Why, my friend from Yale (Mr. McKelvie) tells us that an Okanagan apple tree cannot compete with a Yankee apple tree; that the apple trees down there are highly specialized. Now, I cannot understand the philosophy of that statement. Our peach trees blush when they think of competing with the peach trees across the line. The gentleman says: "Why, the Yankee fruit is earlier, and the Yankee growers have a chance to supply the prairies before our fruit is ripe." Let me tell the House that the farmers of the West do not buy early apples. They do not buy them until they have marketed their crop, paid their threshing bills, their hands, their grocery bills; they do not buy them until they have laid in a little supply of coal which they hope may carry them through the long winter; they do not buy them until they have bought boots and shoes and clothes for their children; they do not buy them until they have paid the interest on the mortgage and their taxes—and when that time comes they do not have any money left. That is what is the trouble with the apple market of the prairies. It is not that we want Yankee apples, but we cannot afford to pay $4 a box for Canadian apples. That is all there is to it. And what have we done? We are planting rhubarb. We send the children down along the edge of the coulees to pick choke cherries and Saskatoon berries, and we get along without your $4 apples; and we will continue to do so. We would like to buy them, and our children need them, but we cannot afford the price

My hon. friend from Halifax says that the prairies are prosperous, and he has a peculiar way of estimating that prosperity. "Why," he said, "you had so many population in 1912, and you have so many more in 1921." Well, let me tell you that in 1912 there were just four McConicas out there; now there are thirteen.

We believe in some kinds of protection, and we want immigrants under certain conditions, but, sir, we first want to take care of—

> The immigrants that come across the unknown sea,
> The unknown sea that reels and rolls,
> Specked with the barques of baby souls;
> Barques that were launched on the farther side,
> Slipped from heaven on an ebbing tide.

They are the immigrants that have the first claim upon our affections, our diligence and our earnest solicitations, and it is for them that we are most concerned. I believe I am talking too long.

Some hon. MEMBERS: No, no. Go on.

Mr. McCONICA: I want to get in Hansard. Now, Mr. Speaker, I was interested in the address of the hon. member from East Calgary (Mr. Irvine) which he delivered in the course of this debate. I followed him as best I could with my poor ears, and I have since read a portion of that address. I do not think I understand it now, and I am not sure that I ever will be able to.

An hon. MEMBER: There are others.

Mr. McCONICA: I thought when he started out that he was going to catch the rainbow and coin it into drachmas, Spanish pieces of eight and doubloons. But I was satisfied with his description of the vast wealth of Canada, of our man power, and of the resources at our disposal to pay our national debt. Mr. Speaker, I remember the debt of the United States after the Civil War. I am not so old but I remember as a lad the condition which then confronted that country. The nation owed more than $2,000,000,000, and in those days that was a fabulous sum. Not only was that a stupendous national debt, but the land was rent by civil feuds, devastated of its man power, and many of its cities in ruins. In a word, conditions were deplorable, and it was then that I first heard the word, "repudiation". I remember my mother used to read in the evenings from the great newspapers of New York that we would have to repudiate our national debt, that it was impossible for us even to meet the interest upon that vast obligation. The State of Virginia did attempt to repudiate its debt, but finally some readjustment was made as a result of the efforts of a political party known as the Readjusters. But the country was distressed beyond measure. What did the people do? They called in immigrants, they started to produce and to ship their products into the markets of the world; they forgot their differences, they forgot their little state troubles; they started in to meet their obligations manfully, and that great debt just melted away and no one ever knew when it was paid. Now, that is a thing that we can do here in Canada, and we can do it only by getting together, only by getting to work. We must do that thing by producing the commodities which we can best produce and by putting them in the markets of this country and of the world at prices that people can afford to pay.

The Great Architect of this universe prescribed a remedy for human ills away back in the days of the Garden of Eden, and that remedy was work. He has seen to it, Mr. Speaker, that there has always been a job. There are one hundred times the number of opportunities available to-day that were available one hundred years ago. We are engaged in lines of industry that were undreamed of fifty years ago, even twenty-five years ago. Take the automobile business. I remember when I first heard of a horseless carriage; to-day I suppose the automobile business employs more men than any other manufacturing business carried on in this hemisphere. In the manufacture, in the sale, in the repair, in the use of these machines, I apprehend we are employing more people than are employed in any other line of manufacture. And so it will be in the years to come. We shall have plenty to do; every man will have a job if we adjust our industrial affairs properly; and we shall be able to pay him an ample price for what he does. We shall have no trouble to develop the West. We shall be able to take care of immigrants, and we will welcome them to our shores, but you must put us in such a position that we can live, for if we cannot live, they cannot. We have no bread lines in the West; we have no soup kitchen on the prairies; with us it is "root, hog, or die." But we cannot take care of men who cannot earn a living there. First, I repeat, put us in such shape that we can live; then they will be able to live.

Now, I do not object so much to this budget, but I do not believe that Canada should be a high protection country. I do not believe that the principles advocated by Hon. Edward Blake stand good to-day. I am not a free trader; none of us in this country are free traders. We are not in

favour of throwing down the tariff entirely, but we are in favour of a substantial and continuous reduction of the tariff. I listened and waited for some hon. gentleman on the other side to say: "We propose to continue this fight. We pledged ourselves to give freer trade in certain commodities, and we are going to keep on until we achieve that end." But as yet I have not heard anybody say that. I would be glad to hear it. I would be glad to support a budget that contained such a statement. I do not exactly like the kind of budget that has been brought down, but I am not particularly fussy about that; I will stand for almost anythng, provided that it is going to sweep us on to the goal which I believe it is necessary we should attain if we are to have industrial prosperity in this great Dominion. I see no reason why we should not put our commodities into the markets of the world. Put us where we can compete fairly with any wheat growers on the face of the globe and we will compete with them; we will buy your manufactured goods and pay you for them. We want to encourage the industry of eastern Canada. We want no sectional strife, no differences between the East and the West. But I had sincerely hoped to see a much more substantial reduction in the tariff than we have seen.

Another thing: I was not pleased with the address of the Minister of Justice (Sir Lomer Gouin), and I was not pleased with the addresses of some of his associates. I want to be perfectly frank; they do not reflect my views. I want to tell you squarely and candidly that the sticking point with me is not so much the budget as what has been said in favour of it on both sides of the House. That is what I do not want to endorse, and I am sorry that that is the position.

Now, I have talked longer than I should. I extend to the Minister of Finance my congratulations upon his eminent service and I extend to the Prime Minister (Mr. Mackenzie King) my very best wishes. I hope that his administration may be exceedingly prosperous. I did not come down here to try to settle political differences. I had a theory when I came here that this was a time in the history of the country when men who had some idea of public questions should get together and agree on a solution of our difficulties, not merely try to solve political troubles. But I have failed to see anything advanced so far which is destined to put Canada on the return road to prosperity and that is something which I deplore. We are in debt; our fixed charges are very great. But we cannot tax ourselves rich; we cannot adjust our problems by levying taxes. We must adopt some remedy that will go to the root of the evil, and I contend,—and I think I am unselfish in the contention—that the place to begin this business is at the foundation, and that the foundation is the agricultural industry of the country. The agriculturists of the East can find their market here; we must find ours abroad. I have so far failed to see—and I sincerely hope I may see—the proposal of something of a remedial character that will put this great country back in the path of prosperity, that will open up our great resources, that will result in the development of our mines, the tilling of our fields, the operation of our factories, and bring peace and contentment to all our people.

Hon. CHARLES MARCIL (Bonaventure): Mr. Speaker, it is not my intention at this late hour to inflict a speech upon the House. During the twenty-two years that I have had the honour, owing to the confidence placed in me by my constituents, of sitting in this House, I have listened to too many speeches to inflict a lengthy speech upon others; for I know how I have felt myself under similar circumstances. In those twenty-two years more than two hundred members have left this House and I am practically addressing a new House. When I first came to the House I seconded the motion made by the member for South Wellington (Mr. Guthrie) for an address in reply to the speech from the Throne. I have had the good fortune of listening to thirteeen out of the sixteen budget speeches delivered by the Minister of Finance (Mr. Fielding). I am glad to say that I supported them all, and I intend to support the present budget with the same fervour with which I supported those in the past. In those twenty-two years it has been my good fortune to do many things for the West, in my humble way. In the name of my constituency down on the Atlantic coast I have voted many charters for the construction of railways in the West; I have put through money votes by the millions. As deputy speaker of the House it was my good fortune to place my name on the two bills which raised Alberta and Saskatchewan to the rank of provinces. What I have done for the western country is what all the old inhabitants of Quebec, the maritime

provinces and Ontario have done. We have heard to-night an eloquent, conscientious speech from a new Canadian. The hon. member for Battleford (Mr. McConica) delivered a speech to-night which should give us food for thought. He represents, as I believe, the feeling of the West at the present moment. That party at the present time practically represents western Canada, and the Liberal party represents more particularly eastern Canada. East of the Ottawa river, with the exception of half a dozen constituencies, perhaps less, all representatives of eastern Canada sit on this side of the House. We are met here on the borders of the Ottawa river, which is the dividing line between the East and the West. I have sat here a long time, Mr. Speaker, and I wish to remain as long as Providence will allow me, but I do not want to leave this House before being able to say that I have been as sincerely devoted to the interests of the West as I am to the interests of the East. We do not know each other, unfortunately. I have never been west of Winnipeg, and many members from the West have never visited the part of the country I represent, though it is older than Quebec itself, because Jacques Cartier landed here before he went up the St. Lawrence. There was a time in 1867 when one of the lieutenant governors of the province of Quebec, who was then representative of my constituency, won the gold medal at the Paris exhibition for the best wheat grown in Canada at that time. It was grown at New Carlisle, in the county of Bonaventure. The West at that time was a howling wilderness.

The Liberal party has done what it could to build up the West since 1896, and it has done so with signal success. From 1896 to 1911 the West went forward by leaps and bounds which attracted the attention of the world. In those days immigrants came into the West by a thousand a day. They came there from all climes, carried by the steamers sailing towards Canada, the promised land. The vigorous immigration policy inaugurated at that time by a western man, an ideal western representative, was heartily supported by the representatives of the province of Quebec and by the representatives of the maritime provinces. We intended in those days to build up a united Canada and I am glad to hear to-night from the West through the hon. member for Battleford, for whom I have the greatest respect, that that feeling exists in the West to-day. Canada must be united and must be one. Otherwise, Canada will fail in its mission. We have been providentially situated as to our geographical position. We occupy practically the centre of the British Empire. As Quebec is the keystone of Confederation, so Canada is the keystone of the British Empire. As we extend our hand of good-fellowship towards the Mother Country, we extend our hand of progress towards the West, because progress is intended westward, and the great problems to-day are to be found in the western country for us, and beyond the Pacific ocean for the world at large. It is not my intention, Mr. Speaker, to go into these details to-night, but I should like the hon. member for Battleford, before he casts his vote, to feel that the Liberal party is striving at the present moment, under its young and gifted leader, to take up the work which the great statesman who fell prematurely in 1919 had so deeply at heart. Sir Wilfrid Laurier had called upon us repeatedly to do for the West what he wanted himself to do. In his early career he had declared that the citizens of Quebec should not confine their fatherland to the borders of the St. Lawrence, but that the fatherland of the Canadian extended to the shores of the Pacific ocean, and with Sir George Etienne Cartier, who had been instrumental in establishing the province of Manitoba, he was instrumental in giving the West a great rush forward, just as Cartier had done some thirty years before.

We find ourselves to-day in office through the will, largely, of the people in eastern Canada. The Government of the day has but commenced its work. A great deal lies before it. It is blamed on one side for not going far enough, and blamed on the other side for going too far. The men of the West are reasonable men. The case they have submitted to the hearing of this House is a reasonable one. They want a living, and they deserve to earn a living, and to be rewarded for their labour. They have to contend with many difficulties which are unknown to us in eastern Canada, but which were not unknown to those who came before us, because the pioneers of eastern Canada went through hardships that those in the West may never know. Those who settled the province of Quebec in the early days and the province of Ontario, and those who are to-day invading the northern lands of Ontario and Quebec, have gone through hardships which will be unknown

to the West. The West has conditions and advantages that eastern Canada never had. We have given the West railways by the thousands of miles. I heard when I was in that chair, Mr. Speaker, the cry of every member for the West asking for the Hudson Bay railway. I have heard every member from western Canada for the last twenty years ask for the Grand Trunk Pacific, ask for subsidies for the Canadian Northern, ask for branch lines for the Canadian Pacific railway. We could not build railways fast enough for them. We needed then, according to the people of the West, three, four or five transcontinental railways. Eastern Canada responded to the appeal without grudging the expense. We bore the brunt of the load and burden of the debt of Canada by our population, and we are bearing it still to-day, but we felt that if Canada was to fulfil its mission, if Canada was to become a great country, the West must be developed, so we gave to the West and we put it on the high road to prosperity.

We are accused to-day because we have not done all that is required for the West. There are two things Canada needs at the present time. The western farmer needs a market, and the working man in the city needs employment. Find a market for the farmer, a market for the producer, and find employment for the working man who earns his living in a factory, and your difficulties will be solved.

When I was elected in 1911 to this House, I was elected to support reciprocity. I see by the figures given of the general election of 1911 that those sentiments were also shared by the people of the West. We were united for reciprocity in Quebec, because Quebec voted for reciprocity in 1911. Western members who are not as familiar with the conditions of 1911 as they are with conditions to-day will do well to remember that the twenty-seven members who were elected in the province of Quebec in 1911 and who brought about the downfall of Sir Wilfrid Laurier, were not elected in opposition to reciprocity, because reciprocity was no issue in the province of Quebec in 1911. The fight in Quebec in 1911 was on the navy, and on that alone, and those twenty-seven members from the province of Quebec secured their election by co-operation between the Nationalist element and the Conservative party. The maritime provinces divided on the question of reciprocity, the West voted for it, and Ontario went dead against it, but there were other issues at that time raised in Ontario against Sir Wilfrid Laurier and his government, and I think many constituencies in Ontario were not wholly carried away against reciprocity. I remember well the day I occupied your Chair, Mr. Speaker, when the distinguished Minister of Finance of that day and his late distinguished colleague, the Hon. William Paterson, then representative of Brant, came into this House and the Minister of Finance rose to make the announcement of the success of the negotiations at Washington. The applause was general throughout the House, even from the front benches of the Opposition, and many of the old veteran Conservative members of Ontario, walking past the Chair would remark, en passant, what a fortunate man he was to have been able to achieve success because Sir Charles Tupper, Sir John A. Macdonald, Sir George Etienne Cartier, Sir Leonard Tilley and all the other statemen had failed. They regarded reciprocity as a Godsend to Canada. We had been wishing for it for years, and it was delayed. But, reciprocity being delayed, enabled Canada to fall back upon its own resources, and to start building the Canadian Pacific and developing its resources in an effort to try and eke out its own existence. But when reciprocity came, it came through the instrumentality of the Liberal party, in the fullness of time, and through the instrumentality of the Finance Minister, who has lived long enough to be able to know that, although he was accused at that time of having made a mistake, it was not a mistake, and that Canada is still longing for reciprocity. The reciprocity agreement, when laid before this House, did not receive fair treatment. I remember, from day to day, for weeks and months, I rose from the place where you, Mr. Speaker, stand to-day to put the question to the House, but obstruction of the most determined character was raised, and the vote could not be secured in this House on the question of reciprocity. Objections of all kinds were raised. Then the coronation of the late sovereign of Great Britain was to take place shortly, and Sir Wilfrid Laurier was urged to go to England to attend the event, as representing the premier dominion of the Empire. He went, and during his absence, a campaign was organized against reciprocity, and we know the result. Those who organized that campaign realized that if reciprocity in natural products with the United States were permitted to go into effect, it would be so

popular, and would have such an effect on the public mind that, within a very short time, the people of Canada would ask for reciprocity in manufactured articles. It was in Montreal, and also in Toronto, where there were many manufacturers, that the money was raised to fight reciprocity, because the manufacturers realized that reciprocity in natural products was the first step towards reciprocity in manufactured articles.

The measure was rejected, and then we went on without it. But our trade with the United States continued. Notwithstanding our fiscal policy our relations with the United States continued. The natural tendency is to trade with the United States, because they are our nearest neighbours, and they furnish the greatest market that we have. It is the policy of this Government to bring about a better understanding with the United States and to bring about a reciprocity agreement as soon as possible, and, I think, that the hon. members from the West would be well advised if, on the main motion, which will be submitted to them in a few moments, they give the Government, at least, a fair opportunity to give effect to what every Liberal in this country desires, namely, fuller, broader and more complete relations with the United States. In my own constituency we have been a unit in favour of dealing with the United States, because it is our natural market for lumber, fish, agricultural products and other things, and the United States will be the market for many districts throughout the whole of Canada. I hope, therefore, that when the vote is taken, the hon. member who has delivered such an eloquent oration to-night will give the Liberal party another opportunity of implementing what we know to be their policy.

In the meantime, we know the tariff has been reduced substantially on many articles, and the Minister of Finance has taken another step forward with the preference which he granted to Great Britain before the reciprocity agreement was made. I remember well when that matter was introduced in this House, and I remember all the objections that were raised to it. The Opposition contested it and spoke against it, but never dared to challenge it on the floor of the House, and nobody sought to bring about a change in the British preference. It increased our trade with Great Britain, and the St. Lawrence became the natural highway for the commerce of the Mother Country to Canada.

That route was transformed into a national highway. In the old days, when the Liberal administration came into office, the St. Lawrence was an ordinary waterway, the steamers having to drop anchor at sundown in the lower regions of the St. Lawrence. In the course of a few years, we found the St. Lawrence transformed into a river with a channel 30 feet deep, and well lighted, so that the steamers were able to reach Montreal as easily at midnight as in the noonday sun. Montreal has become one of the leading ports in North America, the leading port in Canada, surely, and in the course of time, in the development of Canada, with the increase in our population and the development in our facilities of al kinds, Montreal will become the centre of this country, because it occupies a geographical position.

Montreal has progressed, and eastern Canada will progress, in time, as the West progresses, but the western and eastern people must get together and come to an understanding. No question of a paltry few dollars on the tariff, or a few paltry changes here and there, should keep Canadians apart, and I hope, before this session is finally closed, a better understanding will be brought about. When this session was called on the 8th of March there were a hundred new members in the House. We have hardly had time to become acquainted with their names, much less with their views. I have learned more in the present session about conditions in western Canada than I ever learned in the past. New ideas have sprung up, new conditions have developed, and a new state of things has arisen. The statesmen of Canada must deal with these issues, because in their solution lies the safety of this country.

I will vote against the amendment, because I feel that I will be carrying out my mandate, and I will vote for the budget, because I think it is the best that could be presented. The Minister of Finance has been placed in the most difficult position in which any statesman could be placed, because he has to find revenue to meet our war indebtedness, which is eight times larger than the public debt of Canada was a few years ago. But Canada is now on the map of the world. Canada is in the council of nations, and has plenipotentiaries, and representatives in Europe. Canada is a nation, Canada that has been the home land for those who came from all countries, regardless of their creed.

origin or nationality, only asking them one thing,—loyalty to the flag. There is among the citizens enough patriotism, enough enlightenment to solve the puny difficulties which now present themselves in matters of dollars and cents, to avoid a greater difficulty, which later on, may break Canada asunder, but which, I hope, will never occur, because to-day with our means of communications, with our newspapers, with our facilities, we ought to be able to get together and stand on common ground. I claim enough intelligence in the Canadian people to know that the moment we would get together, those difficulties would be solved.

Mr. LUCIEN CANNON (Dorchester): Mr. Speaker, in the fall of 1921, the then Prime Minister of Canada, (Mr. Meighen) announced that a public meeting was to be held in the province of Ontario, and that he would take occasion at that meeting to make a pronouncement of great moment and interest to the people of Canada. The then Prime Minister, who had been leading the destinies of this country for quite a long while, had disappointed the people of Canada in many ways; but that evening when he spoke at that great meeting, after having announced that the government of Canada would go to the people, a unanimous feeling of rejoicing went through all our country from the Pacific to the Atlantic, because the people of Canada thought the Prime Minister had at last realized his responsibility and a ray of hope could be seen in our darkened political sky. The government went to the people of Canada; the administration which had led Canadian affairs from 1911 to 1921 went before their judges, and we see the result of the trial which lasted for several months. We have in this House before our eyes, in the decreased number of representatives of the Tory party, the real feeling, the real meaning of the elections held in December, 1921.

If on the one hand the people of Canada are happy to-day to be rid of the administration of 1921, on the other hand, the rulers of Canada are to-day facing a situation which is so serious, they have to solve problems which are so momentous that the time has come for every public-spirited citizen in Canada to lay aside party spirit and partisan division in order to endeavour to find national remedies for the grave and weighty problems that we have before us. One result of the election which ought to open the eyes of every patriotic citizen of Canada, is the peculiar, the new situation created in this House. Formerly, in the House of Commons two great parties with old traditions used to fight over the affairs of Canada and used to devise the best means to administer the government. To-day, instead of these two old parties, we have three parties, the third, a younger party called the Progressive party. But there is something that adds to the seriousness of the situation, and it is this: Not only have we three parties in this House; but one of these parties, the Progressive party, the third party, is recruited almost exclusively in one section of our country. If we wish to have national unity, to have real harmony in this country, to have a government that will meet the needs of every section of Canada, we must have a government that will bring forth a policy that will not only obtain the support of the eastern section of our country, but receive the support and approval of the western section of Canada.

Mr. SPENCER: We have continually heard of the western viewpoint and what the West wants. I should like to ask the hon. member if he realizes that one-third of the Progressives on this side are from eastern Canada?

Mr. CANNON: That one-third of the Progressives are from eastern Canada, I do not deny. I realize fully that some of the members of the Progressive party come from Ontario; but I repeat that most of the Progressive party comes from the western provinces, and that the peculiar feature in this House is that three of the western provinces sent practically exclusively Progressive members to this House.

When the hon. gentleman asked me a question, I was saying that, after the election, the Liberal party was called upon to form an administration. What were the causes of the Liberal victory at the polls in December last? The causes were two-fold: First, the people of Canada had confidence in the leader of the Liberal party (Mr. Mackenzie King) and, second, the people of Canada approved the Liberal programme. It does not belong to me to pay a eulogy to the leader of my party. Our leader, in the last election, held meetings in practically every constituency in Canada. His eloquence is well known; his sincerity is admitted everywhere, and in every home in Canada hopes, and high hopes, are formed that the leader of the Liberal party, on account

of his youth, his training, his political experience, will give to Canada one of the most brilliant administrations that Canada has ever had. It is true that the role of our leader is a hard one to fill. His predecessor, the Right Hon. Sir Wilfrid Laurier, was one of the brightest men who ever lived in Canada, and probably he has left the finest record of any man in the history of Canada. Sir Wilfrid Laurier stood for great principles; he fought in Canadian politics the greatest battles for principle that were ever fought by any statesman, and I may say to the right hon. leader of this House: If you wish to give to Canada a great administration, if you wish to give to this country satisfaction and prosperity, follow the footsteps of the former leader of the party, and I may be sure, and you may be sure that that Canada will continue, under the regime under which Canada is now, the great strides which Canada took under the late Sir Wilfrid Laurier. Not only had the personality of our leader great importance at the last election, but so had the political programme of the Liberal party. In 1919, a Liberal convention was held in the city of Ottawa. Liberals from all parts of the country were convened in order to adopt a programme and in order to elect a leader. The leader was chosen. I have spoken of him, and I may here but repeat that I have full and complete confidence in him. As to the programme of 1919, that programme stands as being the charter of the Liberal party. We adopted that programme in convention, and so far as I am concerned I may say that I fought for that programme at the convention and have fought for it before my people; and by that programme I will stand.

Mr. DUFF: That is the way to talk.

Mr. CANNON: The great reproach which we adressed to the then government while we were on the opposite side was that constitutional liberty and freedom was not properly safeguarded by them. During the election, pledges were given and promises were made that should a Liberal administration preside over our national affairs constitutional liberty would be restored and Parliament would again enjoy all its privileges. I have full confidence in the Government to restore that liberty in Canada, and in the course of this session the administration has given many evidences of its willingness to give to the House of Commons all the privileges to which it is entitled. But I take the liberty of calling the attention of the Government to certain facts of great importance, and I say that the Government will have to bring down some legislation that will show to the people of Canada that when the Liberal party gives pledges or makes promises, those pledges are redeemed and those promises are respected. In Canada our forefathers fought on many battlefields to obtain the liberties of which we are so proud to-day, and we, their children, have one solemn duty to perform. That duty is to safeguard those liberties to the very utmost of our ability. The basis of constitutional and responsible government is that every minister in the government shall be answerable to the representatives of the people for acts done by the government in the administration of public affairs. If we wish to have constitutional liberty in its completeness, if we wish to have governmental responsibility in its integrity, we must have every department of public affairs responsible to the House of Commons.

I call the attention of the members of the Government to one fact. To-day, as a representative of the people I am responsible to my constituents for the conduct of public officials in my constituency. If the administration of public affairs in that constituency is not what it should be, the responsibility rests upon my shoulders, and on no other man's. But although I am charged with the responsibility for the administration of public affairs in my constituency, I have no control over the appointment of those officials. Now, Mr. Speaker, I say, not in the hope of being in a position to distribute favours, not in the desire to take revenge—no, sir, my object is very much higher than that—I say, to the Government that if we wish to have responsible government in this country civil servants must be responsible to Parliament. We should have responsible government in Canada and have it in its entirety. But can we have that government, as it is understood in England, as it has always been understood in Canada, and as it should be understood everywhere where British institutions exist, if, for instance, we have the immense system of railways, owned by the people in this country, controlled by a commission altogether independent of Parliament, and when the Minister of Railways has absolutely nothing to do with their management? We should have in connection with our railways a policy that would put that immense

system beyond the range of patronage. But, on the other hand, no minister should be able to get up in this House and say that he is not responsible for that policy. Mr. Hanna, the President of the Canadian National Railways, is not elected of the people. He has never been elected by any constituency; he has never even been chosen by this Government. Why then, should he be a czar, in absolute control of this immense system, in such a way that my hon. friend the Minister of Railways (Mr. Kennedy) should have nothing to do with them? If we want to have responsible government in the real sense, if we want to have that constitutional liberty which is so lauded, and rightly, by the leader of this Government, (Mr. Mackenzie King) let us have a responsible system in connection with the civil service and with the Government Railways. Before I leave the subject of the Canadian National Railways I wish to express one hope, and that is that the Government will very soon appoint another board. We cannot have at the head of the Canadian National board a man who said that the Prime Minister of Canada did not tell the truth to the people of this country. We cannot have at the head of the Grand Trunk board a man whose scandalous profits during the war brought upon his shoulders the opprobium of the whole population of Canada. If these boards are to be maintained, let the personnel be changed; and the sooner it is changed the better.

Before resuming my seat I want to say a few words to my Western friends. I come from the province of Quebec. That province, in 1921, when the call came to choose representatives, sent to this House 65 Liberals out of 65 constituencies. Why? The province of Quebec elected those 65 members because it wanted to send to Parliament liberal, broad-minded men who desired to work in harmony with every other section of the country for the common good of the Dominion at large. Unfortunately, in this House, the representatives of one section do not know the representatives of another section as well as they should. Another great evil is that public men in Canada are prone to forget past history and look only to recent events for their guidance. I wish to tell our western friends that we members of the Liberal party in Quebec have fought since 1896 the fights of western Canada before our electorate. When in 1896 the great question came before the Canadian people as to whether provincial autonomy was to be maintained, or if the small, weak province of Manitoba was to be crushed, the man who got up before the people of Canada and asked that liberty be given to Manitoba and used the slogan "Hands off Manitoba!" was a man from Quebec who wanted political and religious liberty to prevail. In 1896 we in the province of Quebec battled for the rights of western Canada. Did western Canada forget, or was she grateful? In 1904 we fought again for western Canada when we wanted the great transcontinental railway to be constructed through the West. Again in 1911 Laurier fought for the western farmers of Canada. There was no Progressive party at that time, and those who fought for western ideals were again the Liberals of the East, the Liberals of Quebec. And a fact not to be forgotten by our friends on the other side is that while Laurier was battling for his life, while he was putting up probably the greatest battle of all his career, part of the West went back on him. The Liberal party in the East never went back on the principles underlying the development of western Canada and western trade. Those principles were always carried by us in the East; but unfortunately when we were fighting the battles of the west, the West was not united with us.

Those are the battles of the past. We have now to face the future. The eloquent member for Battleford (Mr. McConica) said, "We want our condition improved, we want remedies applied to our hurts." I ask my Progressive friends, is there one among them who, putting his hand on his heart, will say that he can hope to obtain any remedy or any improvement of condition from the Tory party? Is there one member of the Progressive party, be he from Ontario, from the prairies, or from British Columbia, who will say that the Tory party, whose basis is selfishness, ever thinks of the ills of others? The hope of the West, the hope of Canada as a whole, is founded in the Liberal ideas of her citizens. If we want to reconstruct Canada, if we want to pay our immense debt, if we want to continue the era of prosperity begun under Sir Wilfrid Laurier, but interrupted by the Tory party in 1911, the time has come for every man, be he Liberal or be he Progressive, if he is sincere in his desire to put into practice the principles for which he fought, to take the common road

that lies ahead of us—the road of Liberalism and Progressive ideas.

Nothing would please our Tory friends better than to see the Progressive forces of Canada divide. Why should they divide? The amendment brought by the right hon. leader of the Opposition will certainly not be supported by this House. There remains the budget. The Tory party tell the Minister of Finance, "We cannot support your budget because you go too far in the way of reductions." If the Tories cannot support our budget, the Progressives ought to sustain it.

Mr. DUFF: Nothing else will do.

Mr. CANNON: I said, Mr. Speaker, that we eastern members of the Liberal party have fought the battles of the western farmers for twenty years, and in doing so we have simply continued the traditions of those French pioneers who opened up the West. We are not strangers in the West. The first white men who travelled up those great western rivers were men in whose veins flowed French blood. The West has been peopled by French pioneers, and the descendants of our people from Quebec are still living out there. The interests of the West and the interests of the East could very easily be united; and let us hope, Sir, that all our forces, Liberal and Progressive, uniting, we will be able in a certain measure to repair the blunders and incompetency of the past administration.

The House divided on the proposed amendment (Sir Henry Drayton) which was negatived on the following division:

YEAS

Messrs.

Anderson,
Arthurs,
Baxter,
Black (Yukon),
Bowen,
Chaplin,
Charters,
Church,
Clark,
Dickie,
Drayton (Sir Henry),
Garland (Bow River),
Garland (Carleton),
Grimmer,
Guthrie,
Harris,
Hocken,
Hubbs,
Irvine,
Kennedy (Edmonton),
Ladner,
LeSueur,
MacKelvie,
MacLaren,
Maclean (York),
Macphail,
McKillop,
McQuarrie,
McTaggart,
Manion,
Maybee,
Meighen,
Mewburn,
Ross (Kingston),
Ryckman,
Senn,
Sheard,
Simpson,
Spence,
Spencer,
Stansell,
Stevens,
Stewart (Hamilton),
Stewart (Lanark),
Stewart (Leeds),
Sutherland,
Thompson,
Tolmie,
White,
Wilson,
Woodsworth—51.

NAYS

Messrs.

Archambault,
Baldwin,
Bancroft,
Beaubien,
Béland,
Binette,
Bird,
Black (Huron),
Blackadder,
Boivin,
Bouchard,
Boucher,
Bourassa,
Brethen,
Brown,
Bureau,
Cahill,
Caldwell,
Campbell,
Cannon,
Cardin,
Carmichael,
Carroll,
Carruthers,
Casgrain,
Chevrier,
Chew,
Chisholm,
Clifford,
Coote,
Copp,
Crerar,
d'Anjou,
Davis,
Déchêne,
Delisle,
Demers,
Denis (Joliette),
Denis (St. Denis),
Desaulniers,
Deslauriers,
Desrochers,
Drummond,
Duff,
Elliott (Dundas),
Elliott (Waterloo),
Ethier,
Euler,
Evans,
Fafard,
Fansher,
Fielding,
Findlay,
Fontaine,
Forke,
Forrester,
Fortier,
Fournier,
Gauvreau,
Gendron,
Good,
Gordon,
Gouin (Sir Lomer),
Gould,
Graham,
Halbert,
Hammell,
Hatfield,
Hodgins,
Hoey,
Hudson,
Hughes,
Humphrey,
Hunt,
Jelliff,
Johnson (Moosejaw),
Johnston (Last Mountain),
Kay,
Kellner
Kennedy (Essex),
Kennedy (Glengarry and Stormont),
Kennedy (Port Arthur and Kenora),
King (Huron),
King (Kootenay),
King, Mackenzie (York),
Knox,
Laflamme,
Lafortune,
Lanctôt,
Lapierre,
Lapointe,
Lavigueur,
Leader,
Lewis,
Logan,
Lovett,
Lovie,
Low,
Lucas,
Macdonald (Pictou),
Mackinnon,
Maclean (Halifax),
Maclean (Prince, P.E.I.),
McBride,
McConica,
McCrea,
McDonald (Timiskaming),
McGiverin,
McIsaac,
McKay,
McKenzie,
McMurray,
Marcil (Bonaventure),
Marcile (Bagot),
Marler,
Martell,
Mercier,
Michaud,
Millar,
Milne,
Mitchell,
Morin,
Morrison,
Morrissy,
Motherwell,
Munro,
Murdock,
Murphy,
Neill,
Ouimet,
Pacaud,
Papineau,
Parent,
Pelletier,
Power
Prevost,
Pritchard,
Putnam,
Rankin,
Raymond,
Reed,
Rinfret,
Robb,
Robinson,
Robitaille,
Ross (Simcoe),
St. Père,

Sales,	Stork,
Savard,	Thurston,
Séguin,	Tobin,
Sexsmith,	Trahan,
Shaw,	Turgeon,
Sinclair (Oxford),	Vien,
Sinclair (Queens, P.E.I.),	Wallace,
Speakman,	Walsh,
Steedsman,	Ward,
Stewart (Argenteuil),	Warner,
Stewart (Humboldt),	Woods—169.

Mr. MEIGHEN: Before you make any pronouncement on the vote, Mr. Speaker, I call attention to the fact that several hon. members whose names do not appear on the records of the Whips as being paired have not, in this division, voted. This, as Your Honour knows, is contrary to the rules of the House. I could not state with any finality all the hon. members, but I call your attention to the hon. members for for East Calgary, West Calgary, Centre Winnipeg, Macleod and some others.

An hon. MEMBER: Southeast Grey.

Mr. SPEAKER: Am I to understand that hon. members who are in their seats have not voted?

Mr. MEIGHEN: The hon. members I refer to, and others, are in their seats and have not voted?

Mr. SPEAKER: And are not paired?

Mr. MEIGHEN: And are not on the records of the Whips as paired.

Mr. SPEAKER: The rule of the House and the custom in Parliament is that members who are in their seats and are not paired are obliged to vote.

Mr. MURDOCK: No loafing on the job.

Mr. SPEAKER: I would ask the hon. members whose constituencies have been mentioned—

An hon. MEMBER: And others.

Mr. SPEAKER: Order. I would ask the hon. member for West Calgary to declare if he intends to vote.

Mr. SHAW: If I must vote, I shall vote against the amendment.

Mr. KENNEDY (Edmonton): If I had voted I would have voted against the amendment.

Mr. SPENCER: If I had voted I would have voted against the amendment.

Mr. MEIGHEN: I would call your attention, Mr. Speaker, to the fact that the hon. gentlemen are not voting.

Mr. IRVINE: I vote for the amendment.

Mr. WOODSWORTH: I vote in favour of the amendment.

Mr. GARDINER: I vote for the amendment.

Mr. GARLAND (Bow River): I also vote for the amendment.

Miss MACPHAIL: Mr. Speaker, I vote for the amendment.

Mr. COOTE: Mr. Speaker, under compulsion I vote against the amendment.

Mr. McTAGGART: I vote for the amendment.

Mr. SPEAKER: On the question of casting a vote when a division takes place, Bourinot, fourth edition, page 381, says:

> If a member of the Commons who has heard the question put does not vote, and the attention of the Speaker is directed to the fact, the latter will call upon him to declare on which side he votes; and his name will be recorded accordingly.

As there seems to be misunderstanding, the request is made to the hon. member for East Calgary and the hon. member for Centre Winnipeg kindly to declare again which way they vote. So many hon. members rose at the same time that the Clerk did not get their votes.

Mr. IRVINE: For the amendment.

Mr. WOODSWORTH: For the amendment.

The House divided on the main motion, which was agreed to on the following division:

YEAS

Messrs.

Archambault,	Desaulniers,
Baldwin,	Deslauriers,
Béland,	Desrochers,
Binette,	Duff,
Blackadder,	Elliott (Dundas),
Boivin,	Elliott (Waterloo),
Bouchard,	Ethier,
Boucher,	Euler,
Bourassa,	Fafard,
Bureau,	Fielding,
Cahill,	Fontaine,
Cannon,	Forrester,
Cardin,	Fortier,
Carroll,	Fournier,
Carruthers,	Gauvreau,
Casgrain,	Gendron,
Chevrier,	Gordon,
Chew,	Gouin (Sir Lomer),
Chisholm,	Graham,
Clifford,	Hammell,
Copp,	Hatfield,
d'Anjou,	Hodgins,
Déchêne,	Hudson,
Délisle,	Hughes,
Demers,	Humphrey,
Denis (Joliette),	Hunt,
Denis (St. Denis),	Kay,

Kennedy (Essex),
King (Kootenay),
King, Mackenzie (York),
Laflamme,
Lafortune,
Lanctôt,
Lapierre,
Lapointe,
Lavigueur,
Logan,
Lovett,
Low,
Macdonald (Pictou),
Mackinnon,
Maclean (Halifax),
MacLean (Prince, P.E.I.),
McBride,
McCrea,
McGiverin,
McIsaac,
McKay,
McKenzie,
McMurray,
Marcil (Bonaventure),
Marcile (Bagot),
Marler,
Martell,
Mercier,
Michaud,
Mitchell,
Morin,
Morrissy,
Motherwell,
Munro,
Murdock,
Murphy,
Neill,
Ouimet,
Pacaud,
Papineau,
Parent,
Pelletier,
Power,
Prevost,
Putnam,
Rankin,
Raymond,
Reed,
Rinfret,
Robb,
Robinson,
Robitaille,
St. Père,
Savard,
Séguin,
Sexsmith,
Sinclair (Oxford),
Sinclair (Queens, P.E.I.),
Stewart (Argenteuil),
Stork,
Tobin,
Trahan,
Turgeon,
Vien,
Walsh—119.

NAYS

Messrs.

Anderson,
Arthurs,
Bancroft,
Baxter,
Beaubien,
Bird,
Black (Huron),
Black (Yukon),
Bowen,
Brethen,
Brown,
Caldwell,
Campbell,
Carmichael,
Charters,
Church,
Clark,
Coote,
Crerar,
Davies,
Dickie,
Drayton (Sir Henry),
Drummond,
Evans,
Fansher,
Findlay,
Forke,
Gardiner,
Garland (Bow River),
Garland (Carleton),
Good,
Gould,
Grimmer,
Guthrie,
Halbert,
Harris,
Hocken,
Hoey,
Hubbs,
Irvine,
Jelliff,
Johnson (Moosejaw),
Johnston (Last Mountain),
Kellner,
Kennedy (Edmonton),
Kennedy (Glengarry and Stormont),
Kennedy (Port Arthur and Kenora),
King (Huron),
Knox,
Ladner,
Leader,
LeSueur,
Lewis,
Lovie,
Lucas,
MacKelvie,
MacLaren,
Maclean (York),
Macphail,
McConica,
McDonald (Timiskaming),
McKillop,
McQuarrie,
McTaggart,
Manion,
Maybee,
Meighen,
Mewburn,
Millar,
Milne,
Morrison,
Pritchard,
Ross (Kingston),
Ross (Simcoe),
Ryckman,
Sales,
Senn,
Shaw,
Sheard,
Simpson,
Speakman,
Spence,
Spencer,
Stansell,
Steedsman,
Stevens,
Stewart (Hamilton)
Stewart (Humboldt),
Stewart (Lanark),
Stewart (Leeds),
Sutherland,
Thompson,
Thurston,
Tolmie,
Wallace,
Ward,
Warner,
White,
Wilson,
Woods,
Woodsworth—101.

PAIRS

The list of pairs as supplied by the Chief Whips is as follows:

Government.	Opposition.
Messrs.	
Malcolm,	Duncan,
Kyte,	Boys,
Gervais,	Jones,
Léger,	Hanson,
German,	Chaplin,
McMaster,	Porter,
Jacobs.	Bristol.

Mr. HANSON: I was paired with the hon. member for Kent, N.B. (Mr. Leger). Had I voted I would have voted for the amendment and against the budget.

Mr. CHAPLIN: I was paired with the hon. member for Welland (Mr. German). Had I voted I would have voted against the main motion.

Mr. McMASTER: I was paired with the hon. member for West Hastings (Mr. Porter). Had I not been paired I would have voted against the amendment and for the main motion.

Mr. DUNCAN: I was paired with the hon. member for North Bruce (Mr. Malcolm). Otherwise I would have voted for the amendment, and against the main motion.

Mr. KYTE: I was paired with the hon. member for South Simcoe (Mr. Boys). Otherwise I would have voted for the main motion and against the amendment.

Mr. JACOBS: I was paired with the hon. member for Centre Toronto (Mr. Bristol). Otherwise I would have voted for the main motion and against the amendment.

Mr. GERVAIS (Translation): Mr. Speaker, I was paired with the hon. member for Royal (Mr. Jones). Otherwise I would have voted against the amendment and for the main motion.

Mr. SPEAKER: In order to avoid confusion as regards the result of the vote on the amendment, I may say that the tellers have sent me the figures which are as follows: Yeas, 51; nays, 169.

Motion (Mr. Fielding) agreed to, and the House went into Committee of Ways and Means.

Progress reported.

PRIVATE BILL

SECOND READING

Bill No. 135 (from the Senate), for the relief of James Henry Boyd.—Mr. Boys.

On motion of Mr. Mackenzie King, the House adjourned at 1.20 a.m. Wednesday.

Wednesday, June 14, 1922.

The House met at three o'clock.

WHEAT MARKETING

REPORT OF COMMITTEE ON AGRICULTURE AND COLONIZATION

Mr. W. F. KAY (Missisquoi): With the consent of the House I beg to move that the fifth report of the select standing committee on Agriculture and Colonization be concurred in.

Mr. SPEAKER: Under rule 41, this motion may be made only by unanimous consent. Is the House of opinion that the motion should be put?

Some hon. MEMBERS: Yes.

Mr. KAY: Mr. Speaker, in rising to move concurrence in the fifth report of the select standing committee on Agriculture and Colonization, I have only a few remarks to make. The question was first brought up on a memorandum presented to the Government by the Canadian Council of Agriculture, asking for the re-establishment of the Wheat Board of 1919. This memorandum was, on the 27th of March, referred to the select standing committee on Agriculture and Colonization. That committee proceeded to hear expert witnesses both for and against the re-establishment of the Wheat Board, amongst those witnesses being representatives of councils of agriculture, elevator companies, millers, grain dealers, the Winnipeg Grain Exchange, boards of trade, and also Messrs. Stewart and Riddell, members of the former Wheat Board. The committee also received telegrams, letters and petitions from various sources, both for and against the re-establishment of the board. The question of the constitutionality of the re-establishment of the Wheat Board having been raised, the matter was referred to the law officers of the Crown for their opinion. Their opinion was laid on the Table of the House on the 19th of April last; it will be found in Hansard of that date. The recommendation of the committee for concurrent legislation by this Parliament and the provincial legislatures is based on procedure adopted in Australia. It was also suggested in the committee that if legislation were passed by this Parliament, it should be provided that any province taking advantage of a wheat board, should become responsible for any loss sustained by the board and should become possessed of any profits made therein. As the minutes of the proceedings of this committee contain all the evidence taken, and as these have been distributed amongst members of the House, who, I am sure, have read them all, I leave the matter for the consideration of the House.

Mr. MACLEAN (York): Will the hon. member explain briefly to the House just what the report of the committee is?

Mr. KAY: The recommendation of the committee was presented to the House on the 26th of May. I can read it to the House, but it will be found in the Votes and Proceedings of that date. It reads:

> The select standing committee on Agriculture and Colonization beg leave to present the following as their fifth report:
>
> Your Committee, having held twenty-two meetings and heard the evidence of nineteen witnesses and having given full consideration to the whole matter referred to them, beg leave to submit the following Resolution as a recommendation, viz.:—
>
> 1. That it is desirable in the National interests that the Government immediately create a National wheat marketing agency for the marketing of the wheat crop of 1922.
>
> 2. That this agency be given all the powers of the Wheat Board of 1919 as are within the jurisdiction of Parliament to grant except as they include the direct marketing of flour and other mill products.
>
> 3. That an act be passed based on this resolution, to become effective by Proclamation, as soon as two or more of the provinces have conferred upon this agency such powers possessed by the Wheat Board of 1919 as come within provincial jurisdiction.
>
> Your Committee also submit herewith the Minutes of their Proceedings and the Evidence taken by them.

Mr. SPEAKER: Is the House ready for the question?

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Mr. Speaker, it seems to me incredible that the Government should permit this motion to be submitted to the House without any statement whatever of its position with regard thereto. Apparently, however, that was the state

of mental paralysis the Government was in, and the House was about to vote on the resolution without any statement whatever.

The resolution that has just been read by the hon. member apparently constitutes the sole report of the Committee on Agriculture and Colonization on this question. The House will recall that some time ago, in the month of April, shortly after this question was submitted to the committee, on the occasion of an interim report requesting the submission to the Supreme Court of some question that had been raised as to jurisdiction, I took the opportunity of reviewing briefly the history of governmental handling of wheat, and, as regards such interim report, urged that the long delay involved in litigation was perilous—yes, fatal—to all wheat board prospects and was totally unnecessary. The House accepted the view I then presented and the matter of the determination of jurisdiction was left to the ordinary course, that is, reference to the law officers of the Crown. Such having been done, there appears to have been very little difficulty in determining where the line dividing jurisdictions lay. Indeed, there appears to have been on the part of the law officers of the federal government no pretence or claim that there was, under present conditions, the power to re-establish the board with its old compulsory features. Consequently, litigation would have been futile, because, even on the part of those contending for federal powers, there was no belief that those powers could be sustained.

The committee set to work to determine what should be recommended to Parliament, it having been decided that certain of the accompaniments and duties of the old board could not exist in a board constituted purely by this Parliament. They have taken a long while at the task; indeed, they have had something of a chequered career in coming to the point reached to-day. But now we have their recommendations. Why the matter should have been delayed so long it is hard for any one to comprehend who really wants a solution of the question. It is weeks since this decision was arrived at. Between this decision and a previous decision, there were one or two weeks intervening; and all the while time has been speeding, time that was exceedingly precious if there was to be the least prospect of action such as might be taken advantage of for the season of 1922. Hon. members should keep in mind that all that has apparently been under review in this committee is the question of handling of the crop of this year. That is all that is contemplated by the resolution which now constitutes the report. To take care of that crop, final action must be taken at least during the month of July. The original wheat board was established towards the end of July, 1919. Then we had none of the advantages of previous experience. We had a novel situation from every aspect, and it took us two or three weeks of consideration, such time being devoted to it as we were able to give to the subject, other matters intervening. Even then it was a little later in being established than would have been best, had it been possible to come to a decision earlier. But this year, knowing as we do that federal action alone is incompetent, that provincial action must follow, and that for that purpose, provincial legislatures must be called and must hold special sessions before they can act, as contemplated by the report of the committee, what is the excuse for waiting until the 14th day of June to bring before Parliament the recommendations of the committee, which involve all the subsequent proceedings that are indispensable before final action can be taken?

Even were this report just as it should be, even were we in a position now to decide, I question whether it would be possible for such final action as this report contemplates to be taken in time to be of any value whatever for the crop this year. It really would appear that the whole project of the Wheat Board has been submitted to a long, cruel process of strangulation and that now we are asked to give it the final and fatal turn. Let me read from the report:

> 1. That it is desirable in the national interests that the Government immediately create a national wheat marketing agency for the marketing of the wheat crop of 1922.
>
> 2. That this agency be given all the powers of the Wheat Board of 1919 as are within the jurisdiction of Parliament to grant, except as they include the direct marketing of flour and other mill products.

The agency is to be given all the powers within federal jurisdiction, except that one. I ask hon. members, of the legal profession particularly, to reflect for a moment whether that one is a federal power at all.

> 3. That an act be passed based on this Resolution, to become effective by Proclamation, as soon as two or more of the provinces have conferred upon this agency such powers possessed by the Wheat Board of 1919 as come within provincial jurisdiction.

When analyzed, what is that report? A wheat board is to be established, by

legislation yet to be introduced, to take care of the crop of 1922, and that alone. That board is to be given all the powers conferred in 1919 upon the old board, whether by Order in Council or by subsequent statute. It is to have all the powers that are vested in the federal Parliament, save one, which is assumed to be a federal power. But the board, so constituted and empowered, shall sit silent and inactive and never come into real existence at all until at least two provinces meet in special session and do—what? Grant them such further powers as the provinces think wise? No; not at all but —grant them all such powers within the provincial jurisdiction as the old board had. The only option left to the provinces is to confer upon the board all powers of provincial origin possessed by the old wheat board. Two provinces must do that, and after they have done it, it rests with the Government by proclamation to call this act into effect.

Now, was I too strong in my language when I stated that this is merely the last step of the tragedy in the long process of strangulation of the whole prospect of wheat board?

First of all, what is made necessary under this proposal? I do not think anyone suggests that Ontario would act; we must be practical. So far as the resolution goes, Ontario could, of course, so could Nova Scotia and Prince Edward Island; but everyone knows that we have not those provinces in mind,—there is virtually no possibility of their considering the matter at all. Hardly anyone would suggest that Manitoba could. That province is now in the throes of an election, so how could a special session of the legislature be called now? There remain only two—Saskatchewan and Alberta; they might do so, for their people are doubtless very much interested in this project. Their people and the people of Manitoba are, I believe, sincerely desirous that we establish a wheat board as near the old Wheat Board as this Parliament can establish it. I think that is the prevailing opinion; whether we agree with its soundness or not.

Those provinces, then, might possibly induce their legislators to meet and pass this special legislation. But why should we make it a condition that they must not only give the board such powers as they think wise, but they must give it every power the old Wheat Board possessed in so far as those powers are compulsory—that is, provincial? The placing of that obligation upon them leaves them no discretion whatever, and reduces to a minimum the likehood that they ever would comply with these restrictions.

I want to inquire into the question from another angle. The provinces must grant the board, what powers? They must grant the following powers that have been held not to be within federal jurisdiction—I refer to the complusory powers:

> To require each applicant for a license to give a bond in such form and in such amount as may be satisfactory to the board;

That is, a license to buy and sell wheat. So that, if Saskatchewan acts, she would impose those restraints and restrictions upon the whole wheat-buying and wheat-selling structure of the province at a time when there were no such restraints and restrictions in Manitoba at all, probably none in Alberta, and certainly none in Ontario. Alberta would have to do the same and put the whole of the wheat-buying and wheat-selling instrumentality of that province under all those restraints when competitors in other provinces were not so restricted. It would be putting them in a position where they could not compete, and it would be putting them in a position where the system would be half compulsory and half voluntary and would not work at all.

Let me pass to another power:

> To provide that no person, firm or corporation other than the board, shall buy wheat, operate any elevator or warehouse where wheat is received, or handle wheat on commission or otherwise unless licensed by the board.

My remarks as to the previous power apply here. All those things they must impose upon their wheat-buying and wheat-selling agencies while other provinces have no such restraints, and while, indeed, other provinces will be operating under a different system altogether. But let us go a little further. They will be compelled to give the board this power:

> To order any person holding wheat stored in any elevator or warehouse or on railway cars or Canadian boats to sell and dispose of the same to any purchaser named by the board on such terms as the board may direct, and any such order of the board shall pass to the purchaser the title in the wheat mentioned in any such order.

That is to say, there cannot be any buying and selling at all save by such person as the board names in those provinces. The last power is:

> To prohibit the export out of Canada—

I do not suppose the provinces would have that power; that would be within the jurisdistion of the federal government. But here is another power which such a board would have to be given:

> To require every licensee of the board to whom delivery of wheat is made to pay the producer by way of advance or cash payment, such sum or sums as may be directed by the board.

That sum, of course, must be a sum guaranteed federally, the federal guarantee having behind it the security of the grain itself and therefore being limited in liability by that consideration. The guarantee, nevertheless, applies only to such provinces as chose to obey the injunctions of this House.

One might refer to further powers conferred and duties imposed by subsequent orders, but that is unnecessary. It is not hard to apprehend that unless you are going to have powers so limited as to territory as would make the whole thing an utter monstrosity — something in one province that would not operate in connection with the same facilities in another at all—unless we are going to have a system such as that, we cannot have anything done under this legislation.

Now, there might be some things that the provinces could do by way of supplementary powers to assist the functions of what would be fundamentally a voluntary wheat board, powers that would not put the system in one province into a position of incongruity with the system in another province with which it actually must work if there is to be any workable system at all. But those powers would be very, very restricted and would not correspond to the wide, sweeping powers which the old wheat board had. Those cannot be given piecemeal, some in one province, none in another. They must be given and exist through all the provinces, or not at all.

Now, let us contemplate what this resolution states, namely, that we must give federally all the powers of the old board, save the powers as to sale of flour and mill products. I question very much if that is a power that would be ours to confer, for it affects civil rights and more probably would be a provincial power. If so, of course, this resolution is meaningless. But let us assume, for the sake of argument, that such power is within the jurisdiction of the federal government, what is going to be the result? You give a wheat board powers which in at least two provinces will clothe it with all the jurisdiction of the old wheat board—in a word, full monopolistic control of the buying and selling of the grain of those two provinces, and then you say to that wheat board, "You shall have no control whatever in relation to the sale of flour." Is that feasible? Where are the consumers of this country going to land? Where is the miller in one province going to be as related to the miller in another province with whom he competes? The subject hardly admits of argument. It can scarcely be presented in a sufficiently plausible manner to convince the House that it really is seriously proposed.

Here is a board, we will say, in Saskatchewan and in Alberta. It has control of all the wheat of those provinces; no man can sell any wheat save through them, no man can buy any wheat save for them. In these provinces, indeed in all the Dominion, if you are going to do that, must not your action be acompanied by a ban upon imports into those provinces? If not, what are they going to do with imports, say, from across the line? Will they not have to take care of them too? The old wheat board had to be armed with those powers, or rather the exercise of its powers had to be accompanied by an embargo upon imports both of wheat and flour. You cannot arm a wheat board with those compulsory powers even as to two provinces and not give them that acompaniment of an embargo upon imports of wheat and flour; otherwise you are going to put them in a position where they will have to take care not only of the products of those provinces, but of imports as well; and that cannot be acomplished.

Mr. ROBB: May I interrupt my right hon. friend? Does he argue in favour of a compulsory wheat board?

Mr. MEIGHEN: What is my hon. friend afraid of?

Mr. ROBB: I am not afraid of anything; I would just like to follow my right hon. friend's ideas.

Mr. MEIGHEN: I have not argued in favour of a compulsory wheat board. I will say what I am in favour of very shortly. Indeed, I have said it already; I said it in the campaign of last fall, but I was denounced by my political foes—some of whom, by the way, now appear to be my best friends on this subject. I have no curves to take on this subject or on any other. It is suggested that I might reply to my hon. friend in the classic words of the Minister of Finance (Mr. Fielding) of

yesterday; he cannot shake his gory locks at me. I am trying to show the House that it cannot possibly accept this report as a definition of the policy of this Parliament. It would land us in a quagmire. Imagine a wheat board with power to handle the whole crop and to fix the prices at which it should be sold to the miller in Alberta or in Saskatchewan; to fix the prices of grain to those people and then to say to them: "Here is a market; charge just whatever you like; we won't let any flour in; we won't let any wheat in; you have a closed market here to yourselves." That is the position we are asked to put the Wheat Board in by this resolution. And that is the position they will be put in if we adopt the motion; because if you permit the importations into these provinces then you put it out of their power to operate altogether.

Take the position of the eastern miller—for example the miller in Montreal. The miller who is alongside the stream of grain, who has it at his door all the time, passing by, does not need to put in a stock; he can get it at any time. The miller in Montreal, though, can do that only during the period of navigation. Through that period he must stock up; he must get his grain and have his supply for production of flour later. He gets it and he protects himself by a system of hedging. Now, under the old Wheat Board and under the Board of Grain Supervisors, that situation was taken care of in this way: the Wheat Board sold to the miller the wheat—sold it first at $2.30—and allowed him to lay in a supply at that price. They also fixed the price of the flour for sale in Canada; they had to do so. You cannot fix the price to the miller and give him his market and not fix the price of selling; if you do, you give him a virtual monopoly under which he can do what he likes. So they fixed the price and said: "Within Canada you sell at that price." And what did they say with regard to selling outside of Canada? They said: "We will sell beyond Canada ourselves, and the balance over and above what we let you sell for here, over and above the margin of profit we fix, goes into the pool, is reflected in the participation certificates, and returns to the producer." That was a fair arrangement. In that way they kept the prices down fairly well to the consumer in Canada and they secured the whole benefit for the producer; it did not go to the miller. If the price went up, then the wheat pool behind was simply expanded by that amount; if the price went down, then there could at least be no sale beyond the price or the margin of profit fixed by the Wheat Board itself.

What is going to result if this resolution goes through?

Mr. CRERAR: Would my right hon. friend permit a question there, for information? In his opinion, has this Parliament the power to clothe any board or authority with the power to state the price at which the mills, say, of any of the provinces of Canada, shall sell their flour to their customers?

Mr. MEIGHEN: That has already been decided by the Justice Department. I do not seek to impose my opinions as legal opinions on the House, but the Justice Department has held in the negative. The provinces could give that power. What this resolution contemplates is that two provinces shall in western Canada. They give these and all these compulsory powers to a board to be applied in western Canada alone; in eastern Canada, the millers of which depend on that very wheat, there shall be no such powers at all. Such an arrangement simply will not work. For example, they would be compelled to sell at a certain price to the miller in Montreal. We will say that after that the wheat price goes up. Of course, the market here must be surrounded, so the miller is going to get the whole advantage. If, however, the wheat goes down, and they have bought at a certain price dictated to them, why, the milling industry of Canada will be ruined. In a word, you cannot operate a board half compulsory and half voluntary. You cannot give it all those powers, provincial and federal, those monopolistic powers that the old board had, and give it to them only in a part of Canada. You cannot so geographically limit it, while in the rest of Canada, where the same industries are carried on, no such conditions exist at all. Surely it is manifest to the House that no such system as that would work.

Under the conditions of 1919 the wheat board policy was the correct policy. I do not hear very many expressions of dissent at this time. I heard a great many at that time, but let those things pass; they are incidental to politics. Under those conditions, differing wholly from the conditions to-day, the wheat board policy was the right course to pursue, and it resulted in tremendous advantage, certainly to the people of western Canada, to the people of the whole of Canada. When hon. members recite, as one did yesterday in the House,

that all that has ever been done for the West has been done by the enemies of hon. gentlemen here, I venture to suggest that by the wise handling of the crop of 1919 more was done for the farmers of western Canada than has ever been done by any government or by all governments together in this country.

Some hon. MEMBERS: Hear, hear.

Mr. McMASTER: A large statement.

Mr. MEIGHEN: But very well received, I notice, by those who come from that part of Canada. Now, what were the conditions there? The United States had a closed market. The United States had a guaranteed price, and they had an embargo on grain going over. Europe, on the other hand, had virtually a closed buying agency. They were buying through one channel, and consequently, if they were not met by a similar situation at the selling end, then the selling end would have been helpless in the hands of the purchasing power. With the United States in that position, it was possible for us to operate this system. Europe is in no such situation to-day, neither is the United States. In the latter country, a free market exists, and with a free market in the United States you cannot, in my humble judgment, operate successfully a closed market in Canada. I offer that opinion for whatever it is worth. I make no pretensions to such familiarity with the grain trade as would lend any excessive weight to the opinion I have just expressed, but let me say that it is buttressed by the judgment of many who have had very active and long experience in the grain trade of this country. And in Europe there is competitive buying.

There has been very serious complaint with regard to our wheat marketing system, our whole grain marketing system. I do not think all the complaints are justified; I do not think the grievance is nearly as large as it has been represented to be. But I believe there are substantial grievances, and I believe as well that in this year, 1922, that western country suffers more than any other part of Canada from the pains of deflated currency, from the effects of the premature deflation of the values of farm products and of manufactured and other goods. Such has been the experience in this and other countries of the world. Naturally this result would be particularly felt on the prairies. The West is so situated geographically that the task of overcoming its freight and transportation difficulties is the biggest of any wheat or grain-producing country in the world. It may not be as great as Rusia's to-day, but ordinarily it is the biggest mountain to get over in the way of transportation cost, just on account of its geography, that confronts any grain-growing country. Therefore, the West to-day is in the position, described, I think, though, in terms of some exaggeration by representatives from the West in this House. Nevertheless, they are in general right.

A rather serious position exists in western Canada just because of the two causes I have named. Therefore, it is the part of Parliament to render special assistance there, if special assistance can be rendered, to tide them over the present position, and Parliament should address itself to that task, and if to some extent the credit of this country is essential to do it, I do not think it will be the will of the majority of this House to withhold that credit for this purpose. If by the extension of federal facilities of credit and federal facilities of organization we can at least give a trial to another system of marketing, I for my part would like to see that system of marketing established. In that state of mind, and not unmindful as well of the necessary restrictions in point of jurisdiction of the federal Parliament—in the state of mind I have described I stated last fall that if it was the wish of the western people, that should be done. I was prepared to commit myself to the establishment of a voluntary grain buying and grain selling system, or the establishment of a board by the federal Parliament, which board would have power to receive, to purchase, and to sell through its agency by the same system as the old wheat board, all grain committed to its charge in the year 1922. I also held out the hope that if that succeeded, if it proved feasible, it could be made the basis of a permanent system of marketing for that country. Undoubtedly it was to be in essence a voluntary system. It would not have the powers of the old board, and it would not have from some angles many of the advantages of the old board. That I well knew then; that I well know now; but I do not think in the light of conditions of to-day we could justify, even if the federal powers existed, the monopolization of the whole wheat handling of this country and virtually of the whole milling and flour disposal of this country.

It might be better and I would be prepared to do everything in my power to

bring it about, that certain limited compulsory power be given. I do not think it would be of real value to have them given by two provinces alone. There might be certain compulsory powers, as to storage and disposition particularly, that could be given, and as to the giving of which this Government should not withhold its assent. Consequently, it seems to me the right course to take now is the course suggested there. I would be prepared to admit of some modification, of any modification that can be advanced in this House as feasible and of public advantage.

I suggest, then—I have not an amendment ready, but if the Government, particularly, has no opinions on this question I shall go to the trouble of getting an amendment and having it ready—I would suggest that we decide here and now on the establishment of a board upon the voluntary principle, and that we provide as well that if any province sees fit to repose in that board compulsory powers, the board can exercise those powers provided they are first reviewed by the federal government and receive its approval. I do not like Order in Council government. I never have.

Mr. McMASTER: By others.

Mr. MEIGHEN: Hon. gentlemen are a little slow in laughing because I expect they were thinking of some startling legislation introduced by them that is now ir committee of this House. But here we are in the place where if there is to be any co-operative action at all as between provincial legislatures and this House, this House can act by Order in Council and in no other way whatever. There is no other way in which it can act; there is no opportunity to act otherwise. This is the only way it can be done. I therefore suggest that we decide upon the establishment of a board with the powers we are able to give it—we cannot do any more than that—and that if any province decides to give it more, then it be within the power of the Government of this country to review that additional power to ascertain if it will work in consonance with the whole grain handling system of this country, to inquire if it has been adopted by sufficient provinces to enable the board to operate to see that it is such that it does not impose undue responsibility federally; and, if in the wisdom of the Government it is a power that can properly be exercised, this government can empower the board to exercise that power so provincially conferred.

When I have said that, let me impress this as well. What I propose is going the full length that this Parliament by any means whatever can go to meet the wishes of western Canada in regard to this Wheat Board. There is no step in the world that we can take beyond that. There is nothing we can do beyond that.

Mr. McMASTER: Would the right hon. member be prepared to have this Government take action which would open the door to compulsory action by the provinces?

Mr. MEIGHEN: Yes, so long as the power of review is in the government of Canada. I know of no other way now to work this problem out. I would have it all done here if that could be done, but it cannot be done. The delay, the procrastination in this matter, has prevented it. We are now at the very end. We have either to stop and do nothing, we either have to kill the whole project by this resolution or some other means, or we must take the line I suggest. There is nothing else that can be done. That is why I suggest this course.

Let me repeat, my submission to the House is this, that we decide upon the establishment of a body with such powers as Parliament can give it, and that that body be enabled to exercise further powers such as can only be given by provincial legislation if in the opinion of the federal government such powers are right and proper and practically exercisable in connection with the functions of that body, if in the opinion of the Government it is wise that that body should have those additional powers beyond the powers vested in it by this House. Let me ask again, can any hon. member of this House suggest anything else, can any hon. member advance one single word or sentence that this Parliament can do to meet the wishes of his constituents, to meet the wishes, say, of western Canada beyond what I have suggested to-day? Beyond that we cannot go. Such is the extreme limit of our power. I know it places a wide discretion in the hands of the administration, but the exigency is such and the demand is such that I for one am ready to meet it, and, at some risk, to repose that measure of confidence for this time.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The action the Government may take with respect to the report

of the committee will necessarily depend on the action which the House takes in regard to the report. Should the committee's report be approved, the Government will immediately introduce a bill based on the report. The bill, I might say, has already been drafted. Naturally the Government wishes to have the benefit of the discussion in the House before bringing the bill down and submitting it for consideration here.

Speaking in a broad way, I might say of the scope of the bill that it creates a marketing agency endowed with such powers as it is within the jurisdiction of this Parliament to confer, with the further provision that as regards compulsory powers, these may be conferred on the board by provincial governments, which alone have jurisdiction in the matter of conferring such powers. I think that discussion on the subject matter involved might well be left over until the bill itself is presented to the House. What I have said will be sufficient to indicate the attitude of the Government on the report.

Mr. MEIGHEN: We are now deciding on this report. Does the right hon. gentleman say that the Government's measure complies fully with the provisions of this report, that is to say for example, that its legislation only goes into effect when two provinces act, as this report enjoins they must act?

Mr. MACKENZIE KING: The Government's proposed legislation is based upon this report; it complies with its recommendation. Of course, if this report is not accepted the Government will not proceed any further with its proposed legislation.

Mr. MEIGHEN: That is the Government's policy?

Mr. MACKENZIE KING: That is the Government's policy.

Mr. MACLEAN (York): Does not the proposed legislation involve the credit of the nation being put behind this wheat board so as to finance its operation?

Mr. MACKENZIE KING: The Government will assume responsibility for such agency as it creates. With respect to any additional liability that may grow out of additional powers conferred by the provinces, that is a matter for which the provincial legislatures will have to make provision.

Hon. T. A. CRERAR (Marquette): With a portion, at any rate, of the remarks of my right hon. friend the leader of the Opposition I agree--that portion of them which relates to the difficulties that have been encountered by the farmers of western Canada in the past year, and the need of this Parliament taking what action it can to relieve those conditions in the coming year. I do not wish to follow at any great length the remarks made by my right hon. friend, but I do think that if the House were to accept his remarks at their full face value—which I think is very doubtful—the House would gather a wrong impression as to some aspects of this question. I regret the delay that has existed in connection with this report, although I must say this--that the Agriculture Committee that were hearing evidence in the matter desired to give the fullest opportunity possible to all who wished to make representations to it, and consequently the report was not in a position to be submitted to the House until the budget was brought down and the debate thereon was concluded. But while my right hon. friend regrets the delay and thinks that that will prevent suitable action being taken I cannot agree with him. I think that probably this Government, in a matter of this kind, can move as rapidly as did the government of my right hon. friend in 1919, and I recall this fact: That while strong representations had been made to the government in the early part of the summer of 1919 that action should then be taken looking to the creation of a board with compulsory powers for the handling of grain, that action was not taken by the government of the day until July 27 in that year. It was not until July 27 that an Order in Council was passed providing for the creation of a board, and endowing that board with all the powers that were necessary for its work. After that date the board met. It created its organization; it laid down its rules and regulations, and had everything in shape for the handling of grain when it started to move in the early part of September. I quite realize that on account of the legal position of the matter, as revealed in the opinion offered to the committee by the law officers of the Crown, that this Parliament has not the power to create a board endowed with the powers that the board created in 1919 exercised, so that it is necessary for co-ordinate legislation on the part of the provinces desiring to take it, in order that the agency created may function, as far as possible, along the lines of the wheat board of 1919. But if this

Parliament now takes action along the lines indicated in the report that we have now under consideration, it will be quite competent for the provinces who desire to supplement that legislation to do so, and to have the whole thing in working effect weeks before this year's crop 4 p.m. starts to move, and whatever agency is created has the advantage of the experience gained by the previous board. It can utilize the regulations that the previous board had, it can adopt such of the orders that the previous board promulgated as it may think necessary; and I see no reason whatever why action along this line cannot be successfully taken.

My right hon. friend argues, with a good deal of force, that this recommendation provides that the provinces must pass supplemental legislation containing all the powers that the old Wheat Board had which this Parliament cannot give. I do not so interpret, necessarily, the resolution. The recommendation that the House is at present considering is a guide, or an indication, of the lines along which this legislation should proceed; and if it is necessary to vary slightly in that respect when the proposed bill is in committee why I certainly think this House is at complete liberty to take such action, and it is not bound in that respect in the castiron manner that my right hon. friend indicates.

The leader of the Opposition also states that the whole thing is impossible of operation because all the provinces in Canada may not take action. When this report was under consideration in the Agriculture Committee, the committee were fully seized of the fact that there were only three provinces in Canada to which this matter was of vital interest. That is, it is in the prairie provinces in western Canada where practically all the grain of this Dominion is produced. We know the situation that exists in the province of Manitoba. An election is pending, a new legislature will shortly—perhaps in the course of a month or two months—come into existence. Possibly there may be a new government. It is necessary for this government to get organized, and to have a session of the legislature before the supplemental power that is necesary on the part of the provinces can be passed by Manitoba. It was for that reason that the recommendation was placed in the report of the Agriculture Committee that as soon as two provinces took action the matter could proceed, and the committee had very definitely in mind the provinces of Saskatchewan and Alberta when that recommendation was placed in the report.

Now it seems quite clear that what authority the federal government may lack to endow the agency with the powers possessed by the Wheat Board of 1919 rests in the provinces; and the whole purpose, the whole idea of this report—adopted after very careful thought and discussion in the Agriculture Committee—is that by mutual arrangement, by supplemental legislation on the part of the federal authority and the provinces, an agency can be created having, in the main, the powers enjoyed by the Wheat Board of 1919. It is quite true, as far as the compulsory features are concerned, that that will obtain only in the provinces that pass supplemental legislation. I am not a lawyer but I believe it is competent for a provincial legislature—say Saskatchewan or Alberta, or both of them working together —to pass legislation that will invest in a board the control of the wheat produced in those provinces. After all, what is the central idea back of a wheat marketing scheme such as proposed, such as has been asked for by the Council of Agriculture? It is this: To regulate the flow of wheat to the market so that 75 per cent of our crop is not dumped on the market in three months of the year. That is the purpose of this marketing agency. If such an agency is created it can store the wheat in elevator storage. If there is a surplus in Europe at any particular time, if the export demand is weak or absent, then such a board can regulate the flow of the grain to the market by holding it back until that demand again resumes. We have seen the experience in this connection in the sale of grain. I need only point to the conditions that obtained last autumn when our wheat went down steadily day by day, and week by week until it dropped from around $1.40 a bushel to around $1.02 a bushel.

When those heavy deliveries of wheat in the autumn months were over, and they had been absorbed, the market immediately came back again. Whether the hopes of those who wish for a wheat board are well founded or not, at any rate those hopes rest mainly on the fact that those disabilities can be overcome. Such a board as is created under the proposals of this report would, at any rate, as regards the

two main wheat producing provinces of the West, be endowed with power to regulate the flow of grain to market. My right hon. friend brings up the difficulties that millers may be in. There may possibly be some practical difficulties in that respect. At the moment, I must confess that I see no reason why such a board could not sell to the millers anywhere in Canada such quantities as the millers might require. They can buy their wheat; they can make contracts for it with the board, and as regards preventing the importation of wheat and flour from the United States into Canada, what has that to do with the question in the provinces concerned? Supposing some person did import wheat from the United States into Alberta and Saskatchewan, immediately that wheat came into those provinces it could, under the legislation, come under the control of the board that was created.

Mr. MEIGHEN: That is to say, that the Government of Canada would finance any wheat that was imported into Saskatchewan or Alberta from the United States, the same as it finances wheat for our own people.

Mr. CRERAR: My right hon. friend is not so dense as to think that is the point I am trying to make.

Mr. MEIGHEN: I am trying to make it clear.

Mr. CRERAR: I understood my right hon. friend to argue that wheat would be imported from the United States into Canada, and that because it might be imported into Canada, this board could not efficiently function. That was the argument my right hon. friend made.

Mr. MEIGHEN: Yes.

Mr. CRERAR: Well, I say to my right hon. friend that if such wheat is imported into Alberta or Saskatchewan, that wheat can immediately come under the control of the board that is created.

Mr. MEIGHEN: Then the board will have to finance it.

Mr. CRERAR: That is all right. They have the wheat if they have to finance it.

Mr. MEIGHEN: And the credit of the Government of Canada will be buying American wheat.

Mr. CRERAR: That was not the point of my right hon. friend's argument at all.

Mr. MEIGHEN: That is the result of it.

[Mr. Crerar.]

Mr. CRERAR: In any case there is not the slightest possibility of that. Why on earth should wheat come in from the United States? The board which is created will have to sell its wheat and fix its price according to the markets of the world.

Mr. MEIGHEN: Why was an embargo put on in 1919?

Mr. ROBB: The embargo was put on to prevent wheat from going out.

Mr. CRERAR: I think the Wheat Board in 1919 would have functioned just as successfully if no embargo had been put on, and my right hon. friend knows that, if he has studied the markets in the United States, because, in 1919, the markets in Minneapolis were above the price the American farmer would get for his wheat if it were brought into Canada.

Mr. MEIGHEN: It was stated that the Canadian farmer got an average price considerably higher than that which the American farmer received, and I should like the hon. gentleman to get an opinion from the Chairman of the Wheat Board to the effect that he could have functioned for one week without an embargo against importations of wheat.

Mr. CRERAR: I shall take the earliest opportunity I can to consult my friend Mr. Stewart, who was Chairman of the Wheat Board at that time; but if my right hon. friend can explain why an American farmer or dealer would send wheat into Canada at that time and take $2.23 a bushel advance on it while he could get $2.50 in Minneapolis, then he can explain the situation.

Mr. MEIGHEN: Just for the reason that the Wheat Board themselves gave, that that advance, with the participation certificates, represented a very substantially higher average price to the Canadian producer than the American price. The American producer is just as anxious for a higher price as is ours.

Mr. CRERAR: That is very true as it turned out in the final analysis.

Mr. MEIGHEN: Yes, and as was expected to be got.

Mr. CRERAR: But no one expected that in the early months of the crop year of 1919, or in the early months of 1920, and the best evidence of that is that scores and hundreds and probably thousands of Canadian farmers sold their participation certificates for two or three cents a bushel.

Mr. MEIGHEN: That was because of the campaign waged by enemies of the Wheat Board.

Mr. CRERAR: My right hon. friend is a little sensitive about the enemies of the Wheat Board. The fact of the matter was that the initial advance given by the Wheat Board in 1919 was away below the prevailing prices of Minneapolis, and farmers of western Canada had not the experience of the thing or the confidence in it that finally, they would realize the prices which they could have obtained had their grain gone to Minneapolis. That was the position.

Mr. STEVENS: Did they realize those prices?

Mr. CRERAR: Of course, they realized the prices they got.

Mr. STEVENS: Where is my hon. friend's argument of a moment ago that the reason they did not import was because prices were higher in the United States.

Mr. CRERAR: I would suggest to my hon. friends that they study the history of this thing; and if they study the history of it a little, they will not fall into such grievous errors as they are falling into now. The reason why the Wheat Board secured such a large final price for the crop of that year was due to conditions that arose months after the crop started to move.

Mr. STEVENS: Was it not an average price?

Mr. CRERAR: It was an average price.

Mr. STEVENS: Is it not fair to take an average price for one's argument?

Mr. CRERAR: That has nothing to do with the point which I am discussing. I asserted that, practically from the beginning of January, 1920, until that crop was finally sold, the prices secured were very much greater than any member of the Wheat Board or any person connected with it expected to get—higher than the initial price. And why? Because of conditions that existed in Europe. One fact that contributed more than anything else to the success of the Wheat Board in 1919, was the threatened coal strike in Great Britain in the summer of 1920, because it is a well known fact that the British Government at the time bought grain at every place which they could buy it, stored it in every warehouse in Great Britain and paid any price that was asked for it, in order that the United Kingdom might be provided with food reserves against a possible tie-up of transportation.

This is, however, slightly off the line of argument that I wish to take. I say that it is not necessary in the first place that all the provinces take action to implement legislation based on the report submitted now to the House. The whole idea behind this is that through co-operation of federal and provincial legislation, the wheat producing provinces that are directly affected can have created, a board that will largely, if not altogether, function along the lines of the board of 1919. My right hon. friend argues against this. He states that there are many obstacles and difficulties of a legal character in the way. That may be. I am not a lawyer and I cannot say.

Mr. MEIGHEN: Of a practical character, I said.

Mr. CRERAR: They may be of a practical character; but I do not think they are of a practical character. If the legal difficulties can be smoothed away, I see no reason why the thing would not work. I may be wrong; but my right hon. friend suggests that this is all impossible. He suggests first that it will be impossible to get legislation passed in time to function for this crop; and yet, if a voluntary system is created along the line of his own argument, provincial legislation is necessary, so that as regards the question of time, the one scheme is on all fours with the other.

Mr. MEIGHEN: I did not say that it was necessary at all. The board could function without any provincial legislation whatever; but they might assist, and I would give the Government power to utilize it if it was available.

Mr. CRERAR: Very good. I am very glad to have that point cleared up; but I would like to examine for a moment the voluntary scheme suggested by my right hon. friend, and I do not think it will be of any value whatever. Let me tell the House why I think so. What does my right hon. friend suggest? He suggests that another agency be set up to market grain. Well, suppose you pass legislation creating your voluntary agency. That agency opens an office in Winnipeg to do business. Now, whom is it going to do business with? In the first place, the voluntary board or agency created under the plan suggested by my right hon. friend has not a single elevator

in the prairies between Winnipeg and Calgary, and therefore it cannot do business of an elevator character. The only business such a board could do would largely be confined to a small commission business in the handling of grain from farmers loading grain over loading platforms. And that would not meet, in any degree whatever, the demand or the wishes of the producers of grain in this country. Such a voluntary board could handle grain on commission; it could have the use of the government elevator at Port Arthur, could enter into the exporting business in competition with other exporting firms, and could sell grain abroad in the markets of the world. But it would have no grain to commence with, except such slight quantities as would come to it on a commision basis from farmers who might load over the loading platforms.

Mr. MEIGHEN: What is the proportion of western grain loaded on cars over platforms?

Mr. CRERAR: The proportion of western grain loaded on the cars over platforms is growing less every year.

Mr. MEIGHEN: What is it?

Mr. CRERAR: I cannot say at the moment what it is, but I may remark that since the advent of the farmers' co-operative companies, who now have between 700 and 800 elevators operating on the prairies, the shipment of grain from the loading platforms has considerably decreased. Speaking of the company, with whose business I am familiar, I know that a very small percentage indeed of the grain reaching the markets in Winnipeg and Fort William through our agency comes over the loading platforms.

Mr. MEIGHEN: Could not the farmers' co-operative companies utilize the government agency?

Mr. CRERAR: It is very true they could. But I will venture this assertion, that the farmers' co-operative companies can handle the business better, under these conditions, than could any agency such as is suggested by my right hon. friend. That is the simple truth of the matter. But what advantage would there be in utilizing the government agency? None. The whole purpose and argument behind the compulsory wheat board is that it regulates the flow of grain to market. To what extent would the voluntary board suggested by my right hon. friend achieve that purpose?

[Mr. Crerar.]

Mr. MEIGHEN: If the grain shipped over the loading platforms and the grain handled by the farmers' co-operative organizations were entrusted to a board that had government finance behind it, it would certainly have a control over the disposition of grain and would be enabled to spread the flow over the year, taking the best advantage of marketing conditions.

Mr. CRERAR: I am afraid that the advantage that would come from such an arrangement would be very slight indeed. However, we need not argue the point. I have indicated the practical difficulty that exists in the way of the scheme propounded by my right hon. friend. I give him credit for sincerity in the matter, but his proposal is not practicable. The marketing of western grain is one of the great problems of the day; and after the most serious consideration I cannot bring myself to believe that any great measure of relief would come from the plan he suggests. I think that undoubtedly the best thing for the House to do is to adopt the report. Let us get legislation passed, based on the report before the House, and let us approach that legislation with the view of earnestly working out a scheme that will give the benefits that are expected. If that is done in the near future, there is no reason, in my judgment, why the provincial legislatures of Alberta and Saskatchewan could not meet and pass supplementary legislation. At any rate, the scheme should have an honest trial, and that is all that is asked for by those who are supporting it.

Mr. RENÉ MORIN (St. Hyacinthe-Rouville): Mr. Speaker, fate has willed that I, a mere professional man should have been appointed a member of the select standing committee on Agriculture. In my particular case, however, the anomaly is not so pronounced as it may appear, since, in my riding of St. Hyacinthe-Rouville, I have been for over fifteen years secretary of the agricultural society, of the local, fair, and of the municipal council of the county. You will understand that, occupying these positions, my daily dealings are with farmers and my interests are so mixed up with theirs that their prosperity is essential to mine. On account of these relations with them, I may state that all my life I have been profoundly interested in their work and in their prosperity, and that I am here in this House to defend their interests, claim all their rights, and support any policy which will tend to improve their condition.

The question that has come up before the Committee, the re-establishment of the Wheat Board, is of no direct interest to my constituents, but inasmuch as it relates to farmers, though they are of another part of the country, and as there is, and must be, a spirit of solidarity between the farmers of the whole country, I followed as assiduously as possible the sittings of the committee and the evidence that was brought before it. The wheat growing industry is one of the most important industries in Canada; it is one of those in which our exports are the largest; and, inasmuch as it brings into our country foreign wealth, it is one of those which has to be nursed the most tenderly. During the past two years this industry has gone through a very critical period. It has been asserted that for the last two years wheat growers have had to sell their product at a price far below the cost of its production, that in most cases the financial reserves accumulated during the years of plenty have been exhausted, and that such a state of things can no longer continue without grave consequences. This period of depression has followed the years of plenty which prevailed during the war, when Canada had to carry on the task of providing the warring nations on the allied side with bread.

Now, if we recall the principles and laws of economics, we should not wonder at such a situation, because these laws and history, since the time of Joseph of Egypt, teach us that, inevitably, periods of increased production, of intensified activity, of inflation of prices, are followed by times of depression, of stagnation, of deflation of prices, entailing monetary losses and all kinds of difficulties and troubles. But economic laws also teach us that the bottom of such a depression is reached one day, and then the reverse and upward march starts again and brings us back to normal times. In this sphere, as in many others, it is merely the operation of the law of averages which regulates the trade. Some will say that this crisis is the outcome of the war. I do not deny it; the war was the cause of abnormally high prices. But this does not in any way affect the operation of the economic laws which I have alluded to; given the abnormal increase of activity for any reason whatsoever, a depression was bound to follow. However deplorable and heart-rending may be the condition of the wheat grower, there is yet no reason to despair, because, according to the inexorable operation of these laws, we shall slowly and gradually come back to the time of normal and reasonable profits in this industry, as in others which are established on a solid foundation. The wheat growing industry is not a war industry; it grew and prospered before the war under normal conditions and in competition with the wheat growing nations of the world; and there is no reason why it should not, after this crisis, be in a position to resume successfully this competition. The question is, what can be done to hasten this revival? What are the ways and means of bringing some relief to the actual situation?

One of the remedies suggested is the improvement of the marketing conditions of wheat through the creation of a central agency called the Wheat Board, which would market or control the marketing of the greatest part of the wheat crop of Canada. The advantages claimed for such a system may be put under three heads: 1. The regulation of the flow of wheat; 2. the possibility of increasing its price; 3. the elimination of the profits of some of the middlemen.

As to the regulation of the flow of wheat, it is asserted, that right after the harvest, the farmers, on account of their financial obligations are compelled to realize on their crop, and as a result seventy-five per cent of the wheat crop of Canada is thrown on the market during a period of three months. This glutting of the market causes a drop in the price, so that, at the time when the farmer has to sell his crop, prices are the lowest of the year, and he has to stand the loss, represented by the difference between this low price and the average higher prices prevailing during the remainder of the year; and when, as now, prices are below the cost of production, the consequences are disastrous. But, if on the one hand, these abnormal offerings of wheat have a tendency to decrease the price, this to a certain extent is counterbalanced by another element—the desire of the dealers and exporters to buy at the same time, in order to be able to take advantage of the lower cost of water transportation before the end of the season. So, if we go over the statistics, based on the Fort William prices, we find that if there is often a sagging of the price in the fall, it is not always the case and that sometimes prices have been as low or lower in the spring

than in the fall. Assuming that, more often than otherwise—and I think this is the case—there is a decrease in price during the fall, this disadvantage would be overcome by the operation of the Wheat Board, which would permit the wheat-grower to realize immediately after the harvest, by getting from the board, on delivery of his wheat, an initial payment not very much below the value of his crop, and receiving the benefits of the later higher prices, which the board, by holding his wheat to dispose of it at the best time and at the higher price, so far as human foresight can be relied upon, would procure for him. Another advantage which may be put under this heading, is that the handling of wheat by a single agency would also permit a better, more effective and more economical use of our transportation systems, and by disposing first of the wheat which may be liable to deteriorate would prevent losses which sometimes occur.

As to control of the price, by this we mean control of the foreign price, for the board would absolutely control the domestic price, but no advantage would be received from that control since these advantages would be at the expense of the local consumers, and this is not what is being sought. The local price would have to be based on the foreign price. The control of the price is an advantage which can only be claimed for a compulsory wheat board controlling the whole of the Canadian crop, or as near to it as possible. The question is whether an agency controlling the wheat export trade of Canada could pretend to influence to a certain extent the price of wheat in the European markets.

On this question we have the evidence given by Mr. H. W. Wood, president of the Canadian Council of Agriculture. I give the question put by Mr. Stevens and Mr. Wood's answer. This is extracted from the minutes of proceedings and evidence of the select standing committee on Agriculture and Colonization:

Hon. Mr. Stevens: Do you expect by the constitution of compulsory selling agency or wheat board to so influence this relation between the seller, the Canadian market and the purchasing market, the European market, so as to increase the price in the foreign market?

Mr. Wood: Yes, I think so. I am not certain, but I think I can risk that answer.

Then we have this evidence by Mr. James Stewart, formerly chairman of the Canada Wheat Board of 1919-20, and now a grain merchant in Winnipeg:

[Mr. Morin.]

Q. Would it be possible for a selling agency controlling the marketing of the whole of the Wheat in Canada to increase or to affect in any way the Liverpool price?—A. It stands to reason that one seller as against many buyers has a better chance in the merchandising of any commodity. I would accept that principle unquestionably.

Q. Would that be to a very large extent or only to a very small extent?—A. That would depend very largely upon circumstances.

Q. Then we might conclude that the operation of the Wheat Board would affect the foreign wheat price and increase it to a certain extent for the benefit of the Canadian producers?—A. Conditionally upon the crop not being a very large one, such as we had in 1915, I would say that possibly the price which a Board would receive might be better than could be secured under the present system.

I have much respect for the opinion of both these gentlemen, but I have much reluctance in concluding from these statements that a wheat board would be in a position to materially affect the foreign price of wheat. British imports do not come only from Canada. We have to compete in the British market with the Argentine, Australia, Egypt and India, perhaps we shall soon be competing with Russia; and it cannot be conceived that Britain would buy very much wheat from Canada if she could buy it elsewhere cheaper. Truly, the principle set forth by Mr. Stewart that one seller as against many buyers has a better chance in the merchandizing of any commodity, can hardly be challenged. But does it apply here, when we are competing with so many nations? Even granting that the withholding of the Canadian crop might raise the price of wheat, there would be an advantage, but I claim that this advantage would only be temporary and that in the long run the harm that it would do to our trade would more than offset all advantages secured.

If he had to pay more for Canadian wheat than general market conditions seemed to warrant, and if this rise could be imputed to a government agency, the British importer, who would think that he was being held up for higher prices by such an agency, would, when the other markets of the world are free, inevitably feel inclined to leave aside, as far as possible, the Canadian product, and deal only with the products of our competitors, and I am afraid that the reaction which would follow might hurt our trade with that country to a much larger extent than the benefit which would have resulted from such a rise.

As to elimination of the profits of the middlemen, each step made in the marketing of a form of merchandise increases

the difference between the price the consumer pays for it and the price which the producer receives. If the producer could sell directly to the consumer, such difference, less the cost of necessary services, would disappear altogether. It was acknowledged that in this particular trade no unfair charges for services are made by the middlemen, but it is also claimed that, as shrewd business men, they turn to their advantage the variations in prices which occur daily, the speculative element which this variation entails, and this explains why there is sometimes such a large difference between the "street" price, the "track" price and the Fort William price of wheat, a difference which was much smaller under the operation of the Wheat Board. There is no doubt that the operation of the Wheat Board would there effect a saving in favour of the producer.

This wheat board may be constituted either with all the powers which the old one possessed of taking and selling the whole of the wheat crop of Canada; or it may be only a commission appointed by the Government, financed by it and going into the trade in competition with other dealers for the purpose of taking the wheat of only those of the farmers who would elect to dispose of their crop through this agency, handling it with as much economy as possible, selling it at the best time of the year, and after having made an initial payment at the time of its delivery, distributing the profits between the farmers having dealt with it. The first would be a compulsory wheat board and the other what may be called a voluntary wheat board. The board which it is proposed to establish by the resolution before the House, is a compulsory one, to deal with the crop of two or more of the prairie provinces. No doubt some of its most dangerous features have been removed by the restriction of its scope to wheat in its natural state, or by the elimination of flour and wheat products from its control. But if the principle of the compulsory feature of the wheat board is wrong, it cannot be made right, by being made subject to certain limitations in its application. And I claim that the compulsory feature is wrong in principle and dangerous in its effects.

The ground on which the law officers of the Crown laid their argument that the constitution of a compulsory wheat board was outside the jurisdiction of this Parliament was that it was an interference with property. The fact that the provincial legislatures have control over property and can legally make that interference is immaterial to my argument. I have always been taught, and I have always believed, that in a free country the right to private property, the right to ownership, is sacred; that this right is the basis of our whole economic system, and that the State can lay a hand on private property only in very special circumstances, when it is obviously in the public interest, and on payment of adequate compensation. My appreciation of the evidence before the committee and of the advantages to be derived from the constitution of a compulsory wheat board, leads me to believe that such a board is not necessary to the maintenance of the wheat industry and that such an infringement of liberty could not, in this particular case, be based on the public interest.

Moreover, the operations of such a board would be dangerous in their effects. Statistics have been produced to show that it is nearly impossible to forecast the price of wheat much in advance, and that on many occasions the price of wheat in the spring has been lower than in the fall. If a Government agency, operating under the compulsory principle, took the wheat of the farmer right after the harvest, held it over until the spring in the hope of a better price, and by an unfortunate chance had then to sell at a lower price that the fall price, thus causing a loss to the farmer, who would pretend that the farmer would not object to such a board and would not raise a hue and cry against the Government and rightly claim compensation for his loss? The experience of the farmer with the compulsory wheat board has been a profitable one, but the conditions under which the old board operated during the war, when the whole of Europe had ceased to produce and was destroying and consuming wheat on a larger scale than ever, no longer exist. It is rather the reverse; the production of wheat is gradually increasing, and we are justified in fearing, under actual circumstances, a different trend of prices.

Our wheat export business has been done so far by dealers who, by years of toil and good service, have built up trade connections, have made for themselves a name and a reputation and have built up a good-will, all of which constitute a valuable asset yielding considerable revenue. The operation of the wheat board would, as by the stroke of a pen, end these business connections and wipe out the asset represented

by the good-will, thus entailing considerable losses, which, to my mind, should not be imposed on any one in this country without due compensation. This objection did not arise during the war, because all individual or private importers in Europe were replaced by a single government purchasing agency and ordinary business transactions were temporarily suspended everywhere. But this is no longer the case, and I see no way of avoiding responsibility for these losses.

A compulsory wheat board involves the creation of a monopoly by the government in favour of one particular industry. Such special treatment or privilege, once granted to one industry, could not long be refused to others. It is the first step toward the adoption of a policy which would be no more severely condemned by any section of the people than by the farmers themselves. It behooves them not to urge the government to embark upon a policy from which they may, perhaps, draw some benefits today but which will operate to their detriment to-morrow.

The establishment of a compulsory wheat board is an intereference with the normal operation of the laws of supply and demand, or rather, an attempt at interference with these laws. The price of an object is normally based on the cost of its production and its distribution, but there are two elements which affect it: the intensity of the demand for it may increase the price, or a lack of demand at a particular moment may decrease it. The quantity or supply available has also an effect on it, either way. The proposal is an attempt to control the supply. If this control were limited to the home market, it would surely be effective, but the control of the supply is intended to affect the foreign market, and as such is necessarily limited to that portion of import into the foreign market that comes from Canada. The supply from the other countries will remain free, and under these conditions our control of the Canadian wheat can have only one effect, an effect detrimental to our trade. It will lead the foreign trade, the foreign consumers, to curtail their purchase and use of Canadian wheat; it will tend to open new channels of import, to increase the use and consumption of foreign wheat, and so decrease the value of Canadian wheat.

These reasons and others are, to my mind, unsurmountable obstacles to the establishment of a compulsory wheat board. Truly, some of the advantages claimed for a wheat board can only be secured by the use of the coercive feature, but having regard to the problems, difficulties and responsibilities which the compulsory feature entails, we are forced to conclude that a compulsory wheat board is not practical and would not be in the general interest.

In my mind, what is needed to help the wheat growers—and in this I am of the opinion of the leader of the Opposition (Mr. Meighen)—is the constitution of an organization, under the co-operative system, and of a permanent character, to market Canadian wheat. Such a co-operative society would permit the regulation of the flow of wheat, would secure all the benefits arising therefrom, and would eliminate unnecessary middlemen. These are the two great advantages to be derived from the constitution of a wheat board, and I claim that the establishment of a voluntary wheat board would procure both these advantages—perhaps not for the present, to the same extent as in the case of a compulsory wheat board, but still in a way to benefit the wheat growers; and that it would lead the way toward the establishment of a system which would secure these advantages permanently.

A voluntary wheat board would be in a position to regulate the flow of wheat to a certain extent and to get the benefits resulting from such regulation. The extent of these benefits would be proportionate to the volume of wheat which the board handled; it would measure up to the degree of trust and confidence which the farmers put in it, and if they did not patronize the wheat board and did not get to the full extent the benefits to be derived therefrom, they would have only themselves to blame.

Some work may be necessary to bring farmers to patronize the Wheat Board, but the farmers' organizations in the prairie provinces are now perfected to a point where they can no longer fear lack of co-operation and I cannot believe that they would not be able to bring their members to support and patronize an agency which would secure as many advantages as they claim for it.

As I have been told that one of the effects of the establishment of co-operative elevators was to raise the price of wheat in the localities where such elevators were in existence, the dealers when in competition with these elevators being forced to pay a higher price, I claim that the mere existence of such a board, by creating an acute competition between the board and inde-

pendent dealers, would have a tendency to raise the price of wheat and to decrease the difference between the "street" price and the "track" price. The establishment of a voluntary wheat board with a view of securing these advantages is, to my mind, the largest and most efficient measure of relief which a government can safely and reasonably concede. I have heard the assertion that the farmers want a compulsory wheat board or none at all. There is nothing in the evidence to justify such a stand and I fail to understand it. Some will say that this attitude on my part is due to my ignorance of the matter. There may be points which I am liable to overlook in a matter of that kind but I find some comfort in the report of Messrs. Stewart and Riddell to the government of Saskatchewan. Having analyzed the different kinds of pools which may be formed for the marketing of wheat, and speaking of plan "E", which is exactly a voluntary wheat board, in its simplest form, they say this:

> The success or failure of any form of pool depends entirely upon the degree of support to be given by producers. But is is perhaps worth mentioning, that assuming a voluntary pool or a non-minimum contract pool were successfully operated with a comparatively limited patronage, the existence of such an organization might be able to exercise sufficient regulative influence over trade practices to reduce to a minimum any disadvantages which the present system may have developed. That is to say, it might increase the tendency on the part of the trade, which exists even now in a measurable degree, to regard the farmer in the light of a partner in a mutual enterprise.

Therefore, Mr. Speaker—and this is my concluding remark—I believe that there are insurmountable obstacles opposing the constitution of a compulsory wheat board, objections which are removed by the elimination of the coercive feature; and even if a voluntary wheat board must be less efficient and less beneficial than a compulsory one, yet it is worth while to attempt to establish it first with a view of securing the advantages to be obtained therefrom, even if they are limited compared with those which would accrue under a compulsory wheat board; and, second, as a first step toward the establishment of a permanent co-operative system for the marketing of Canadian wheat. The constitution by legislation of even such a board as this would confer great and particular benefits upon the wheat growing industry and would help to put the wheat grower of Canada in a better position to compete successfully with the other wheat growing countries in the markets of the world. To proceed along this line is the best and the only thing that a democratic government can do.

Hon. H. H. STEVENS (Vancouver Centre): Mr. Speaker, this report has been before us for some weeks, standing on the Order Paper. My hon. friend from Marquette (Mr. Crerar) a moment ago used the expression, "When this report was under consideration by the committee," and a little later on he used the words, "adopted after careful study," and so forth. What I wish to submit to the House and more particularly to the Prime Minister, the Minister of Justice and the ministers of the Crown who will have the drafting of this legislation is this, that this report never was before the committee except for a very brief moment at a meeting called without any notice that such a report was to be drafted, and at which I was personally informed no action of this character would be taken. The clerk of the committee himself told me that the meeting was being called for one purpose, and one purpose only, and that was for the purpose of presenting to the House a report that had been carefully drafted after weeks of consideration, and approved by the committee at a previous meeting. I submit, Mr. Speaker, and it was for that reason I asked some weeks ago why the report was not then moved, that I would have been justified in raising the point of order—I am not doing so, however, at this late stage of the session—that this report is not in order, is not properly before the House, that it is the product of the private and individual opinion of particularly two or three hon. gentlemen on the committee, and as to which hon. gentlemen in this particular group had no opportunity of expressing an opinion.

I want the House to give me their attention for a few minutes while we consider the history of this committee— "history" was the word used by my hon. friend, (Mr. Crerar) a moment ago in speaking of the Wheat Board.

Mr. GARLAND (Bow River): Did not the members of the hon. gentleman's party who were members of that committee receive notice to attend the meeting to which he refers?

Mr. STEVENS: I will deal with that in a moment, Mr. Speaker. I am not going to go into all the details of the history of that committee through all its

meetings other than to say that the committee certainly did give a great deal of consideration to this problem and, I think, very sympathetic consideration. There was a difference of opinion on the part of some hon. gentlemen on many points raised, but the committee made what might be termed, Sir, an exhaustive inquiry. That exhaustive inquiry found culmination in a resolution presented by the hon. member for Moosejaw (Mr. Johnson) on May 9, which was adopted on May 17, after having been before the committee in the intervening period. I wish very briefly to quote from my hon. friend who presented that resolution on May 9, because his words will bear out exactly the point I desire to make, namely that the resolution which he presented on that occasion was accepted by the committee as the findings of the committee. I have not his exact words under my hand, I am afraid, but I remember that he stated that now the evidence was all in he desired to place some concrete proposals before the committee, and after consultation with his friends he had carefully prepared a resolution. Although I have not his exact words, I do not think anybody will dispute that I have given the substance of what he said. He presented his resolution to the committee as a basis for a report, and it was so accepted. It was before the committee from May 9th until May 17th, I think it was, and was adopted on the latter date, according to the report of the committee, after a resolution in amendment moved by my hon. friend from Brome (Mr. McMaster) had been rejected. I have before me the vote. Immediately following that, and this is very important, a motion was made that a sub-committee be appointed consisting of the Chairman, with Messieurs Forke, Johnson, Stevens, Tolmie, McKay, McMaster, Morin and Malcolm, to prepare a draft report to be submitted to the main committee as the report of said main committee to the House. That was the intention of that sub-commitee. The sub-committee met and drafted a report after several meetings. I shall not read the report presented by the sub-committee. It gave a very excellent resume of the proceedings of the committee, the difficulties faced, the judicial opinions of Government counsel, and it included the resolution to which I have referred and which I shall now read as the substantive part of their report.

[Mr. Stevens.]

On the 9th of May, 1922, the following resolution was moved by the hon. member for Moosejaw:

1. It is desirable in the National interests that the Government immediately create a national wheat marketing agency similar to the Canada Wheat Board of 1919, for the marketing of the wheat crop of 1922, and that

2. This agency be given all the powers of the Wheat Board of 1919 as are within the jurisdiction of Parliament to grant, and that

3. An Act be passed based on this Resolution, to become effective by Proclamation as soon as two or more of the Provinces have conferred upon this agency such powers possessed by the Wheat Board of 1919 as come within Provincial jurisdiction.

This report was submitted by the sub-committee to the main committee, and the main committee after very considerable discussion adopted this report on May 23rd. I shall just read the resolution.

Moved by Mr. McConica, seconded by Mr. Sales:

That the report as read—

That is the one to which I have just referred, and which is incorporated in the official report of the sub-committee.

That the report as read be adopted as a correct statement of the record and proceedings of the committee.

There was an attempt made at that time, Mr. Speaker—and to this I desire to draw your attention as the supreme authority in this House on questions of procedure—an attempt was made to alter and change, or modify, the resolution which I have just read, and which was incorporated in this report. On that occasion I produced May's Parliamentary Procedure, and Bourinot, and from these authorities I showed—as I can show now if it is necessary—that such action was out of order; that, according to one of the well-founded rules of parliamentary procedure, when a resolution or a bill has been disposed of it is not in order to re-open discussion on it or, what is more important, change it. That is a rule which has been recognized for many years.

Mr. CRERAR: May I ask my hon. friend from Vancouver if he is arguing that this report is not properly before the House?

Mr. STEVENS: Well, my hon. friend when I asked him a question a moment ago answered me by suggesting that I brighten up a little mentally. Let me say to him that if he will just cast his memory back about five minutes he will recall that I stated I had no desire to raise a point of order at this late stage of the session.

Mr. CRERAR: If my hon. friend will permit me I caught his remark at that time but I could not quite associate his argument with what he stated then?

Mr. STEVENS: Unfortunately I am not bound to suit my argument to my hon. friend. I have the unfortunate habit of proceeding with my argument in my own way, which may not quite suit the scintillating intellect of my hon. friend, but after all it is my way, and, for some reason or other, I am stubborn enough to follow it. Now, Mr. Speaker, Bourinot, referring to reports of committees, and so on, says this at page 479:

> A report may be referred back to a committee for further consideration (f), or with instructions giving them power to amend the same in any respect (g). In this way a committee may regularly reconsider and even reverse a decision it has previously arrived at. As the rules of the house govern the procedure of committees generally, a committee cannot strictly speaking renew a question on which its judgment has been already expressed.

And then at the foot of the page there is this comment:

> Every question by voice in committee bindeth, and cannot be altered by themselves, but by the house it may.

I shall not read the various other authorities but I have them here. The point is this: On that day—and that is what I wish to emphasize—on that day, the last, as I call it, legal day, this report which I hold in my hands, as reported in the proceedings of Tuesday, May 23, was adopted. The point of order which I raised on that occasion was sustained. I will admit that the Chairman did say that my point of order was not well taken "at the present moment," but later in the day, after the report had been adopted, one of my hon. friends to my left sought to re-open the matter and the Chairman ruled that it was not in order. That was on Tuesday and, I think it was the same afternoon, the chief clerk of committees, Mr. Todd, intimated to me that there had been some technical oversight, that the Chairman of the committee had forgotten to say these magic words "Shall I present the report to the House?", and that, because he had forgotten to use those magic words, it was impossible to present the report to the House. Mr. Todd informed me that afternoon that the Chairman had instructed him that a meeting would be called on Friday for the purpose of securing that authority. I asked the Clerk if there was any intention of reopening the question; because every member of the committee knew perfectly well the stand I had takn on the matter, and also knew of my objection to the question being opened, and that the ruling had been given—

Mr. McKENZIE: I rise to a point of order. My hon. friend is discussing a former decision of this committee whose report we are now discussing, and saying there were some irregularities in connection with the former finding of the committee, whether it was reported or not. I submit to you, Sir, on the question of procedure, that if my hon. friend—or any member of the committee or any member of the House—was dissatisfied with that finding of the committee at that time, that there should have been an appeal to the House at once and the will of the House ascertained upon that point. But that was not done, the committee went on with other proceedings, and, I submit, Sir, upon the discussion, for ratification or otherwise, of the second report, it is not open to a member of the committee, or a member of the House, to discuss a point as to irregularity or as to proper procedure in connection with that report. I submit that the discussion upon this question as to a former irregularity is not in order, and it is not competent for the House to deal with it.

5 p.m.

Mr. STEVENS: May I, Mr. Speaker, speak to the point of order in just one sentence? My hon. friend says that there existed a right of appeal to the House at the time of the first report. Let me tell him that, being absent in the flesh at the time referred to, I was unable to make that appeal.

Mr. SPEAKER: I understand that the hon. member for Centre Vancouver is simply reciting the facts which took place in the committee, and that he does not intend to move that the report be referred back.

Mr. McKENZIE: In further argument in support of the point of order, I understand from the arguments advanced by the hon. member that he considers the report in question to be irregular and bad, and that while he may not move to refer it back at the present time, he may perhaps do so later on.

Mr. SPEAKER: The hon. member for Centre Vancouver has waived that right by his admission of a few minutes ago.

Mr. STEVENS: I am seeking to lay the foundation for an argument which I

propose to make in a moment. As I say, another meeting of the committee was held on Friday. Of that meeting certain notice was given, and in this I answer my hon. friend's question of a moment ago. I was asked if I received notice of that meeting. I did. I received this notice:

The Select Standing Committee on Agriculture and Colonization, of which you are a member, will meet in room No. 271 at eleven o'clock, tomorrow, Friday.

No notice whatever was given that it was intended to change the original report. I also had the assurance of the Chief Clerk of Committees that it was the intention of the committee merely to ask for leave to present the original report. Now, I come to the last meeting. At that last meeting—based upon this call that I mentioned a moment ago, in which no intimation was given that there was to be a very vital and important change in the report—this resolution was proposed:

It was moved by Mr. Forke, seconded by Mr. Lovett; that

"The resolution proposed by Mr. Johnson (Moosejaw), on the 11th day of May and adopted on the 17th day of May be rescinded."

That was done. Now I submit to the House that was an extraordinary action, especially in view of the facts which I have referred to. But that is not the chief significance of it. All the committee did was to rescind a resolution which formed a part, a very small part, of the volume of a report which had been adopted. However, on the same day a new report was drafted and presented to the House, and I learned of it when I returned to the city the next day. I feel, sir, that it was perhaps the most flagrant breach of parliamentary etiquette which obtains, and has obtained for so many years, the only case that I remember where members were deliberately—perhaps, I am putting that too strongly—where members were led to believe that no new or important action would be taken; but when they knew that he was away and was not there, and when they knew perfectly well the position he had taken on previous occasions, they deliberately changed the report which had been previously adopted;—yes, and I am advised, after the Chairman had stated at the previous meeting that it could not be changed. The fifth report of the committee was moved in this way:

Moved by Mr. Garland, seconded by Mr. McConica, that the following be the report of the committee.

[Mr. Stevens.]

And so forth. What I am referring to is a statement by the hon. member for Marquette (Mr. Crerar), who told the House, in his discussion of the matter, that the report now before the House had been carefully considered by the committee. That portion of the report which exempts the flour milling industry from the control of the Wheat Board was never considered by the committee. Furthermore, when that committee was called on May 26, there was a caucus of the members of this section of the House, and only two members, the hon. member for Victoria city (Mr. Tolmie) and the hon. member for Peel (Mr. Charters) attended that meeting of the committee. These hon. gentlemen attended the committee at eleven o'clock. The committee was not called to order. There were little groups of members standing around talking. The Minister of Agriculture (Mr. Motherwell), the hon. member for Marquette (Mr. Crerar), the hon. member for Moosejaw Mr. Johnson) and a few others had their heads together concocting the report that is now before the House. Then my hon. friend says that this report was considered by the committee. There was absolutely no notice given of the changes in the report. There was absolutely no consideration given to this vital change in the original report, namely, the part "except as they include the direct marketing of flour and other mill products", and this is a vital part of the report now before the House.

Mr. CRERAR: If my hon. friend states that I was a party to concocting any scheme to deprive him of his right of appearing before the committee, he is stating what is entirely incorrect. The committee on the occasion in question met in the regular way after notice to members had been given, and the fact that my hon. friend was absent was not noted by myself. A discussion took place for an hour and a half and a decision was reached. When my hon. friend imputes motives that are altogether wrong to myself and other members of the committee in the manner he has done, he is transgressing the bounds of what is actual fact.

Mr. MOTHERWELL: Might I set my hon. friend right in one respect? I remember the occasion to which he has referred and also that as I had to attend a council meeting, I had to leave the committee before any decision was reached.

Mr. STEVENS: That was the first meeting. My hon. friend is not going to divert me from my argument one particle. My hon. friend is referring to the meeting of May 23, and he gives me the very material which I was going to use. On that occasion my hon. friend violently differed from the resolution of my hon. friend from Moosejaw. He stated on that occasion that he was absolutely opposed to a compulsory wheat board or a wheat board with compulsory powers and he threw out some suggestions which my hon. friend from Moosejaw, after his resolution had been adopted, intimated that he might be prepared to accept. It is these facts that lead me to the conclusion that, in the interim between May 23 and May 26, these hon. gentlemen, in some mysterious way —maybe spiritual, psychological, but in some way or another—brought their minds into harmony, and they produced a report changing vitally the report that had been adopted.

Mr. TOLMIE: If the hon. member is referring to the last meeting when the report was adopted, I may say that the hon. member for Peel (Mr. Charters) and myself attended it. We waited for twenty-five minutes. No business had been commenced at that time, and the Minister of Agriculture (Mr. Motherwell) left before any business was done at that meeting.

Mr. STEVENS: The meeting was not called to order until long after that hour—eleven o'clock. If this practice is adopted in connection with Parliament, that, after a committee have given weeks of consideration to an important matter and have arrived at a conclusion, and after members of the committee have accepted that conclusion as definite and final, one wing of the committee may get together and say: "We will have another meeting on Friday; we will send an ordinary notice around with absolutely no intimation of a vital change, and then we can meet and reverse or vitally change the previous decision"—if that can be done, a hopeless condition faces committees of this House in the future. The situation is absolutely appalling, and I intend to protest now and at any other time against procedures of that kind. It is not, in my estimation, in the slightest measure in keeping with the ethics of Parliament. It is a violation of all the decencies of business procedure. How can we have confidence, if we attend a committee and pass a bill, that at some future meeting of which we have no notice of intention to vary that bill, those who favour the particular bill will not meet and change, modify or amend it? Or, how can we have confidence that a vital resolution may not be changed in this way? Every member who was present in the committee from among my hon. friends to the left supported the resolution of the hon. member for Moosejaw. Yet after weeks of consideration and a vital decision, at a meeting at which I was officially informed that no business of that kind would be taken up, a vital change was made, moreover, I say, in face of a lengthy debate at a previous meeting where I raised a point of order that this could not be done and a ruling was made accordingly. The report is now before the House. I submit that this report has not received the consideration of the Committee on Agriculture; I submit to the Government that this report does not represent a considered opinion of the Committee on Agriculture as regards that portion which exempts the flour milling industry from control of the board.

Mr. McCONICA: I rise to a point of order.

Mr. SPEAKER: I understand the hon. member rises to a point of order.

Mr. McCONICA: My point of order is that this report is regularly before the House and that the discussion of the hon. gentleman is not germane to the substance of the report and, therefore, is out of order. This is not a proceedings at which we can review what took place in the committee.

Mr. SPEAKER: The Solicitor General (Mr. McKenzie) raised the same point a moment ago; but I understood from the beginning of the remarks of the hon. member for Centre Vancouver (Mr. Stevens) that he waived the point of order which he might have raised, but he was only reciting facts in order to reach certain conclusions, which conclusions he is reaching just now. I understand he has left the question of order and that he does not protest the validity of the report of the committee now that it is before the House.

Mr. STEVENS: I close that portion of my remarks with this observation, that when the hon. member for Marquette in this debate states that this report was under consideration by the committee and was adopted after study, that is not an accurate statement of fact.

Mr. CRERAR: If my hon. friend will permit me, I have just this to say in that respect, that I was present in the committee and apparently my hon. friend was not; that this report that is now before this House was considered in that committee, if my recollection is right, for an hour and a half and discussed and agreed upon. If my hon. friend, after he received the notice for the committee, was not present, that is no fault of any other hon. member of this house.

Mr. STEVENS: In the way described by the hon. member for Victoria (Mr. Tolmie), exactly. But if they persist in the argument I submit this. We have the report of the previous committee, arrived at after a period of about six or eight weeks' sitting; and in an hour and a half, my hon. friend says, they reversed the principle of that report by exempting from the operation of the Wheat Board the flour and milling industry of Canada. That is a vital change. Now, my hon. friends to my left have asked this Parliament for a wheat board. I have never taken a stand in favour of a compulsory wheat board; they have. Their leader (Mr. Crerar), the member for Moosejaw (Mr. Johnson), who consented to the changing of his motion, and the Minister of Agriculture (Mr. Motherwell), by their tactics at the last meeting have completely vitiated any useful purpose that would have been served by the resolution of the member for Moosejaw. That is my point. I am not in favour of a compulsory wheat board, I repeat; but it does look mighty funny to me that hon. gentlemen should come into the House with an emaciated resolution such as this and support it as meeting their requirements. As I told the committee on more than one occasion, we stand clearly on the principle of a voluntary pool for the handling of the products of the West.

Now, let me turn for a moment to a brief consideration of this resolution. My hon. friend from Marquette a moment ago, in his address, ridiculed the questions that my right hon. leader (Mr. Meighen) and I asked regarding the practical working out of this proposal. I ask whatever hon. gentlemen on the treasury benches may have charge of the drafting of the bill to consider one feature,—I am not going into very many phases of the subject, but I want to take this one. By this resolution, upon which, it is stated, the House is to base the legislation that is to be passed, you will control, if it is to be effective at all, by subsequent provincial legislation, the compulsory acquisition of wheat in two provinces. I should like the Minister of Trade and Commerce (Mr. Robb) to note this in particular: In this resolution we are saying to the milling industry, "We are not going to touch you; we are exempting you from the compulsory features of this board." Am I wrong in that view of the matter? Is that a mis-statement of fact? I submit it is in the resolution and you cannot escape it. Now, how are we going to exempt the milling industry? Take the millers of Alberta and Saskatchewan. They are to be exempted from the compulsory features of the board by the legislation which this resolution proposes, and that is the price of the consent of the Minister of Agriculture and of the Government to this proposal,—at least, that remark applies to the Minister of Agriculture, for I have heard him express his views. But you will commandeer or acquire under compulsion all the wheat in these two provinces. Where will the millers get their wheat? My hon. friend from Marquette says, from the wheat board. But how can the millers operate under normal conditions—as you assure them you intend them to do, by exempting them from the compulsory action of the board—, if the only place they can get their wheat is from the board, which will have absolute control? They are compelled to go to the board for their wheat. Some one will say, of course, and it occurred to me myself, that perhaps, Manitoba being unable to come under this system this year, the millers can buy their wheat there from the Wheat Exchange in Winnipeg, which will be in full operation. But my hon. friend from Marquette (Mr. Crerar), who sneered at my questions a moment ago regarding imports, laid down as a doctrine in regard to importations, that the moment the wheat entered the provinces that were under the wheat board it would immediately come under the control and into the possession of the board. That is what the hon. member said; it is his interpretation of the proposal; and I presume that he is right. Now, I ask, where will the millers get their wheat? From one source only, and that is the wheat board. I appeal to the Minister of Trade and Commerce, who is a business man of broad experience and sound common sense. He is experienced in the milling business and I defy any hon. gentleman to besmirch his character with any of the terms of opprobrium they heap on millers generally. When you single a man

out and look him in the face, general denunciations vanish into thin air; and so I will address myself, through you, Mr. Speaker, to the hon. minister. If he were operating a mill in Alberta, like the Maple Leaf, or Robin Hood in Saskatchewan, knowing that he had to compete in the world's market with his products—knowing that he had to compete in British Columbia, in Ontario, in Europe, in the West Indies, in China, in Japan with his products—does he for a moment think that he could operate if he could not buy his wheat on the open market? Will my hon. friend intimate whether he thinks that would be possible?

Mr. ROBB: If they created embarrassments in Alberta, I might have to move to Ontario or Quebec.

Mr. STEVENS: Certainly; my hon. friend unquestionably agrees with my view. He could not operate under such a condition, and that is the crux of the whole business. So that my hon. friend from Marquette has handed to the farmers of the prairies a huge lemon in connection with this resolution. I see the Minister of Agriculture shakes his head. Possibly, however, he is thinking of this advertisement which he had in the Regina Leader a few months ago: "Vote for Motherwell and the Wheat Board." Let me read this advertisement to my hon. friend from Marquette; I think it will be interesting to him.

Mr. CRERAR: I know it all by heart.

Mr. STEVENS: Then my hon. friend must have experienced a great wave of compassion for the Minister of Agriculture to forgive him and co-operate and collaborate with him in the drafting of the report. This advertisement, published on the 24th of November, and bearing the picture and autograph of the Hon. W. R. Motherwell, says:

> Up to November 11th the farmers of Western Canada had shipped 23,000,000 more bushels of wheat than at the same time last year and received $107,000,000 less money than they received last year.
>
> This tremendous loss might have been averted but for the action of the Meighen government in abolishing the Wheat Board and Hon. T. A. Crerar's support of that action.

Mr. MOTHERWELL: Where did you get that?

Mr. STEVENS: I am reading from the published advertisement of my hon. friend when he ran his election in November.

Mr. MOTHERWELL: I never made any such statement.

Mr. STEVENS: Well, that is the hon. member's advertisement. Let me read what the Regina Leader says with regard to the minister's denial:

> The statement of the Hon. W. R. Motherwell, Federal Minister of Agriculture, that he has always been opposed to the compulsory wheat board is rather surprising, when it is remembered that Mr. Motherwell owes his election in this constituency very largely to the fact that the people were given to understand that he favoured the constitution of the Canadian Wheat Board of 1919, with its powers unimpaired. Sixty odd days elapsed between the date of Mr. Motherwell's nomination and that of his election and very few of them passed without his appearing before an audience in some part of his constituency. Surely he does not now intend to plead that he had no opportunity of making his position on grain marketing clear before election day.

Further down it says:

> And not only did Mr. Motherwell accept responsibility for that slogan—

That is, the one I have just read to the House, "Vote for Motherwell and the Wheat Board."

> —and all it implied, but on platform after platform he criticised the Right Hon. Mr. Meighen for not reviving the compulsory Canadian wheat board,—

What has my hon. friend to say to that now? He is silent.

Mr. MEIGHEN: Struck dumb.

Mr. STEVENS (reading):

> —and the Hon. Mr. Crerar for the latter's opposition to national marketing.
>
> At the convention at which he was nominated on September 30th Mr. Motherwell stated in his speech of acceptance: "By taking this grain pool stand"—

The position of the right hon. leader of the Opposition:

> —"now, on the eve of an election, Mr. Meighen admits that the suspension of the Wheat Board for the past two years against the almost united voice of agriculture was a grave injustice that he hopes to have us forget".

And so forth. But I have some other interesting lines to recite to the House. During the study of this problem in the Committee of Agriculture, Mr. Maharg and, I think, Mr. Wood of Alberta, made the statement that about $25,000,000 had been lost to the farmers because the Wheat Board was not in existence last year, and that figure was frequently used. Now, let us see what the Minister of Agriculture thinks about that. This quotation is from the Regina Leader of November 15, 1921:

Millions of dollars lost to Saskatchewan.

The loss to Saskatchewan farmers in marketing this year's crop, through the Meighen Government's callous refusal to continue the Canada Wheat Board, is variously estimated at forty to seventy-five millions, a loss which for thousands of farmers this fall means real suffering and want.

My. hon. friend the Minister of Agriculture in arguing against a compulsory Wheat Board stated before the committee that comparatively little of the $25,000,000 was due to the lack of marketing facilities, most of the loss occurring in shrinkage here and there and other incidentals. He used these words:

The introduction of the compulsory wheat board would make but a very little saving of that $25,000,000.

When he was seeking election, however, he made this statement:

That from $40,000,000,000 to $75,000,000 was lost to Saskatchewan alone.

If you include Manitoba and Alberta the loss would be about twice as much at least, say $150,000,000. Before election that is the appalling loss to the western farmers through the discontinuance of the Wheat Board: but it is only a fraction of $25,000,000 after he assumes office. I suppose he will say, "Oh, then I spoke as a private citizen; now I speak as a minister." And he has told us, "You know, we often get into a corner that we must get out of." Then did he not use this classical language the other day?—"We have got to save our faces." Now my hon. friend saves his face by securing the presentation to the House of an absolutely abortive resolution—abortive as far as any possible beneficial effect is concerned.

Then my hon. friend has this to say:

Unfortunately the Government was assisted in its action by the attitude of the Progressive leader, Hon. T. A. Crerar, who from his seat in the House of Commons opposed the continuance of the Wheat Board in the following words:

"Personally, I am opposed entirely to any permanent policy that means the control of the marketing of grain in this country."

Further on he states:

Meighen and Crerar are on record at the present time as opposed to the re-establishment of the Wheat Board, and every vote for Meighen and Crerar candidates is a vote in support of the stand taken by these leaders on the question of the Wheat Board.

Every Liberal candidate in Saskatchewan is pledged to support the re-establishment of the Canada Wheat Board, as successfully operated under Stewart and Riddell.

Was my hon. friend a Liberal candidate?

[Mr. Stevens.]

Mr. MOTHERWELL: Who is reported as having said that?

Mr. STEVENS: This is my hon. friend's paid advertisement in the Regina Leader. I should like the owners of the Regina Leader to be here to see him as he says, "Oh, poof!" and waves this aside. How lightly he deals with the Regina Leader! I wonder if the hon. gentleman spurned the editor and publisher of the Regina Leader a few months ago. I wonder if my hon. friend paid the bill;—that would be the supreme test. But perhaps the bill was paid for him by generous subscriptions from the outside. However, we will not bore too deeply into these secrets.

An hon. MEMBER: Perhaps Big Business.

Mr. STEVENS: Yes, Big Business may have had to do with that. I wonder if any of the money from Montreal leaked out to the West to pay the Regina Leader. But, anyway, my hon. friend made the statement in the committee that he was absolutely opposed to the wheat board; before the public, he stated that if they elected him and other Liberal candidates they might rest assured that the wheat board would be the result of their faithful support.

Now I wish to return for a minute or two to the argument on this flour question. Supposing these mills in Alberta and Saskatchewan—the Robin Hood Milling Company, the Maple Leaf Milling Company, and the other companies having flour mills in Moosejaw, Yorkton, Calgary, Edmonton, and other places—were to attempt to import wheat from the free market of Manitoba, would they be debarred by the wheat board under this resolution? My hon. friend (Mr. Crerar) said a moment ago that any wheat which entered the confines of the province would immediately come under the control of the wheat board. Now, can you imagine a more preposterous situation? And that is our complaint, Mr. Speaker. This is an ill-digested, ill-conceived proposition. And, further, it is a proposition which was not before the committee. My hon. friend from Marquette to the contrary notwithstanding, this resolution was not before the committee except for a very, very brief space of time at one meeting. It is quite a change from the original resolution dealing with an economic problem affecting the milling industry which I presume is of very considerable importance.

Mr. CRERAR: Perhaps my hon. friend will permit me another question. He has

been very courteous in that respect, and I appreciate it. Does he suggest that mills located in Moosejaw or Calgary, for instance, would be unable to secure from this agency all the supplies of wheat they require?

Mr. STEVENS: My hon. friend knows the answer before I give it; the answer is in his own mind at this moment. When a mill operates it looks ahead and makes contracts for the sale of its products in the markets of the world, and it may sell flour three, four or five months ahead. The moment a big order for flour is secured, what do the management do? They do not sit down and twiddle their thumbs until the time comes for delivery. They go out on the market and buy the wheat for future delivery so they can get it at the price upon which they figure for that order. Am I wrong or right?

Mr. CRERAR: My hon. friend is quite correct.

Mr. STEVENS: Certainly.

Mr. CRERAR: But my hon. friend—

Mr. STEVENS: Let me finish my argument. If the mill must go on the market and secure wheat against that order, does my hon. friend contend for a moment that they can go to this board, operated as the wheat board of 1919 was operated, and secure that wheat?

Mr. CRERAR: Certainly.

Mr. STEVENS: Well, there is absolutely no provision in the old regulations of 1919, and I venture to say that you would find it exceedingly difficult to frame any regulation that would help them. But that is not all; the board fixes the price on the sale of the flour—fixes the spread, if you like. My hon. friend shakes his head.

Mr. STEWART (Argenteuil): May I be permitted to ask a question? Is my hon. friend arguing that the board will hold all the wheat that comes into their possession until the end of the year?

Mr. STEVENS: My hon. friend need not ask me such an absurd question, because he knows, and every one knows, better. The question is ridiculous on the face of it. The board will acquire the wheat, and, according to my hon. friends who are advocating this most strongly, they will market the wheat as they consider the market will absorb it.

Mr. STEWART (Argenteuil): Exactly.

Mr. STEVENS: That is the underlying idea back of this whole business.

Mr. STEWART (Argenteuil): Are the mills prohibited from getting that wheat?

Mr. STEVENS: But for my hon. friend to say that wheat will go immediately into the control of the board as it enters the province, and that notwithstanding a mill could operate under conditions of that kind, I think is answered completely by the statement of the hon. Minister of Trade and Commerce (Mr. Robb).

Mr. BROWN: Is the hon. gentleman arguing that the mills are in a worse condition because of the change that was made in that report of the committee? Or is it an argument that would have applied equally had the change not been made?

Mr. STEVENS: I think the change that was made in the committee would put the miller in those provinces out of business. And I am sure that as a result it would be impossible for the mills in Montreal, in Ontario, on the Pacific coast, the mills in the two provinces where they are controlled, to operate in anything like a fair way in competition one with the other. I think it would be hopeless to attempt to harmonize the position in which they would find themselves.

Mr. JOHNSON (Moosejaw): Why could they not get the wheat in the same way that they got it in 1919?

Mr. STEVENS: How did they get it in 1919? I do not wish to go into a detailed discussion of that, but here is the way they got it in 1919: The wheat board supplied the mill with the wheat at a fixed figure—to all mills alike, throughout the whole of Canada. Well, my hon. friend sat in the committee and listened to the evidence of all the millers to the effect that even under those conditions, when there was an equitable condition throughout Canada, their difficulties were great. Then, when they got the wheat at that figure, the price of flour was fixed as well. If the price of wheat increased on the foreign market and the board raised the price of wheat to the mills, then the board exacted from the mills for their stocks in hand the difference between the lower price at which they had already secured the wheat and the higher price which was then fixed. My point is this. If you apply that principle to the mills in Alberta and Saskatchewan while the mills of the

rest of the country are without restriction or control, how on earth can they operate? There is one thing the milling industry wants, namely, the liberty to finance and to acquire its supplies on the open market. But that is not all. Under this resolution there is no possible chance of Manitoba, as my right hon. leader has intimated, coming under the regulations; the legislature of that province could not possibly meet and pass the legislation this year. I would point out in this connection that the plan is designed to apply to this year only.

The hon. member for Marquette (Mr. Crerar) opposes the voluntary pool suggestion, because, he says, it will be an agency competing with other agencies or institutions. Well, that is perfectly true, but I do not think it is a valid objection to an attempt to assist the growers or producers of wheat on the prairies, if they so desire.

In the committee, Mr. Maharg, Mr. Robinson, Mr. Hamilton—the Minister of Agriculture of Saskatchewan—and many others gave what I thought was exceptionally intelligent evidence. But there was one thing they all assured us of—I must say I was not quite convinced of it—namely, that the people of the prairies were a unit in this matter. Well, if the people are a unit and the government brought in a voluntary pool sysem, offering them the facilities of a wheat board if they chose to take advantage of them, surely there would be sufficient support of the voluntary pool to make it a success. Some of my hon. friends shake their heads, but that does seem to me to be common sense. It may not appeal to my hon. friends to my left, but it strikes me as a fair argument. If, as they say, the people of the prairies are a unit on this thing, and if the Government of Canada with its credit will offer to them the advantage of facilities for handling of their wheat crop by way of a voluntary pool, surely the two combined would insure the success of the movement.

I wish to say, in conclusion, that I consider the method of presenting this report to the House as being wholly unfair to the committee. The exemption of the flour milling industry as represented here was never properly before the committee, and was not given fair consideration. I doubt very much whether any legislation which would be workable can be designed on the basis of this resolution.

[Mr. Charles Stewart.]

Hon. W. R. MOTHERWELL (Minister of Agriculture): Mr. Speaker, it was not my intention to go into this matter very extensively, had it not been for some remarks made and some extracts read by the hon. member who has just taken his seat (Mr. Stevens). Had this been the first occasion of the making of these statements I would have let them go by, as I have done on former occasions. But this is not the first, or the second, or the fourth, or even the tenth time that they have been presented. In fact, I am unable to tell how many times statements and allegations have been made misrepresenting my attitude on the question of a wheat board not only last fall during the election, but more recently as well.

I have in my hand extracts taken from the Regina Leader of remarks made by me during the election. With regard to the advertising portions of the remarks read by the hon. member for Vancouver, it is the first time I have heard of them. I never knew they were there and am in no way responsible for them, and I say that knowing the consequences of my remark. Here are some of my statements during that campaign; they were handed to the reporter in typewritten form so that there could be no mistake through their being misreported. The very first extract my hon. friend read from the Regina Leader is only part of my statement; here is the first part of it:

> Mr. Meighen's voluntarily grain pool proprosal is merely carrying out a Liberal policy with respect to grain that the Saskatchewan government inaugurated with respect to butter, wool and poultry and other farm produce many years ago.

And then follows the extract read by my hon. friend.

Mr. STEVENS: What is the date of that?

Mr. MOTHERWELL: The last day of September, on the occasion of my nomination in Regina. That portion of my remarks in regard to the wheat board is not to be found in the extract read by my hon. friend, and the result is that the meaning is entirely different.

Mr. STEVENS: I was quoting from the Regina Leader.

Mr. MOTHERWELL: I know my hon. friend did not eliminate it.

Mr. STEVENS: The Regina Leader did.

Mr. MOTHERWELL: My hon. friend will have to settle with the Regina Leader

the question of who eliminated the context. Then later, in order that my attitude on the question of a wheat board should not be misunderstood through any advertising campaign on the part of any person or paper, eight days before the election I issued a letter to some three thousand families in the rural portions of my constituency, outlining specifically my attitude on the wheat board question. I did this in order that there should be no misunderstanding as to where I stood in the matter. There are 5,000 voters in the rural portion of my riding, and the following letter went out to 3,000 families:

I, like many of you, have no revenue from any source except the farm and I suffer with you as a result of the high tariff, higher freight rates, and the absence of a national wheat board. Provincial marketing of farm produce, such as butter, wool and poultry, was introduced into Saskatchewan in 1906 by the Department of Agriculture over which I had the honour to preside at that time as minister, and this was the first effort of its kind in all Canada. I naturally, therefore, favour at the present time the extension of this principle into the national arena.

That is plain enough.

This same principle should be applied to all cereals. If these features of my record and platform commend themselves to you, I shall feel honoured by your support and influence.

"If these features as set out in the letter commend themselves to you, I should feel honoured by your support and influence." Now, is that not plain enough, Mr. Speaker? Does that not indicate where I stand? I repeat that I have nothing to do with the advertising campaign in the Leader or any other newspaper, and that in order that there should be no misunderstanding as to my attitude on the question, I sent this letter to practically every farm home in the rural portion of my riding.

Mr. STEVENS: If the hon. gentleman will permit me, I do not myself wish to misrepresent him, but we are certainly faced with these reports in the newspapers. Would he tell me what he means by "national wheat board" in the letter which he has just read?

Mr. MOTHERWELL: My hon. friend knows what system was in vogue in Saskatchewan with respect to butter and wool and poultry. Everybody in that district knew what that system was. I did not anticipate having to take it up here; but it meant voluntary. For eleven years in our province while I was at the head of the department, we had provincial marketing with respect to butter, eggs, wool and poultry, and it was the most natural thing in the world that I should make the statement that that principle should be extended to the federal arena.

Mr. MEIGHEN: The hon. member says he meant voluntary, though he did not say so. Now will he explain why he bewailed the cessation of the old compulsory Wheat Board?

Mr. MOTHERWELL: My hon. friend stopped it and he did not introduce anything else to take its place in the years 1920 and 1921 when grain was on the toboggan slide.

Mr. MEIGHEN: Why did the hon. gentleman himself oppose my proposal and denounce me for ever making it?

Mr. MOTHERWELL: I never did.

Mr. MEIGHEN: I have his speech.

Mr. MOTHERWELL: All right. Get it out. I have a number of extracts here, Mr. Speaker, that I might read. I was told by my friends that I was making a mistake in coming out as I did because the old government was so unpopular that if I stood up for its wheat board I would go down to defeat with the right hon. gentleman, but I could not stultify myself and my record of eleven years in provincial marketing. What are the hon. gentlemen laughing about? I said in my speech at Lumsden:

That the farmers of the West were so situated geographically, and so hemmed in by paralyzing freight rates, a short growing season and long accounts to settle, that they are driven by necessity to throw large quantities of their crop on the first market every season. This so gluts and depresses the market that our very penury is conducive to even greater penury, and makes some form of national marketing an imperative and permanent necessity.

When the late Conservative government first proposed the wheat board idea it was in lieu of a guaranteed minimum price for wheat such as had been made in the United States in the early autumn of 1918, so as to encourage a large acreage of winter wheat. Before it was necessary for Canada to act in the matter, the war was over and a guaranteed minimum was refused, and the wheat board finally substituted therefor. Very few farmers took kindly to the idea. Chiefly because they had no faith in the Government itself. With a rapidly rising market the wheat board idea worked out fine and demonstrated that the participation certificates, looked upon by many as worthless to be worth about 48 cents per bushel. Then the government dropped out of it apparently satisfied that they might be in that kind of business for many another year and not have such a favourable opportunity for making good. Then came the desperate slump of all cereals in the fall of 1920 with no wheat board to steady up the decline, when a general cry went up throughout the land for the restoration of this

board. But the Government even though they had passed enabling legislation empowering them to do so, was inexorable and refused to touch it. In the meantime farmers suffered and were bled till they were white. Time passed and the 1921 crop, up till about August, gave great promise. Then came the rust followed by the wettest harvest ever known here with farm machinery and labour higher than ever, and all cereals, live stock and other farm produce again on the toboggan slide till the bottom seemed to be clean shot out of everything rural. And yet the Meighen government still looked on and apparently without a conscience or even a latent desire to hold out a helping hand. Then when much of the wheat had left the farmers' hands at sacrifice prices, Premier Meighen unfolds his wheat board plans at Portage la Prairie, dangles them mockingly before the furious farmer and then blandly suggests that if we vote the bunch back again, the wheat board is ours. But the price is too high for the average elector, even though the prospects of the scheme if properly managed will work out all right.

The Saskatchewan government 16 years ago, and since, has in a smaller way proven the workability of provincial marketing of butter, eggs, poultry and wool on a co-operative plan, to the great advantage of the producers of these farm products and without the loss of one cent to the Government. Mr. Meighen's plan is merely an enlargement of our provincial activities into a larger arena of national marketing of our cereals, and therefore is no experiment at all and should work out all right.

Mr. MEIGHEN: When was that speech made, and where?

Mr. MOTHERWELL: At Lumsden. At the opening of my campaign in Lumsden on November 9th, I said in part as follows—

Mr. MEIGHEN: What is the paper the hon. member is reading from?

Mr. MOTHERWELL: The Regina Leader.

Mr. MEIGHEN: Of what date?

Mr. STEVENS: That is the same paper that printed the advertisements.

Mr. MEIGHEN: The hon. member has not told me the date of the paper.

Mr. MOTHERWELL: If my hon. friend would just stop jumping around like a weasel in a cage and let me get through and make a proper presentation of the case, I should be obliged. In order to make quite sure that that was the interpretation that was put on those statements, and lest my right hon. friend will be jumping up again, I will read an extract from a comment written by Mr. J. A. Aikin, of whom he has no doubt heard. He was formerly editor of the Saskatoon Phœnix and wrote the advertising for my hon. friend's campaign in the western press, and wrote it pretty well from my hon. friend's standpoint. It was pointed out to me once more that I was making a mistake by playing into the hands of the old government over the Wheat Board. They said "Look what Aikin is writing about you in his two-column advertisement in the Regina Leader." I asked what it was he was saying, and they said "Aikin is taking your statement on the Wheat Board to back up Meighen's government." I said, "I cannot help that. Because Meighen happens to be on my side for once, it is no reason why I should run away." I looked up the issue in question, and this is what Mr. Aikin said in the Regina Leader in a two-column advertisement that appeared on a certain page every week. I am sure the Progressive members from Saskatchewan will remember those two columns on the right hand page, because they did not think very much of them, and I do not know whether anybody else did, except possibly the writer and a few others. I do not know that even the writer did for before that Aikin was a good Liberal, and is yet, but he fell into bad hands for the time being. This is what Mr. J. A. Aikin wrote in the Regina Leader of November 17th, regarding the interpretation Conservatives gave to the paid advertisement:

It would be a pretty difficult task for a practical man like the Hon. W. R. Motherwell—

This is a rather difficult thing for me to read Mr. Speaker:

—to condemn the Grain Board proposal of Premier Meighen. He does not attempt to do it, though, as one would expect, he is critical of the Meighen administration. Speaking at Lumsden, November 9, as reported in the Morning Leader, of November 10, Mr. Motherwell said: said:

"Mr. Meighen's plan is merely an enlargement of our provincial activities into a larger arena of national marketing of our cereals and therefore, is no experiment at all, and should work out all right."

Now, if my hon. friends do not choose to interpret what was said then in the way in which I interpreted it, and in the way in which Mr. Aikin interpreted it, I cannot help it; if it did not mean that it did not mean anything. I do not take a whole lot of pride in allying myself with my right hon. friend (Mr. Meighen) because I think, possibly, it had a detrimental effect on my campaign. But I could not help it; it was what I believed in and it was what I have tried myself for eleven years—

An hon. MEMBER: And still believe?

Mr. MOTHERWELL:—and have proven. But the issue between the compulsory and voluntary idea ceased the moment the law officers of the Crown decided that this Parliament could not create a compulsory board.

Mr. MEIGHEN: I did not propose the creation of a compulsory board.

Mr. MOTHERWELL: The law officers of the Crown, if I understand their opinion, took the ground that it was not within the prerogative of this Parliament to create a board like the board of 1919 because of the compulsory features involved. If that is so, and that is my understanding of their opinion, then the question of compulsory legislation ceases to be an issue. While I am on that point I would like to draw the attention of the House to the discussion which took place in the Committee on Agriculture. When the farmers expressed a desire to have a compulsory board it was apparent that it was not from this Parliament they were going to be able to get it. The system most likely for them was a system similar to the one Australia brought into effect over five years ago. At that time they did have a compulsory board in Australia, but later on it was continued as a voluntary board. I took the ground in the committee that if the farmers of the West wanted a compulsory board it must be of some such nature as that, in view of the opinion of the law officers of the Crown, and that they must be prepared to accept it. In order to bring the exact situation before the committee I came before them armed with the Australian legislation—the New South Wales Act and the Queensland Act—my hon. friend from Vancouver (Mr. Stevens) has not referred to that in his remarks— and I read extracts from the Australian statutes, a whole page of them, setting forth exactly what could be done. It is on the Australian legislation that the resolution of the hon. member for Moosejaw is largely based. I am not going to enter upon a consideration of the discussion at the meetings of the committee, or the evidence given before them except to say this: There was some informal discussion among the members arising out of the quotations I had given with respect to the Australian legislation. In discussing the matter with Hon. Mr. Hamilton he took the ground that unless some scheme was evolved that would make it possible to handle all the wheat, we would not get the maximum results desired. Then I asked Mr. Hamilton what he thought about the Australian scheme. I said first of all: These respective acts can be made either voluntary or compulsory by the provinces. That is the acts of New South Wales and Queensland, that was the beauty of the Australian scheme. Then the provinces would be able to exercise their sovereign right to say how their wheat should be marketed. That is the principle embodied in the Australian legislation, and that is the principle we propose to embody in the act to be passed upon the report of the committee. This Parliament not having authority to create a compulsory board, the only thing then to do, according to the law officers of the Crown, is to leave the problem to the provinces concerned. Consequently, I am absolutely right when I take the ground that the question of whether the board shall be compulsory or voluntary is not an issue here at this time. To further quote from the discussion in the committee, Mr. McMaster said:

Mr. Hamilton might give us his views.

I then interjected the remark that it was optional on the part of the provinces to say whether the action taken should be voluntary or compulsory. That is my attitude, Mr. Speaker, with regard to this question.

As six o'clock the House took recess.

After Recess

The House resumed at eight o'clock.

Mr. MOTHERWELL: Mr. Speaker, when you left the Chair before dinner, I had just completed reading some extracts indicating what my attitude towards the Wheat Board was prior to the election. I am now going to read a short extract to show what my attitude was after the election. This is what I stated at a complimentary banquet given to me in the city of Regina, and I am sure the House must realize that giving that opinion at that time, could not possibly have any influence on an election that had been over for more than a month. This is what I said as reported in the Regina Post. I did not give it to that paper in typewritten form; it is just as the reporter reported it. As was the case with the other extracts, it is approximately correct:

The national marketing of wheat is a problem in which we find three separate schools of thought. One desires a compulsory pool, another a voluntary pool and a third no pool at all, but rather the utilization of co-operative sys-

tems. Personally I am inclined to believe that the voluntary pool proposal advanced by Hon. Arthur Meighen at the time of the recent federal election campaign, to be the best outstanding plan yet suggested. I have been unable to think of any better.

I do not think I made the statement just in those words, but we will take it in that way.

In any event, there is room for improvement here. The losses to the farmer through marketing which we believed we had eliminated a few years back by the inauguration of new methods, still exist and, in the interests of the agriculturists, we must thoroughly probe the question.

That probing has been going on for the last two or three months, and that is what that refers to.

Let me get back to some of the remarks made at the beginning of the discussion this afternoon. The leader of the Opposition (Mr. Meighen), in his supercritical style, if we did not know something about this matter ourselves, would have laughed the whole proposition off the board. It was a somewhat alarming picture, a sort of a political scarecrow that he made with regard to this report of the Committee on Agriculture. He started out, however, on a wrong premise. He took the ground that this wheat board that was contemplated was required for only one year. Some of the witnesses said that; that has been said on more than one occasion in a sort of persuasive way to induce those who had a little objection to try it for one year. But what does the Council of Agriculture say in respect to this matter, and after all, that is the say that has to go? The Canadian Council of Agriculture is the responsible body that brought this matter to the attention of the Government, and the Government, in turn, brought it to the attention of this House. This is the opening paragraph of the memorandum of that body:

Resolved that this council favours the reinstatement of the Canada Wheat Board for the handling of the 1922 wheat crop, and until such time as world conditions again become normal.

Does that mean one year only? I rather surmise that if the board that we have in contemplation proves successful, it will run for more than one year. I know that what many farmers have ultimately in view, is some form of co-operative activity amongst themselves, and that is the reason why I took the attitude I did. Having tried a government system myself for eleven years and having then handed it over to the farmers who are now running it as the Saskatchewan Co-operative Creamery Company, I anticipated that this would run probably the same course. I anticipated that it would be run by the Government for a few years until it got upon its feet, and it had established confidence in itself on the part of the banking institutions, because that is essential. For a few years, the Government would handle it as a demonstration of what could be done, and then when confidence was established in it, the farmers would take it over and handle it themselves according to their requirements and their ideas of carrying it on. It is entirely problematical how many years it would be necessary to continue government direction and assistance, in co-operation with provincial governments, or how long a time would elapse until the farmers would be able to handle the system themselves. My right hon. friend, in starting out, said that it is only for this year that it would be required and that there is very little chance of getting it for this year, because we had dallied so long with it. I think he said we were indulging in a species of slow strangulation of the idea of the wheat board. When a certain other report came down about six weeks ago with respect to referring this matter to the Supreme Court, my right hon. friend, in rather dramatic style, said: "If this report goes through, this whole proposition will be ditched." That was the term he used, and he scared some members in this House into thinking that probably it would have been ditched had that action been taken. May I draw the attention of the House to the fact that if that report had been allowed to go through, we would long ago have had a decision by the Supreme Court? In the estimation of the average man on the street and on the prairies that decision would have been more satisfactory than any decision by law officers. It would have been a legal decision, whereas the other would be merely an opinion. My right hon. friend probably had some other idea in mind in wanting the matter referred back to the committee. But, as a lawyer, judging by the decision of the Privy Council on the Board of Commerce Act, judging by a more recent decision in Manitoba on the Manitoba Grain Act, judging by the decision in connection with certain injunction proceedings in Winnipeg last fall, and from his own undoubted knowledge of constitutional law, he must have known, as any lawyer of any prominence I have ever spoken to knows, that a decision by the Supreme Court of Canada would have been just exactly along the same lines as an

opinion of the law officers of the Crown. Well, slow strangulation is the process now as against ditching six weeks ago.

But we are not going to be alarmed, Mr. Speaker, for this report I have no doubt will go through. As the Prime Minister (Mr. Mackenzie King) has intimated, the bill is not yet quite completed, although it is practically ready, and it will no doubt in due course become law. And time alone will tell how it will work out. In the course of his remarks my right hon. friend said that the act should not become effective unless three provinces at least acted under it. There is one prairie province that will not be able to take advantage of it, and that is Manitoba; and if we stipulated that three provinces must be ready to invoke the act, that would to all intents and purposes preclude any action this fall. But by providing that the act shall go into operation as soon as two or more of the provinces have fulfilled the requirements, we make it possible to take action at once and wait for Manitoba to come in later. The member for Marquette (Mr. Crerar) expressed the view that I have stated, that in the last analysis the way to handle wheat on the prairies is through the farmers' own co-operative systems. That is my opinion, and it is equally my opinion that to bring that about there must first be a demonstration by the Government that this can be done, in order to establish the confidence of the financial institutions in the undertaking. They must take hold of it, and when that confidence is secured the farmers can then carry on their operations.

Now, the member for Vancouver Centre (Mr. Stevens) thought he had one on your humble servant when he got off those extracts this afternoon. Well, I hope he has had time to cogitate on the matter since then and to realise that in reading from that editorial of the Leader he was inextricably involved as to the true situation. I have stated the situation, as it existed both before and after the election, and my position in either case is consistent. I am afraid that someone else will have to explain the matter to the hon. gentleman if he does not understand it. I wish I could explain the editorial in the Leader, to which he referred.

Mr. STEVENS: I read the advertisements and the article in question this afternoon. Now, if my hon. friend on his responsibility as a member of this House, says that those advertisements and the statements I quoted are not true, why, of course, we have to accept his statement.

Mr. MOTHERWELL: I did not say that. What I said was that the Regina Leader held strong views with regard to the advisability of a compulsory board, and not only its editorial column but its advertising columns as well were conducted with that idea in view. I, too, held strong views on the question of a voluntary board; and recognising that there was a danger of misunderstanding I sought another channel, through a circular letter, to get my real views straight before the electors of Regina. That is what I did. You could not have anything fairer could you? What does the hon. member suggest that I could do further in the hurry of an election?

Some hon. MEMBERS: Oh, oh.

Mr. MOTHERWELL: Oh, I know that I have spoilt a nice little mare's nest over there.

Some hon. MEMBERS: Oh, oh.

Mr. MOTHERWELL: Yes, I have been waiting for this hour for some days, for some weeks, for some months, in fact ever since the address, and I want to thank my hon. friend from Vanocuver Centre (Mr. Stevens) for having brought the matter up, because I did not want to interjet it into the debates without provocation. My hon. friend says that the committee deliberately changed the first resolution without giving notice. He forgets that the last two meetings of that committee I was unfortunately obliged to leave prematurely; but on each occasion I left a memorandum indicating some of the changes which I thought should be made in the resolution. In the first occasion I elaborated on the subject in the memorandum I left with the chairman. I do not happen to have that memorandum with me, but it is not of such great importance. However, the point is this, that my hon. friend, who objected to the change at the second last meeting, knew, as I knew and everybody else knew, that the committee had in contemplation changing the resolution. What was all the talk about if they did not contemplate changing it? I think my hon. friend is simply creating a grievance. Surely the committee was superior to its own resolution and had a right to remould it. There was nothing "put over" in the last meeting. My understanding was that the members were there for the purpose of trying to crystallize various opinions into one resolution, and my hon. friend seems to be very much concerned about the harmony that existed between the member for Moosejaw (Mr.

Johnson), the member for Marquette (Mr. Crerar), the Chairman (Mr. Kay) and myself. We got together and concluded something that brought about harmony. Ah, that is the trouble! Where a certain amount of confusion existed before, eating up a lot of time and giving a lot of nonsensical copy sometimes to the newspapers about divisions in the committee, instead of continuing that, the members who were most interested—we are all interested in the matter, of course, but probably some of us were particularly so—got together before the meeting was convened and agreed that certain things which were not necessary might be omitted.

Mr. STEVENS: We are getting the real truth.

Mr. MOTHERWELL: I took this ground, that the Government of Canada should not have any surpluses. It was thought proper that any surpluses such as existed in 1919 should belong on a pro rata basis to the respective provinces in which they were generated. I further took the ground that if we carried that out, the respective provinces interested in the wheat board should also bear any possible deficit that might arise. The hon. member for Vanouver Centre no doubt remembers, that because he was sitting beside me.

Mr. MEIGHEN: Who were present?

Mr. MOTHERWELL: My hon. friend tried to get me tangled up in my extracts before dinner, and if he will keep his seat warm for a minute I will finish the statement I am making.

Mr. MEIGHEN: I rise for the second time to ask the minister a question. Of course, if he persists in curt and unmannerly refusals I will not ask it again. I merely rose to ask him, who were present at this preliminary confab at which the details of the meeting of the committee were pre-arranged?

Mr. MOTHERWELL: According to the report there were twenty-nine present.

Mr. MEIGHEN: There is no report at all. The minister said it was a preliminary confab before the meeting was held.

Mr. MOTHERWELL: No. My right hon. friend is full of cynical suspicion. There were twenty-nine members waiting around for the meeting to be called to order. I think there were very few present but the Progressives themselves; they had it all their own way. The Chairman was wondering whether it was time to call the meeting to order, and the members of the committee were sitting around the table as close to me as my friends to my right here, in addition to the four members I have mentioned. We did not go off to some secluded corner before the meeting was convened, we did everything right there in front of the table. I left because I had to go to a council meeting of equal importance. The whole stock in trade of my right hon. friend is that no one can do anything right, and he mutters about broken pledges, broken promises, prostituted honour—everybody is wrong but himself. I hope I have answered my right hon. friend's question. He remarked in a profound manner, and I made a note of it at the time, that—something might be done by the provinces to assist in organizing a voluntary board.

We do not need any assistance in organizing a voluntary board. So if the whole thing was left to my right hon. friend he would so bamboozle us that he would send us back to the committee again.

He referred to the millers. What is to hinder the millers from getting their supplies of wheat? As a matter of fact, every miller to a man wants to be left outside the jurisdiction of this board. Have not the millers a right to go to the board and get their requirements filled? Do you think the board is going to boycott our millers? Of course not. And will not the export price of flour determine the price of what is consumed at home? Most assuredly that principle is sound. So all this bewailing and mourning the fate of the millers is wasted breath. It will be the duty of the board to sell wheat to the best advantage wherever they can find a purchaser, and if they start to boycott our millers their action will have to be attended to, that is all. This talk about the control of flour is so nonsensical that it is not worth while regarding it seriously. We are told that our millers are going to be ruined somehow or other, but I do not know how the right hon. gentleman made that out.

I do not think there is anything further to add, except to say that the promise which the first minister made in the West and in this House has been carried out, and as a member of that committee present at all but two or three of the sittings, and knowing something of the heart's desire of practically every member to find a solu-

tion of the problem placed before them, I know that they have done their best to that end. Although they may have taken longer than my right hon. friend thought was necessary, of course no one but he expected that the committee would bring in a report that would satisfy him; but as far as was consistent with presenting a scheme that was workable we hurried our work as much as we possibly could. There is no sense in trying to leave an impression to the contrary, because I know that I am stating the facts. My right hon. friend was not there, but his colleagues were, and the hon. member for Vancouver Centre (Mr. Stevens) has already stated that we did counsel with each other long and earnestly to reach a solution of this question. If this proposal does not work out as satisfactorily as some of us expect, there will be opportunities to amend it later on; but in the meantime, although I should like to see that report a little different in some respects, I believe that on the whole the proposal it contains is sufficiently workable to justify the Government in drafting a bill based upon it that will be reasonably satisfactory not only to this House but to the men on the prairies whom we are endeavouring to serve.

Mr. DONALD SUTHERLAND (South Oxford): Being a member of the committee to which this question of a wheat board was referred early in the session, perhaps I may be pardoned for taking part in the discussion. I know warning has been given that this concerns the three western provinces exclusively, but at the risk of being considered as venturing into a field where I have no business to be I am going to offer a few remarks. I can assure you, Mr. Speaker, that I shall not attempt to follow the course pursued by the Minister of Agriculture (Mr. Motherwell), however much I may admire the agility with which he skated around and doubled back on the same course in an attempt to confuse those who were endeavouring to arrive at an understanding as to what he really meant.

This proposal contains a principle which, if adopted all the provinces must be called upon to bear and to see that it is given effect to. The Prime Minister this afternoon stated that the attitude of the Government would depend upon the action of this House, which action was likely to be influenced to a very great degree by the report of the special committee to which this matter was referred, and is now before the House. We have heard a good deal about democracy during the present session, I wish to point out that the spirit of democracy, about which our hon. friends opposite express so much solicitude, is being sadly violated by the powers that be in this connection.

It is true that the committee devoted themselves diligently to the task of endeavouring to arrive at some understanding as to the best methods to be pursued for the creation of a wheat board, because we all realize and appreciate the difficulties with which our friends in the western provinces in particular are confronted at this time. A series of poor crops, together with the deflation of the prices of farm products in advance of the deflation of the prices of those commidities which they have to purchase, has placed many of them in a very awkward position, and consequently I believe it was the earnest desire of every member of the committee that Parliament should go to the limit in helping to improve the condition of our wheat growers. I know that was the feeling which I entertained, and I endeavoured to follow the proceedings of the committee as well as I could during its early sessions. But I happened to be on two other committees and unfortunately all three met at the same hour; consequently I could not attend the meetings of the Agriculture Committee as regularly as I would like to have done.

There appears to be a tendency on the part of some hon. gentlemen to argue that the report which is now before the House is the result of the mature deliberation of the Agriculture Committee with regard to this question. I want to refer to that matter for a few moments. It has already been dealt with by the hon. member for Centre Vancouver (Mr. Stevens) and also by the leader of Opposition (Mr. Meighen), but in view of the statements which have been made since, I ask the indulgence of the House while I refer to it again.

It is true that a report was drafted and submitted to the committee, to which the hon. member for Brome (Mr. McMaster) offered an amendment which was voted down in committee. This report passed the committee, and notwithstanding the fact that the Minister of Agriculture (Mr. Motherwell) appeared before the committee and outlined what the views of the government were with regard to the matter, no change was made in the report. Those who were present will remember that the 23rd of May was the date on which this matter was dealt with. The 24th and the

25th of May were public holidays. There was a small attendance of members in the House on the 26th of May, which was a Friday; consequently there were only twenty-nine members present at the meeting of the committee. It is somewhat significant that when the original resolution was passed, seventy-eight members were present, and they voted down the amendment moved by the hon. member for Brome. The Minister of Agriculture has intimated that when the committee resumed a few days later there was a good deal of difficulty in opening the committee at all and that this matter was discussed before the committee met and a conclusion arrived at. They immediately set about to rescind the resolution which had been adopted when seventy-eight members of the committee were present. The twenty-nine members who gathered there, without any knowledge on the part of the rest of the committee that this matter was to be dealt with, rescinded the former resolution, and we have before us today as the report of the Agriculture Committee, a report of the twenty-nine members who were present on that occasion, not of the full committee which passed this resolution in the first instance. I wonder if you consider this to be the democracy that has been so much lauded and that was to prevail in this Parliament should hon. gentlemen opposite occupy the treasury benches. It is acknowledged that a great deal of unnecessary delay has taken place. Who is responsible for that? It is pointed out that dissolution of the Manitoba legislature has taken place and that it will be impossible for that province to avail themselves of the provisions of any enactment with respect to this matter, even if it should go into effect at the earliest possible moment. One-third of the western country, therefore, is debarred from the operations of this act, for the present year, should it be passed—and it is contended that the crop of 1922 is the important one to be dealt with by the regulations which are asked for. I ask, why all this delay? If the Minister of Agriculture and the Government were satisfied in their minds as to what the proper policy should be, why should this matter have been delegated to a committee of the House at all, and, the committee having made a finding upon it, why all this intrigue and trickery? Why the resorting to tactics whereby—

Mr. SPEAKER: Order. I am sure the hon. member will realize that he is employing an unparliamentary expression.

[Mr. Sutherland.]

The word "trickery" should not be used in this assembly as the hon. member has used it.

Mr. SUTHERLAND: I leave it to hon. members of this House to characterize in any way they see fit the course that was pursued. If the words that I have used are a little too strong, Mr. Speaker, I bow to your ruling.

Mr. GAUVREAU: Take them back.

Mr. SUTHERLAND: The first witness we had before the committee was the President of the Council of Agriculture, Mr Wood. Mr. Wood made it very clear to the committee and to the country that he considered that the Wheat Board of 1919 had saved the farmers of this country an immense sum of money—practically $50,000,000 during the operations of the board for that year. You will find reference to that on page 6 of the proceedings of the first meeting of the committee, and a little further on, page 17, he becomes even more emphatic and says:

> It was estimated by men who were in the best position to give intelligent information of any men I know that the saving to the farmer in the sale of that crop, on a very conservative basis, was $50,000,000. From what information I had in regard to that matter, I was satisfied, even before I heard that estimate of the expert's, that that was a very low estimate.

Now this was the opinion of the president of the Canadian Council of Agriculture. Yet in the face of that we have the Minister of Agriculture coming before the committee at a later date,—I am not going to go over the whole of the questions which he submitted to Mr. Riddell, who was then being examined, because the question is very voluminous—but he endeavoured to leave the impression in the minds of the committee and of the witness that the opinion prevailed that the Wheat Board of 1919 had been appointed in order to keep down the price of wheat. Well, Mr. Wood had very clearly and emphatically explained what the situation was some time before. In view of these conflicting reports and statements, it is rather difficult for some hon. members who are not members of the special committee to realize what has been going on. I scarcely understand what the Minister of Agriculture meant when he said that members of the committee had got together and discussed this matter even before the committee met and had arrived at a satisfactory solution; that they were anxious to do something that would facilitate

matters and get things done as smoothly as possible. There are many old members of the House in this Chamber to-day; I would ask them whether they ever experienced anything similar to this in connection with any question submitted to a committee in the past? I know I never have. In the face of the attitude in the committee taken by the hon. member for Vancouver in opposition to the stand taken by the Minister of Agriculture that the committee could not rescind that resolution, already passed, I scarcely knew what to think when I came back here and found that a few members of the committee had met together and had rescinded the resolution. The report of these twenty-nine members is now before the House, and we are asked to adopt it. I think we are entitled to hear from these twenty-nine members who were present on that occasion regarding this matter. I think it is only fair to the House that we should have some explanation why in defiance of the attitude of the seventy-eight members who were present on the former occasion, they undertook, in the absence of the other members of the committee to change the report and bring in the one that is now before the House.

Mr. MORRISON: Will the hon. member allow me to ask a question?

Mr. SUTHERLAND: The hon. member will have an opportunity to speak later. I notice that some hon. members are very good at asking questions which are only intended to disconcert the speaker, and not for the purpose of bringing information before the House. I say that it is a duty these twenty-nine members owe to the House to explain why they brought in this report in the absence of the other members of the committee, when they knew very well that those other members had not an opportunity of knowing what was being done.

Mr. LOVETT: Did not the hon. member receive notice of the meeting at which he says this action was taken by those twenty-nine members?

Mr. SUTHERLAND: We have heard the Minister of Agriculture say in the House to-night that they met before the committee met, and arrived at a conclusion.

Mr. MOTHERWELL: Nothing of the kind.

Mr. SUTHERLAND: Consequently, I say it is due to the House that we should have some explanation of their action in this matter. We have also had the statement of the hon. member for Victoria City (Mr. Tolmie) that he attended the committee on the 26th for about half an hour, that there was nothing doing, but after he left this action was taken.

Mr. BROWN: I rise to a point of order. The hon. member for Vancouver Centre (Mr. Stevens) expressed his intention not to raise a point of order with regard to this report being properly before the House. Is it in order for the hon. member for South Oxford (Mr. Sutherland) to raise that point now? Is it not irrelevant to the report itself?

Mr. SPEAKER: I do not think there is a point of order raised. The hon. member for South Oxford in a passing reference gives his opinion as to the manner in which the proceedings of the committee were conducted, but that is not the gist of his argument, as I understand it.

Mr. SUTHERLAND: During the early sessions of the committee, it was somewhat difficult for some of us to understand why they were asking to have the Wheat Board established for another year. If it was going to be such a splendid thing, why did they not want it to be permanent? It was the hon. member for Lisgar (Mr. Brown) who stated that it would be easier to get it through for one year than if it was proposed to be made permanent. I ask: Was it fair to ask for the Wheat Board for one year if that was the intention?

This matter also came up in the House after 1919. In 1920 we undertook to provide against a similar contingency, and we have the statements made by a number of hon. members on that occasion. Hansard of June 24, 1920, will show that even the leader of the Progressive party (Hon. Mr. Crerar) stated on that occasion:

> I think the Minister of the Interior furnished the only argument that constituted a real reason why the board should be continued for another year, and that is the possibility of unified buying again in Europe.

That was the only argument which appealed to him as justifying the appointment of the board for another year. I would ask, Mr. Speaker, if there has been any evidence of unified buying on the part of Europe since that time. We all know that when the Wheat Board was in existence in 1919, there was a commission purchasing for Great Britain and the allied countries which made it easier to deal with those countries than it is under present

conditions. To-day, to my amazement, the hon. member for Marquette stated that the farmers' co-operative companies could handle this matter just as well as any voluntary pool. The only redeeming feature to-day, apparently, is the compulsory feature, while in 1920 he argued very strongly against the compulsory feature, which he ranked with the Marxian idea of socialism. Evidently he has changed his views on this matter, and to-day we find that the Minister of Agriculture and the leader of the Progressive party have arrived at the same conclusion with regard to the benefits to be derived from the continuance of this board.

We were also told by the Prime Minister this afternoon that a bill was now being prepared based on this report of the Agriculture Committee—this report which was arrived at in the manner I have indicated by a small representation of the committee after they had discussed the matter, according to the Minister of Agriculture himself, among themselves previously and arrived at an understanding as to what they would do. I would ask hon. gentlemen to explain to this House how it was they considered it advisable to change the report of the Agriculture Committee which had been adopted when there was a large representation present, and why the report of twenty-nine members of the committee who undertook to bring in this report upon which the bill is to be prepared, should be considered rather than the report of the seventy-eight who were present on May 23.

There are a number of other features in the report to which I should like to refer, but I shall not take up the time of the House. During the last election this question was a real live issue even outside the three western provinces. The leader of the Progressive party intimated that this question did not affect any other provinces, that the western provinces were the ones mostly concerned, but I have here a Canadian Press report of a meeting held at Walkerton, Ontario, on October 21, 1921:

> Government speakers, Mr. Crerar accused, were engaging in a "campaign of misrepresentation," and, in passing, Mr. Crerar took occasion to put a few questions in regard to the voluntary wheat pool formation of which, if it were returned to power, was indicated by Mr. Meighen in his opening speech at Portage la Prairie. If a wheat pool, Mr. Crerar queried, why should the government not furnish farm implements or market Ontario cheese? Why should the government not go into the business of marketing cattle? There should, Mr. Crerar urged, be a definite pronouncement whether or not the business of marketing was to be a permanent feature of government policy.

So, Mr. Speaker, you will see that this question has invaded even the province of Ontario, and the leader of the Progressive party is the one who was responsible for that. I might say a good deal more about things which the hon. member for Marquette dealt with during the election in the province of Ontario, but I am not going to do so.

Now, unified control has not been resumed in the Old Land and wheat must follow the usual course in the matter of finding a market. It is argued that the appointment of a wheat board would regulate the flow of wheat in Canada and stabilize prices in this country. Before the Agriculture Committee Mr. Wood was asked why not have the Wheat Board made permanent, and what do you suppose was his answer? I quote from the evidence:

> Mr. McKay: If the Wheat Board is all that you claim it to be, why do you not ask for its re-establishment on a permanent basis?
>
> Mr. Wood: Well, there are several reasons. There is a great deal of objection everywhere to that method of trading. I am not convinced that it would be a good thing to re-establish it on a permanent basis if there were no objections. Furthermore, a bad wheat board would be a bad institution. That is the reason we lay emphasis on the re-establishment of the old Wheat Board including largely the personnel of that board. That was an efficient body, and an efficient wheat board is a very satisfactory institution; but I do not think that anything could be worse than a wheat board that was inefficient and mixed up with politics.

This was the opinion of the president of the Dominion Council of Agriculture with regard to the Wheat Board: There was a possibility, a great possibility of a wheat board getting the country into no end of a tangle, and consequently he is opposed to it being made permanent; but he had faith in the men who were on the old board and if they could be secured he thought we ought to try the system for another year.

Now, as to the compulsory feature of this agency, I do not like the word "compulsion" in any case. I believe that if we desired to promote business in this country we would have a much better result if we depended more on competition than on compulsion. I do not believe in the idea that some people have in this age, that it is the duty of the state to nurse people along, take care of them, think for them and do things for them that they should do for themselves. I do not believe

that it is a sound doctrine to preach or to practice, and furthermore I do not think such to be in the interest of this country. If anything of value can be done to assist the grain growers in the West in regard to the marketing of their wheat I contend that it can only be done on a voluntary basis; and if you resort to compulsion I do not know where you are going to draw the line or where you are going to end up. Yet we are told in this debate that the compulsory features are the only advantages in the methods which can now be employed. I say, Mr. Speaker, that the fact that compulsion is necessary is the most objectionable feature of the proposals now before the House, and consequently in order to bring the matter to an issue in a concrete form—because I do not consider that the report which has been presented voices the opinion of the majority of the committee—I desire to move, seconded by Mr. Arthurs:

The said report be referred back to the select standing committee on Agriculture and Colonization with instructions to amend same to read as follows:

It is desirable in the national interests that the Government immediately create a national wheat marketing agency similar to the Canada Wheat Board of 1919, but on a voluntary basis fully in accordance with the powers of Parliament, for the marketing of the wheat crop of 1922, and that to this end federal legislation be introduced immediately, such legislation to provide further that the said board may, with the approval of the Governor in Council exercise such further powers or duties as may be competently conferred upon it by the legislature of any province.

Mr. R. M. JOHNSON (Moosejaw): I had not intended until just within the last half hour to speak on this subject to-night. It is, however, true that I have been intensely interested in it. I have worked as I could in the Agriculture Committee for the adoption of this action—to bring before the House the report which it is at present considering. The report was laid before the House some weeks ago and, speaking personally, I was quite content after the Prime Minister (Mr. Mackenzie King) had made his speech this afternoon and had told us that the policy of the Government was to let the matter rest there until the bill to be founded on the report had been submitted to us. I want to bear this tribute to the Prime Minister at least —that while we do not always see eye to eye with him or his Government, I think that in this measure, at least, he has redeemed his promises to the letter. The right hon. gentleman promised during the election campaign to submit this question to a committee for investigation and, when that committee had agreed upon its report, to lay it before Parliament. In the exchange of political courtesies across the floor of the House I fear I can take little or no part. I will own myself vanquished before I start out, I am a novice at that kind of thing; and if hon. gentlemen derive any enlightenment from that sort of discussion, or if they think it advances their ideas to any extent whatever, they are entirely welcome to the belief.

Before proceeding further with what I intend to say I must refer to a few of the remarks that have been made during this debate. The last speaker (Mr. Sutherland), if I correctly understood him, wanted an explanation as to action taken at the last meeting of the Agriculture Committee. I may say that I interested myself in every meeting that was held, I was present at every one of the sittings from beginning to end, and I had no intimation with respect to that particular meeting other than the ordinary notification given in the case of all meetings. I believe that the meeting in question was called in the regular order, and if anything of an irregular character was done, or anything in a corner, I have no knowledge whatever of it. I knew, of course, of the suggested alterations in the report which has been brought before the House and which went back to the committee. The suggestion has been made that the report was not acceptable to certain elements of the community. The only change in the wording of the resolution—though others may have been suggested—was by adding these words at the end of the second paragraph.

9 p.m.

Except as they include the direct marketing of flour and other mill products.

There seems to be some difference of opinion as to how or why that was inserted. I think the discussion took place, as all hon. members discuss these things, perhaps not in a formal committee. If that is an offence, I am guilty. I have discussed the merits of this case, in different places around the House of Commons and on the streets, with private members from all groups in this House, and I did not hold myself guilty for that, because I was looking for light. Let me say candidly that I did not wish to see this amendment made. I wish to put myself on record to this effect, that the resolution as first introduced and passed at the first meeting more nearly met my views than anything else that could have been done.

Mr. STEVENS: Does my hon. friend recall refusing in the sub-committee to accept any amendment to his own resolution which is incorporated in the first report to the House?

Mr. JOHNSON (Moosejaw): If I am correct, I think the hon. member refers to the sub-committee appointed to draft the report. Certainly I objected to that.

Mr. STEVENS: My hon. friend does not catch my question. Does he recall refusing in the sub-committee to accept any amendment to his resolution which is incorporated in the first report?

Mr. JOHNSON (Moosejaw): Absolutely. But when it went back to the committee, it was out of my hands and out of the hands of the sub-committee. I would have preferred it if the amendment had not been made; but I am going to tell the House why it was made. As to whether the procedure was in order or not in order, I am not an authority. The hon. member for Centre Vancouver (Mr. Stevens) will remember that, in the meeting of which he speaks, I took the same side as himself; I did not believe the procedure was in order; but I was no authority and I referred it to officers whom I do not like to name, but whom I regard as higher authorities than either the hon. member for Centre Vancouver or myself. That, however, has nothing to do with the matter. The fact is that the report was returned to the committee, and so far as I know the motion was rescinded in regular parliamentary order, and the amendment made.

Why was the amendment made? Accusation has been made in this debate that it was made at the instigation of the Minister of Agriculture (Mr. Motherwell) or myself, or the hon. member for Marquette (Mr. Crerar) or others, I know not whom. so far as I know, the alteration was made at the request of certain friends of the milling interests. They objected—and this was the ground of their argument—that it interfered with selling connections which they had already made in European and other foreign countries, or other places where they were marketing their products. That was the gist of their objection. I do not see yet how it should injure the farmers to allow the millers to retain those connections if they wish to retain them, provided that we have control of the wheat, and there is no question in the resolution that that should be yielded. It is a singular thing, however, that this was yielded at the request and so far as I know, only at the request of the friends of the milling interests. When they made this request I said: You are conducting an honest and legitimate business in the country and I am perfectly willing that you or any one else shall be guarded as much as is possible. But a singular thing has happened; since this change has been made, representatives of the milling interests have come to me and said that they wished it had been left alone. I am not an authority on milling, and if those gentlemen who represent the milling interests cannot make up their minds just what it is they want, we are absolutely certain what we want embodied in the resolution and we have so passed it.

The hon. member for South Oxford (Mr. Sutherland) said something about compulsion. He did not like a thing of this sort being compulsory. There may be some merit in that contention; but I would refer him to the remarks made a few minutes ago by the Minister of Agriculture. It is compulsory, of course; but, although the term may seem anomalous, it is voluntary compulsion. The duty of this Parliament, as I see it, and the thing which we wish, is to pass an act giving to the Wheat Board all powers, compulsory or otherwise, which it is within the jurisdiction of this Parliament to grant; then if the people want that, they shall say to the local legislature whether this shall be compulsory or not. If they do not want it, it will go by the board, and nothing more will be heard of it.

I wish to refer to some remarks made by the right hon. leader of the Opposition (Mr. Meighen). I am not a lawyer; I believe he is, and as no doubt he is an able, clever lawyer, I shall not enter into a controversy with him. He raised certain questions and legal criticisms, and argued that the thing could not legally be enacted: that, if enacted, it could not function, and various other things. I will not contend with him in regard to these points; but knowing my lack of knowledge of this sort of thing, I had conferred with others. On two or three different occasions we have had the opinion of the law officers of the Crown on this subject, and I need not enumerate the occasions nor yet read the reports. I will, however, read an extract from the last report submitted after various consultations with the Deputy Minister of Justice and his written opinion on certain features of the matter, supported by conclusions of the Minister of Justice (Sir Lomer Gouin) and the Solicitor General (Mr. McKenzie) in some respects. This

is the conclusion arrived at, and so far as I know, it stands as the opinion of those gentlemen to-day.

Mr. MEIGHEN: The hon. gentleman has misunderstood my argument. I do not see legal objections at all. There is no doubt, within the two jurisdictions, the provincial legislature and the federal Parliament, everything can be done that the people of Canada or of those provinces wish. The difficulties I see are not legal at all; they are difficulties in practical operation where certain compulsory powers are conferred in one province that do not exist in the province immediately beside it.

Mr. JOHNSON (Moosejaw): I am glad to have the correction. I did not so understand my right hon. friend; nevertheless, I should like, now that I am on the subject, to give to the House the decision arrived at by the sub-committee, based on the report from the law officers of the Crown. It is very brief:

> In conclusion, the deputy minister expressed the view that by legislation passed partly by the Dominion and partly by the provinces, it was legally possible to control:
> (a) The acquisition of all wheat raised in any provinces passing such legislation;
> (b) The storing of the wheat so acquired in country elevators;
> (c) The storing of such wheat in terminal elevators even though those elevators be situated in provinces other than those passing laws for the compulsory acquisition of wheat.
> (d) All export and import trade in wheat and wheat products.

There is only one other question that was asked of the law officers of the Crown, and it is in reference to terminal facilities. While I have the report open at the page, I will also read that short extract for the benefit of the House, because terminal facilities are essential to the carrying on of this business. This is an extract from the report of the sub-committee:

> That in conference concerning this question we intimated that the "use" referred to in the first line of this question—

That is in reference to the elevators.

> —was to be interpreted as exclusive use. The view verbally expressed to us by the deputy minister was that the use of elevators owned by the Dominion could be exercised in any manner by the Dominion government; that as to privately owned elevators such could be declared works for the general advantage of Canada, and when so declared would fall under federal jurisdiction.

I had other references to support my contention. Seeing that the leader of the Opposition has concurred in that as well, it is no longer a matter of contention, and I will not repeat them. We can see that there is, within the various parliaments, provincial and federal, the power to enact this legislation and, in my opinion, all the things we asked for as regards the Wheat Board can be granted to us in that way.

I will now proceed to deal with a few thoughts and notes which I had prepared on this subject, things which I have considered in connection with it. It may seem a political matter, but I want to refer first to the attitude of the three parties within this House on the question now under consideration. I believe that all three have consistently lived up to their platform in this respect. I have no criticism to offer and no political slams to make at any one. The Progressives have stood from the beginning for a compulsory wheat board, in other words, for the re-establishment of the board as it was in 1919. I regret that the leader of the Opposition (Mr. Meighen) has not taken a better stand than he has. I did not expect that at this stage he would have been so emphatically in favour of a voluntary system. While I believe he was perfectly sincere in advocating it, I cannot conceive how an hon. gentleman of his intelligence, and men like those around him, can longer hold the view they express in spite of the decision rendered in the recent election. I know of no propaganda—I will not say that it was purely for political purposes, because I believe he was sincere in it—that ever fell so flat and struck so unresponsive a chord as did that proposition in western Canada. And there was a reason for it. Men who had made a lifelong study of this thing, having worked on it for years and made it their sole business, from the middle of July, 1920, for eighteen months, concentrated their efforts towards a solution of the problem, and they came to the conclusion that the system advocated by my right hon. friend was not practical. As I proceed I shall deal to some extent with the voluntary pool system and state why, in my opinion, it is not practical. The matter was dealt with by the leader of this party (Mr. Crerar) this afternoon. The Liberal party's policy on the question I described at the outset, and they too have been consistent. I do not think that they have gone as far as they should. They have a responsibility as a government to solve this problem and to solve it right, in view of the circumstances in which we are placed.

Before I go further I shall anticipate some of the objections that may be offered, one of which was mentioned this evening.

Some hon. member, I do not know just who, said that while this board was being asked for as a temporary measure, possibly, with mental reservations, it might be made permanent. Well, if by permanency hon. gentlemen mean a permanent, satisfactory solution of the wheat marketing problem, I hope it will be permanent. But I have yet to hear any one advocating that this measure with regard to the compulsory wheat board should be made permanent. I do not believe that any one seriously thinks so. In case some hon. gentlemen may think that this is a new opinion on my part, I may say that at the very first meeting in the recent campaign, when I addressed my own nominating convention, I was asked the question whether I would favour a compulsory wheat board, and I replied, for this year only until readjustment is achieved, but not as a permanent policy, because I believed in the co-operative system of a wheat marketing agency operated and controlled by the producers of wheat. I still stand by that opinion, and I think that the ultimate solution will have to be found there. From the very nature of the product, which is so widespread and of such magnitude, it is impossible for us at the present time, facing the critical situation in which we are placed, to solve the problem without assistance, and we have come to the federal Parliament to ask their aid. And it is my hope and belief that out of this measure, if it is made effective this year, will be organized that voluntary co-operative system which we hold as our ideal.

It has been stated, not in this debate, but frequently in the debate that was concluded last night, and the matter has been made the subject of some gibes at our expense, that we are asking for protection. Well, we are asking for protection, but it is the sort of protection I believe in. I believe in police protection. But the protection, as I understand it, which hon. gentlemen to my right have been advocating during the last few weeks is a form of protection that I cannot tolerate. It is a restriction, misnamed protection, that is imposed on others; some one else has to pay for the protection that is afforded. But I have yet to hear any one claim or prove that anybody will pay for this protection. Nor do I ask for our own industry protection. I believe also in protecting the public from the depredations of the Canadian Manufacturers' Association and of the Canadian manufacturers. I believe in protecting the wheat producers from exploitation at the hands of the grain merchants. But if it were proposed that some one else should be made to suffer in consequence I would not advocate such protection. Nor do I ask for our own industry. any form of protection that I am not willing to grant to others.

It has also been stated, and this can be proved, that we are creating a monopoly. Well, I ask you, Mr. Speaker, and hon. gentlemen in this Chamber, to consider this fact. The figures furnished me by the Bureau of Statistics shows that the Canadian production of wheat is about 300,000,000 bushels per anum. Now, can anyone conceive, even by the wildest stretch of imagination, how the Canadian wheat producers, with 300,000,000 bushels of wheat, can have a monopoly in the world market where the annual production is over 3,000,000,000 bushels? Our product is sold in the markets of the world in open competition with wheat from all parts of the globe.

This House, I think, is weary of the hard luck tale from the western prairies; it is perhaps tired of the story of poverty and hardship. Having pioneered in the western country twenty-five or thirty years ago, I should not care, with the personal recollection of those hardships, to rehearse the story now. I want to deal briefly with the matter, however, from another angle; I want to take it up from the business point of view, and I hope it will appeal to hon. gentlemen. It is granted, readily, I think, that all, or at least most businesses were unprofitable during the past year; and certainly that is true in regard to the agricultural industry of the West, particularly in the growing of wheat, which has not been done at a profit. But that condition is not confined to last year, and I will submit a few brief statements to show you the cost of producing wheat. Let me quote from the evidence of the Hon. C. M. Hamilton, Minister of Agriculture in the province of Saskatchewan. He is a man who is in a position to know, and he found that on the average farm in that province the total expenditures were $4,107.10 while the revenue amounted to $2,221.40, leaving an annual deficit of $1,885.70. Do hon. gentlemen think that it is in the national interest that such a condition should longer prevail? I want to quote from another authority, Superintendent McKillican of the Brandon Experimental Farm. His annual report shows that the cost of producing wheat on a selected patch

of land on the experimental farm is $1.30 per bushel, making no allowance whatever for freight to take it to the markets of the world. If you add freight you will find that the cost is something like $1.45 a bushel, while we know that the average price of wheat during the past year has been much below that figure.

Mr. SUTHERLAND: Mr. Hamilton's evidence was with regard to the average farm of 320 acres. I notice that the returns he gives are confined entirely to wheat and oats. Surely those figures do not represent the total returns from the whole farm.

Mr. JOHNSON (Moosejaw): Mr. Hamilton was speaking of a grain farm, and if my hon. friend knows Saskatchewan as I know it, he will agree that in the vast majority of cases the growing of grain is the only occupation that can be carried on satisfactorily. There are sections where mixed farming can be carried on, but even that is done at an equally great loss.

I want to make one other reference, and it should appeal to business men. Recently in conversation with an hon. member from the Maritime provinces he gave me a secondhand scolding because certain municipalities in western Canada had defaulted on their bonds, and he stated the East had supplied the money for those bonds. That condition is only a reflection of the difficulties and handicaps under which our greatest commodity is produced. Let me give another conversation—this time with a banker in Moosejaw about a year ago. He told me that his headquarters had been protesting against his having valued farms in that district too high for credit purposes. I think he had, for although they were selling there at from $100 to $125 an acre, he had valued them at $100 an acre. I was able to show him a farm which had actually paid a 5 per cent dividend on a $100 per acre valuation, and he felt elated. But last spring in a conversation with him he told me that he had been instructed to cut the valuation of farm lands absolutely in two, and that a $100 an acre farm for credit purposes is now worth only $50 an acre.

Various factors might help the situation, and the wheat board is one. I do not wish to introduce anything irrelevant to this discussion, but I might refer to two subjects which we have heard something about and which will come before us again. Dealing first with freight rates, I find that the average farmer in the province of Saskatchewan had to pay $206.61 more for freight on grain alone in 1922 than in 1917, or if you take the peak, $270.39. The other item is tariff regulations. When the tariff commission was wandering through western Canada a year or two ago I made a very careful statement covering eight years close bookkeeping on a farm, and I found that that farm was paying $300 per year more than it should pay on account of the customs tariff.

Now I come more particularly to the wheat board. There are several classes of the community who it is said, would be vitally affected if this wheat board is brought into operation. The first class is the consumers, and in this connection I am going to quote from the evidence given before the Agriculture Committee. Dr. Magill, Secretary of the Winnipeg Grain Exchange, in answer to the question, "Was the consumer sacrificed?" said:

> Well, there is no consumer in the world that I know of who was better treated—none, in my judgment, better treated, so far as most of our consumers are concerned. There was one class of them not protected, but that was not the fault of the Wheat Board.

And he goes on to say that there were certain people living in cities who bought their bread ready made. I will also quote from the evidence of Mr. Stewart, chairman of the old wheat board, who of all others should know the effect that the wheat board of 1919 had on the consuming public. The hon. member for Victoria and Carleton (Mr. Caldwell) asked:

> Q. The statement has been made that due to the action of the Wheat Board the price of flour was enhanced to the Canadian consumer, and that if the Wheat Board were reconstituted now it would mean an advance in the price of flour to the consumer in Canada?—A. As a matter of fact, the Canadian Wheat Board have never stated it before, but the price at which the Canadian consumer got his flour was relatively less than that received for the wheat which was exported as raw material; so that the Canadian consumer paid less than the world's price.

Another class that might be affected by the creation of this wheat board is the millers. I have already dealt with them. It has been amply proved in the evidence before the Agricultural Committee that the big millers are well able to take care of themselves, as is apparent in the facts and figures of the dividends they have paid.

As to the dealers, we have been told that it would practically put them out of business. Let us hear what the Secretary of the Grain Exchange, Dr. Magill, has to say on that point:

We appreciate very deeply the fact that the representations of the farmers before this committee took a very high level. The farmers argued their case on what they believed to be genuine economic grounds and we desire to do the same. The next remark I wish to make is this: judging from some reports one would imagine that the Winnipeg grain trade and the Wheat Board, the old Wheat Board, stood in the relation of mortal enemies. Now, what were the facts? When the Wheat Board got together under the Defence of the Realm Act what did they do? They negatiated with the Winnipeg grain trade, and the negotiation resulted in the employment by the Canada Wheat Board of nearly the whole of the trade. The Wheat Board when it met had no elevators, and the Government had no elevators to give it. They had no elevator managers or staff. The Wheat Board called in and employed the companies that manager what the farmer members themselves have described before this committee as the splendid, the almost unsurpassed machinery for the handling of grain that we possess in Canada. The Wheat Board called in the grain trade. The Wheat Board used the elevators. The Wheat Board used the managers. The Wheat Board used the staffs and the elevators from the Atlantic to the Pacific. The Wheat Board employed the lake shippers for the loading of boats. They employed the clearing houses. They employed the brokers. They employed the commission men, and they employed the freight shippers and the exporters to take the grain at Fort William and place it at the seaboard for them. The Wheat Board employed, I suppose, 75 per cent or perhaps 80 per cent of the existing grain trade at Winnipeg. Not only did they employ them; they paid them. They paid them a fair and reasonable return for their services, and if we at the present time object to the recreation of the Wheat Board, it is not because of any specific deal; it is not because they did not treat us fairly and reasonably; it is not because we have any belief that they failed in their services—they rendered splendid service,—I am speaking of the Wheat Board—not merely to the producers of this Dominion, but to the whole of this Dominion. It is not for such reasons as that that we appear here to-day to make a case on the other side.

I have never been able to discover what case they did make out, but on the authority of the secretary of the Grain Exchange they were willing to offer their services, and they were employed. It has been said that the operation of a wheat board would have some effect on the transportation companies. Before the Agriculture Committee I made this statement, and I make it again. It was given to me by an official of one of our railways. He said that if they were permitted to handle the wheat crop of western Canada, spreading it out over nine months, instead of rushing it on in the early part of the season, it would save to that company alone 22,000 cars. Surely that is a consideration worth while.

For that reason, Mr. Speaker, I believe that no section of the community would be injuriously affected by the reinstatement of the Canadian Wheat Board, but that on the contrary many of those who produce wheat would be saved from absolute destruction. Some one said to-night that if we are so unanimous in favour of a voluntary pool, why, we could have the whole thing anyway. Well, this may sound somewhat harsh, but I know there are hundreds and thousands of farmers in western Canada whose creditors would not allow them to take advantage of a voluntary pool. The statement which I am going to make may sound like a hard one, but it has been given to me in good faith and I believe it to be true. There are farmers in western Canada to-day to whom a big crop this year would be a positive disaster. That may seem unbelievable, but here is the reason: there are farmers in that country who are so much in debt owing to lack of crops and depreciated values during the past few years that one good crop would not relieve them. If they have a good crop their creditors would come after them, and even if 90 per cent of their creditors would wish to be lenient and the rest did not, the others would be forced in self-defence to come in and make their claim, and that farmer would be sold out.

I will not deal further with the voluntary pool. The hon. member for Marquette (Mr. Crerar) dealt with it this afternoon. If we want a voluntary pool, any few of us can get together for that purpose, if we can afford to do so; we do not require legislation for that. But it would not relieve the situation; far from doing so, it would be a positive menace to the farmers of western Canada.

Reference has been made, I believe by the hon. Minister of Agriculture (Mr. Motherwell), to the question of financial responsibility. In my opinion there is only one logical place to put the financial responsibility, the financial risk, in this connection, and that is right on the people who produce the wheat. I do not know of a single farmer who wants to shirk in any degree his share of responsibility for any loss which may be incurred. But is a loss possible? As a result of the operations in 1919—and that is a pretty good criterion—so far from having a loss the board actually turned back to the government $560,000 and had over $200,000 in their hands besides in the way of participation certificates. It might be all right to put the financial responsibility on the provinces, to let them take care of any deficits that might occur and, of course,

share also in any surpluses. We have no objection to that, provided the control of the board is safeguarded—that there is to be no divided control. The experience of 1919 taught us one thing more than anything else, namely, that it is essential that there be unified or, practically, one-man control of this institution if it is to be successful. We were satisfied with the 1919 board, Mr. Speaker, and we ask the Government to come as near to it as they possibly can. Then, if the provinces see fit to come in and take advantage of it, that is all we can ask.

Mr. A. R. McMASTER (Brome): Mr. Speaker, I do not wish unduly to delay the House at this late hour in the discussion of this report. But I have spent a great deal of time on this question and have given it a good deal of study, and after listening to the evidence I have come to the conclusion, which has beeen fortified and deepened by the study I have since made of the subject, that the proposed wheat board, whether it gets its power entirely from this jurisdiction or partly from this and partly from another jurisdiction, is an unwise proposal, and I am going to ask the indulgence of hon. members while I place before them the reasons why I will vote against the adoption of this report. I will not vote in favour of the amendment proposed by the hon. member for South Oxford (Mr. Sutherland), because he wishes to put the whole grain trade of this country in the hands of a couple of men, in the hands of a board, and I am opposed to that as well. Let me as briefly and as succinctly as I can give to hon. members the reasons which have led me to this conclusion.

Now what is the proposal? It is that the old Canada Wheat Board of 1919 be reconstituted; that part of its powers be drawn from this House and part from the legislatures of any of the provinces—which cannot be other than the prairie provinces —that desire to invest it with such authority. Now, what were these powers? Let us examine them for a moment. They had the right—I will not say, to purchase the wheat, but to expropriate it without the consent of the owner. They had the power to order any person holding wheat stored in any elevator or warehouse or railway cars or Canadian boats to sell and dispose of the same to any purchaser named by the board on such terms as the board might direct; and it was provided that any such order of the board should pass to the purchaser the title in the wheat mentioned in any such order. They had the right to require that any wheat sold or purchased in Canada should be delivered to the board or to its order in accordance with such regulations as the board might from time to time make. I know of no other occasion on which such power has been conferred on any one person or group of persons since Pharoah gave Joseph the right to gather up all the corn in Egypt and make the greatest corner in history. But not only is that the fact; they were to have the right to prohibit the export out of or importation into Canada of any wheat or wheat products otherwise than in accordance with the regulations and orders of the board.

Mr. MACLEAN (York): May I ask the hon. gentleman a question? Did not Joseph save Egypt under those circumstances?

Mr. McMASTER: Yes, Joseph saved Egypt, but at the cost of bringing all the people into bondage. If my hon. friend wants that, perhaps he will vote for the reconstitution of the Wheat Board. Now, the power to prohibit importation into or export from a country is a power which this board will have to derive from this House; it can come only from this jurisdiction. By an Order in Council of the 31st of July the board had the right, notwithstanding anything in the Railway Act, notwithstanding anything in the Grain Act, to compel railway companies to provide cars for transportation; and finally, so that nothing should be wanting in the powers which were given, they had the right to legislate criminally and to create offences dealing with any infraction of the regulations of the board. The fact that any persons in this country should at this time seriously propose the reconstitution of a wheat board of this sort is a sad reflection on the value placed on liberty for its own sake, and also a very high compliment to the wisdom and the moderation of the gentlemen who in the past had such great powers vested in them. They must have used those powers with care, wisdom and moderation.

Now, I might anticipate an objection which will be raised. Gentlemen who advocate this wheat board will say: "You are borrowing trouble; we are not asking from this House the right to expropriate; we will get that from one of the prairie provinces." Well, to my mind the man who boldly does a thing that is wrong is

to be preferred to the man, who, knowing a thing is wrong, steps aside to let another man do it. As a matter of fact, under our criminal law an accessory before the fact is held to be just as guilty as the man who himself commits the crime. It reminds me of the tales we have heard of the past when white civilized races were fighting each other on this continent in the eighteenth century: one would charge against the other that they had abandoned prisoners to their Indian allies to deal with them as they wished. I do not propose, if by my feeble voice I can prevent it that principles I have cherished for years shall be bound to the stake and burnt up by a wheat board.

Now let me say as succinctly as I can, and I trust with perfect accuracy, and I will invite members opposite to correct me if I am not perfectly accurate, what I understand to be the case for the wheat board. As I understand it, the advocates for the wheat board say this: They say that they harvest their crops in the latter part of August and perhaps all through September; that they are obliged through the economic pressure of their creditors to bring that crop to market in the months of September, October, November and December, when they really should be doing their fall ploughing, and when the cost of threshing is high; that by this fact they are obliged to throw such an amount of wheat upon the market that it is glutted and the price pushed down; and that after they have disposed of their wheat the price rises. That, I understand, is the statement of the case made by the advocates of the Wheat Board.

Now my contention is, and I propose to submit to the House, and to you, Mr. Speaker, figures to prove it, that such is not the case; that if you take one special year you may find that the price is lower in the autumn months than in the months of March, April and May succeeding, but that if you take any considerable number of years and compare the prices realized in the fall months of the crop year with the prices paid in the spring months of the crop year, you will find precisely the reverse. I state that the figures will show that taking one year with another it is good business for the farmer to sell his wheat in the fall months. I know I have to prove this to many members of the House who entertain a different notion, and whose business should enable them to have much more accurate information than I have, but I have endeavoured to examine the figures with care and to collate them in such a way that I believe I can show to those who will give ear to me that I am right.

There is no use, Mr. Speaker, taking the few past years as the years on which to base your argument, because the few last years have either been war years or years immediately succeeding the war, when the ordinary markets of the world were disturbed. The proposal that I make, Mr. Speaker, is that in fairness to our argument we take the six crop years which ended on the 31st of August, 1914—the crop years 1908-1909, 1909-1910, 1910-1911, 1911-1912, 1912-1913 and 1913-1914. I shall have to cite a good many figures, but I hope the House will bear with me. I have made two comparisons. First I have compared the highest figure in the month of September with the highest figure in the month of March.

Mr. SPEAKMAN: Does the hon. gentleman think it is quite fair to make that comparison? Because the basis of our desire to have a wheat board is the fact that we have not yet reached normal marketing conditions and that we are still suffering from the after effects of the war? Therefore, it should be the later years, and not the years before the war, that should be taken into account.

Mr. McMASTER: When the board was formed in 1919, there was collective buying in Europe, and therefore good grounds for urging collective selling in Canada. When the suggestion was made, I think, in the session of 1920, that we should have a reconstitution of the Wheat Board it was held then that as there was decontrol to a large extent in Europe there should be de-control in Canada, and my belief is that we are getting back to normal. It is true that getting back to normal has been largely at the expense of the primary producer, but as there is no control in Europe now, practically speaking, as there is no collective buying in Europe, I cannot see any reason for collective selling on this side of the Atlantic, and that being the case I think it is fair to take the normal years prior to the war rather than the abnormal years during or since the war. That is my contention. What do the six normal years prove? I do not know whether I need to go over these figures. I shall be glad to do so if hon. members will not be wearied

with them, but let me perhaps first take the results of my investigation, and then if anyone doubts the correctness of those results I shall be glad to give the figures themselves.

I have taken the highest figure in September of 1908 and compared it with the highest figure in March, 1909, compared the highest figure in October, 1908, with the highest figure in April, 1909, and the highest figure in November, 1908, with the highest figure in May, 1909, and I do find in connection with that crop year that it would have paid farmers, though not to any great extent, to have held on to their wheat until the spring.

Mr. FORKE: If it is the year 1908 my hon. friend is taking, the price goes up from $1 to $1.35 in June.

Mr. McMASTER: I say that that is the one striking year of these six years when it would have paid the wheat grower to have hung on.

Mr. SPENCER: Has the hon. member the quantity of grain sold in September? September is not the heavy selling month. Has he also the average selling price?

Mr. McMASTER: I think I can deal with that afterwards. I propose, first of all, to give these figures, and then treat them in relation to the visible supply, which I think will answer to a certain extent, at least, the desires of my hon. friend who has just put the question. With his permission, let me proceed along the line I have indicated.

I have also taken for this crop year the average price for the month. I think perhaps it makes a better comparison to take the average price during the month of September and compare it with the average price for March, and compare October with April, and November with May. In order to make the comparison equal, I have added 9 cents a bushel for the six months, representing 1½ cents a bushel per month, so that the price in September of $1 would be just as good to the grain grower as the price of $1.09 in March. I think that is fair. On that basis of comparison during 1908-1909, if the grain grower had held on to his grain until March instead of selling it in September, he would have made 2.7 cents a bushel; if he had held on until April instead of selling in October, he would have made 12.5 cents a bushel, and if he had held on until May instead of selling in December, he would have made 14 cents a bushel. If you took that year by itself, I would say that the protagonists of the Wheat Board had gone a long way to prove their case, but that would be merely another case of the fallacy of arguing from the particular to the general.

If we take the other five years we will find a very different result. I would imagine from the expression on the faces of hon. gentlemen opposite that they believe that the average price gives a truer comparison than the highest point in the months for which I am making my comparison. Therefore to facilitate my argument and save time I will deal with the average prices merely, though I have worked the matter out by comparing highest prices with highest prices as well as average prices. Now, if we take the year 1909-10 we will find that if the grain-grower sold in September rather than holding on till March he would have made 2.2 cents more per bushel; that if he had sold in October rather than holding on till April he would have made 4.3 cents per bushel; that if he had sold in November rather than holding on till May he would have made 11.9 cents per bushel. That year is a strong piece of evidence that it does not pay the farmer—it certainly did not pay the farmer in that year—to hold his wheat, but rather to sell in the autumn months. Let me take the next year, 1910-11. If the grain-grower had sold in September rather than holding on till March in that year he would have made 20.9 cents per bushel; if he had sold in October instead of holding on till April he would have made 14.5 cents per bushel; and if he had sold in November rather than holding on till May he would have made 6 cents per bushel. That certainly is even a stronger year for my contention that the autumn months are the months in which it is wise for the agriculturist to sell his wheat. Now let us take 1911-12. We find that the grain-grower who sold in September rather than holding on till March made 11 cents per bushel; that he who sold in October rather than holding on till April made 6.4 cents per bushel, and that he who sold in November rather than holding on till May made 3.5 cents per bushel; another year in which it was more advisable for the farmers to sell in the autumn months. Then if we take 1912-13 we find that the grain-grower who sold in September rather than holding on till March made 19 cents per bushel; that he who sold in October rather than holding on till April made 8.7 cents; that

he who sold in November rather than holding on till May lost 1.2 cents per bushel. Then if we take the next year, 1913-14, we find that the grain-grower who sold in September rather than holding till March made 5 cents per bushel; that he who sold in October rather than holding till April lost .6 cents per bushel; and that he who sold in November rather than holding till May lost 1.5 cents per bushel. I say, Mr. Speaker, that if these figures are correct there is no reasonable deduction to be drawn from them other than the fact that the three autumn months which I have compared are better marketing months than the three spring months I have mentioned.

I now come to deal with the point raised by my hon. friend who asked me the question as to quantity. In the committee, Mr. Speaker, I produced certain figures showing the average yearly price in Winnipeg, and the average yearly price in London for these six years on which I base my argument. I found, on these figures prepared for me by the Bureau of Statistics, that, taking one year with another, the carrying charges and profits made on the wheat, established on the difference between Winnipeg and London prices, amounted to 8½ cents per bushel over the six years. One of the hon. members challenged the soundness of my conclusion. His statement was that these average prices mean very little because they are often obliged in a month to sell at the lower prices, and therefore the average price does not give a true reflection of the real situation. In an endeavour to see whether there was anything in this contention I obtained the figures for the visible supply from week to week during these six years. Now I think hon. members will agree with me in my argument, that if it is the placing of Canadian wheat in large quantities on the Canadian market which forces prices down, then when there is least Canadian wheat in sight the prices should go up. That would be a fair deduction to draw. If it is the Canadian wheat which establishes the price we would expect to find, therefore, that where the visible supply increased, prices tended to fall; that where the visible supply decreased, prices tended to rise. That is not shown to be true by an examination of the figures. There is no apparent direct and constant reflection in the price of wheat of the smallness or the largeness of the visible supply. I had prepared a statement taking 296 weeks—that would be the six years, 296 weeks, or at least if that is not quite the six years it would be the weeks in which reports of the visible supply are made. There were 296 occasions on which visible supply was compared with decrease or increase in price, and what did I find? Increase in visible supply was accompanied not by decrease in price, as we would expect, but by increase in price 67 times; that increase in supply was accompanied by what we would expect—namely decrease in price—only 61 times; and that increase in visible supply on 6 occasions made no difference in the price at all. Now let us look at what happened in relation to decrease in visible supply. Decrease in visible supply was accompanied by an increase in price—and that is what we would expect—92 times; by a decrease in price, which we would not expect, 66 times; and by no change in price at all 4 times, making in all 162 times. That covers the whole 296 comparisons of visible supply with increase or decrease in price; and my argument is that it does show that there is no constant or necessary relation between the increase or decrease of visible supply and the price.

The conclusion that I am driven to is that we must seek other factors in the situation to explain the variations of price in wheat in Canada, because the decrease or increase of visible supply will not explain the situation. Do the figures on other grain exchanges bear out the contention of hon. gentlemen opposite that there is a glut in the market in the fall months? I have discovered; in fact, it was placed before the Agriculture Committee that, taking the years 1895 to 1914, the supply of No. 1 Northern wheat in Minneapolis averaged in October for those nineteen years 85.3 cents per bushel while the average price in April was 88.3 cents per bushel. If we take the cost of carrying in Minneapolis at the same figure as in Winnipeg,—and I do not think that would be unfair—the grain grower who sold his wheat in October was six cents better off than the man who held his wheat until April; that is, as a general thing, taking into consideration the whole nineteen years. If we take the Chicago grain market, and if we take a period of fifty years,—and that should be a long enough period to give us reliable figures—if the arguments of the advocates of the Wheat Board are right, we should find that in the large majority of the years contained within those fifty years the lowest price would occur in the three au-

10 p.m.

tumn months, because that is when the grain comes upon the market. But what do we find? We find that the highest point on cash wheat was reached four times in September and five times in December; that is to say, nine times in fifty years this has happened. When was the lowest price found? We would expect to find the lowest price generally in those four months but it happened four times in September and five times in December, not the lowest price, but the highest price was reached. I thank hon. gentlemen for having paid such attention to those dry figures and I will now pass to another consideration of the matter.

In the Agriculture Committee, I asked Mr. Riddell who appeared as a witness before that committee, this question. I said: "You were fortunate in your administration of the Wheat Board of 1919. You were able to realise handsome figures for the wheat which passed through your hands and the names of Stewart and Riddell are blessed throughout western Canada. What would have happened if the market had gone the other way?" And Mr. Riddell answered, with perfect frankness and western freshness, that they would have been damned just as much as they had been blessed. The western folk who wish to have the Wheat Board are very anxious that it should be a Stewart and Riddell Wheat Board. They want Mr. Riddell; they want Mr. Stewart, and they do not seem to have any great confidence in other people. That, of course, is a sign of weakness in itself, because any legislation which must depend on the personality of two persons who are open to the vicissitudes of humanity is dangerous legislation. They might both be carried off by an epidemic; they might both be sick or be obliged to leave the country for one reason or another. But the strange feature of the matter is that neither Mr. Riddell nor Mr. Stewart are really enthusiastic protagonists of the Wheat Board. Mr. Stewart hails from Scotland. Not only has he the ability of mind which appertains to the Scottish race, but he is also endowed with no small degree of that nation's caution and prudence. He was asked the question in plain language: Are you in favour of a Wheat Board? And, if you will turn to page 273 of the evidence, you will see his answer which reads:

> Q. Mr. Stewart of Humboldt read from the evidence of Dr. Magill in which he maintained that the consumer was well treated under the operations of the old Wheat Board under the conditions that existed at that time. Do you consider that the consumer would be well treated under present conditions if a compulsory Wheat Board were put into operation, and would it reflect to the general benefit of the Dominion of Canada?—A. If I expressed an opinion on that would it not really amount to contempt of court? This committee must determine that. I can only talk from practical experience, and tell you exactly what happened during the regime of the old Wheat Board.
>
> Q. I do not think it involves contempt of court. We call witnesses to obtain their opinion, and there are in this committee a great many men who are very anxious to do the best thing with regard to the question of a Wheat Board. I think we have the right to ask your opinion, because you were a member of the old Wheat Board?—A. Well, the Wheat Board as an economic proposition is a good one; but, on the other hand, the measure of public opinion which would be in favour of such a project would be a matter that would have to be taken into consideration by this committee.

Answers largely couched in the terms of the subjunctive mood. Then we have another question:

> It is quite evident that there is a very large body of public opinion strongly in favour of the Wheat Board, and a unanimous body of public opinion strongly in favour of whatever finding is going to be the most beneficial to this Dominion. I am in no way opposed to the wheat pool, compulsory or voluntary. I am looking for information from the witnesses as to which method would reflect the greatest benefit to this Dominion. If it reflects benefit on the wheat grower and is indirectly reflected beneficially on the rest of the Dominion, that is a good thing, and that is the point we would like decided.

Now, listen, Mr. Speaker, to the answer:

> I am afraid, Sir, that I have not a sufficiently decided opinion to advise you one way or the other.

This was the star witness brought by the protagonists of the Wheat Board before the Agricultural Committee. Let us now listen to what his partner, Mr. Riddell, said:

Mr. FORKE: Does the hon. member think that Mr. Stewart was very anxious to give the decisive opinion when he made that reply? Did he not act rather with Scotch caution that he would not be caught?

Mr. McMASTER: That is the remark I made, and no doubt the hon. member and myself can appreciate the caution; but after all, when people who are advocating a cause bring a cautious, respectable and even a Scotch witness before a committee or a court, and when that expert witness when brought to the trough, refuses to drink, surely we are entitled to draw a conclusion.

Mr. FORKE: I was there and I heard the witness give that evidence. I think one could not determine from his reply

whether he was in favour of a wheat board or against it. He simply evaded the question.

Mr. McMASTER: I think that is perfectly true, and the point I want to drive home to the members of this House is that if the man who made a great success of the Wheat Board, and whose name was blessed from many housetops in western Canada, refuses to come out and say that it is a good thing to have a wheat board, I think it is unwise for the country to undertake an adventure of that sort.

Mr. BROWN: Might not that attitude be attributable to Mr. Stewart's modesty?

Mr. McMASTER: I have heard the statement that the devil's "darling sin" is "the pride that apes humility." It may be modesty; but I think he had a very good opinion, as most Scotch people have, of his own opinion, no matter how carefully they may conceal it with modesty. Let us now deal with Mr. Riddell. Mr Riddell is not Scotch, and therefore he is not affected with that degree of modesty which affects people of that race. You will forgive me, Sir, if I read a good deal; but this is, after all, I think, of value to the committee. I asked this question myself:

By Mr. McMaster:

Q. It would strike me that if a voluntary wheat board got contracts for, let us say, 95 per cent of the acreage of Saskatchewan in wheat, they would know that they were going to control pretty nearly the whole crop of Saskatchewan, would they not?—A. If you had a voluntary wheat board, with 95 per cent signed up, then I would say that you would be getting very close, so far as selling is concerned, to a complete compulsory system in so far as selling is concerned.

Q. May I ask you one or two questions just arising out of that? Do you or do you not consider it necessary in order to have the beneficial effect that you claim for the proposed measure, do you or do you not require to control flour?—A. In regard to the first portion of your question, Mr. McMaster, I do not know that I have made any claims about the beneficial effects of this system by comparison with what they are doing now.

I would draw the attention of the House to this statement again:

In regard to the first portion of your question, Mr. McMaster, I do not know that I have made any claims about the beneficial effect of this system by comparison with what they are doing now.

"What they are doing now" being to sell wheat by the organizations which now handle it.

Mr. FORKE: From what page are you quoting?

[Mr. Forke.]

Mr. McMASTER: Page 375.

Q. Well, I will ask you that question directly? Do you consider it would be wise to have this proposed compulsory Wheat Board?—A. Well, sir, I have strictly avoided answering that question. We have been discusing the Wheat Board in relation to voluntary pools. We would open up an entirely new field if we were going to discuss the Wheat Board in relation to existing conditions. I want to make that clear.

Q. Have you any objection to answering the question? It seems to me a very pertinent one.—A. I stated at the outset, sir, that representations so far as the organization with which I am concerned have already been made to this committee by Mr. Robinson, representing the Canadian Council of Agriculture. This morning you have heard resolutions passed three successive years by the shareholders of our company asking for the reinstatement of the Wheat Board. I occupy a position as a servant of those gentlemen who want that service.

Q. I was thinking that you were here as a citizen of Canada?—A. Yes, sir.

Q. To give us the advice that you could give us by reason of the special knowledge you had of this matter?—A. I am perfectly willing to do that. I have been trying to do that to the best of my ability all the morning.

Q. I am putting you up against this question; of course if you feel that it would be disloyal to the organization with which you are connected, to answer it, I am not going to insist.—A. Now, Mr. McMaster, that is the lawyer's way of putting it. The suggestion immediately in your remark is that I believe differently from them. I do not admit it.

Q. You neither admit it nor deny it?—A. No sir.

Mr. Sales: Mr. McMaster, that is not fair.

Mr. McMaster: I think it is very fair.

The Chairman: I think, Mr. Sales, you will have to let Mr. McMaster deal with Mr. Riddell.

Mr. McMaster: I do not want to interfere. If Mr. Riddell does not want to give his personal views on this matter that we have been discussing now for about six weeks, I do not know whether or not the chairman has the right to put him in a tower as a witness who won't answer questions. At one time a witness who refused to answer questions before a Parliamentary Committee was committed to the tower.

The Witness: I am not so sure but what I would rather be there than here just now.

Mr. McMaster: I will try, Mr. Chairman, in my questions to avoid any expression or to infer any expression from the witness as to the advisability or the inadvisability of the proposed Wheat Board.

By Mr. McMaster:

Q. But if a wheat board is reconstituted, would it to be effective require to have powers of controlling flour as well as wheat?—A. Yes, sir.

Now, I infer from these citations that neither Mr. Riddell, nor Mr. Stewart is really in favour of the wheat board. Both believe that such a board as is proposed, that is to say, one that will not have the right to control flour, is not effective; and I ask those hon. gentlemen in the House who wish to have a wheat board, is it wise to urge the country to adopt a meas-

ure that will establish a wheat board which those who know more about the matter than any one else say will be ineffective?

I feel, Mr. Speaker, not false but real modesty in talking to western grain growers about wheat. But I ask myself the question, why is it that the visible supply in Canada is not the sole determining factor in Canadian prices? The answer is found in the fact that Canada is not the only country in the world that grows wheat to fill the world's bread basket. During the months of January, February and March wheat from Australia and the Argentine republic goes on the world's markets, and that is one reason why it may be wise for the Canadian grain grower of the West not to withhold his wheat from sale during, say, September and October, because if the crops are very abundant in Australia and the Argentine that may tend to depress the price in Canada during the months of the early winter. They also ship in smaller quantities during the summer months. In May, June and July India and Egypt ship wheat, and in Texas the harvest comes on in June. I suppose that the harvest there is commencing shortly. Then it comes northward at the rate of about 20 miles a day up to and through Canada. Kansas wheat is harvested in June. In looking at the grain reports the other day in the paper I saw a statement to the effect that the prices in Canada had dropped because it was expected that there would be a very excellent crop in Kansas. If you will remember, only a few weeks ago Mr. Watts, one of the witnesses, told us—I thought he took a certain unholy pleasure in the fact—that prospects in Kansas were bad and we might expect higher prices for Canadian wheat. The harvest in Kansas is substantial, amounting in 1921 to 128,000,000. Then Nebraska reaps her harvest after Kansas; Minnesota in August, then South Dakota, North Dakota, and so on into Canada. The world does not get its supplies all in a few months. The world gets its supplies not from hand to mouth, but from month to month throughout the year, and contracts months before for the supplies it is going to use. When a great deal of wheat in western Canada goes on the market in the early autumn months, much of it must have been sold before it was more than three or four inches from the ground. I would say that, although supply and demand is the ultimate determining factor in the establishment of price, the demand is immensely influenced, not merely by the supply that is in sight, but by the judgment of buyers as to what the supply will be, not alone at the time in question but in the months that lie ahead. Hon. gentlemen who belong to the Agricultural Committee will remember how one witness, I think Mr. Richardson, stated that he might be buying wheat and paying certain prices for it on the exchange in the morning that at noon he might take up his paper and find that there had been abundant showers in Australia, and by reason of that fact change his attitude to the market during the afternoon. Is such a business as that is it wise that it should be under the control of a government? I do not think so. I think it is one in which personal initiative and insight should have full scope and play.

Mr. GOULD: My hon. friend says that wheat is often sold when it is only three or four inches out of the ground and that this is one of the factors that go to determine the price. It is also well known that in the past a lot of wheat has been thrown on the market in October or November. If that feature were eliminated would it have some effect in raising the price?

Mr. McMASTER: I do not quite understand my hon. friend's question, but I think I can answer him. I am groping for just what I think he means. If he means that dealing in futures depresses the price, I tell him that I do not think it does. I believe that if you compare the prices of primary products which are dealt with in any country in future markets with the prices of primary products in which markets in futures do not exist, you will find that dealing in futures tends to give a better price to the producer and a less cost to the consumer, and that the middleman can, by careful hedging, protect himself in such a way as not to be obliged to demand as wide a margin as he would if the trading in futures was not practised.

Mr. GOULD: Perhaps I can make my question a little clearer. Our being obliged to put 150,000,000 or 200,000,000 bushels of wheat on the market for export in the months of October and November is one of the factors which depresses the price to us, and a wheat board is supposed to spread the sales over a longer period and so eliminate that adverse factor at least.

Mr. McMASTER: I think Mr. Richardson dealt pretty thoroughly with the ques-

tion which my hon. friend has just brought to my attention. Mr. Richardson said:

> Considerable wheat has been sold to the British buyer during the month of March.

He was giving his evidence on the 26th April.

> Recently he has bought grain at values very much higher than he could have bought it last fall. He could have bought wheat for May and June shipment last fall just as readily as he can now, and he could have bought it for a great deal less money.
>
> But what are the facts of the case? The English and foreign buyer does not appear to think that we give our wheat away in the fall of the year because he only buys his current requirements. Now, how can we account for this? It must be that he expected to buy cheaper from the Argentine after Christmas, or he does not want to load up with our wheat in the fall of the year and run the risk of having his Canadian purchases show him a sharp loss should the Australian and Argentine crop be bountiful and come on the market early in the New Year at lower prices.

Of course, it is quite possible that with Russia out of the market, if the Canadian crop was a very light one the prices would rise. I do not pretend for a moment that our wheat crop is not a big factor in the situation as far as determining prices is concerned, but I do give as my considered opinion to the members of this House that my study of this question has led me to the conclusion that although the wheat crop of Canada does come on the market in very large quantities during the months of September, October and November, the consequence is not to bear down the price, but that the prices realized during those fall months as a rule, taking one year with another and eliminating those abnormal years through which we have gone in the immediate past, pay the Canadian wheat grower to sell his wheat during those months. That is the conclusion to which I have come, and therefore when I am told that the banker to whom the grain grower owes money urges him to sell his wheat in September or October, I cannot blame the banker because I think he is asking his debtor to realize his property at the best price.

Mr. GARDINER: Is it your contention that the wheat comes on the world's market with regularity from almost every quarter of the globe?

Mr. McMASTER: No. I would say that wheat is largely grown in temperate climes, and that the North American continent and Russia being in the northern temperate clime have a larger production of wheat than similar countries to the south in a southern temperate clime. I do not pretend that wheat is not a northern as opposed to a southern product. But the figures which I have studied lead me to the conclusion that the price of wheat is not determined merely by the Canadian supply coming on the market in September, October and November, and that the prices realized during those months, comparing them with a similar period six months thereafter are better prices than in the latter period.

Mr. GARDINER: Could you explain the newspaper quotations of to-day as to cash price and futures? The Winnipeg price quoted yesterday for No. 1 Northern was $1.29⅛ cents. I notice the July quotations for futures are $1.22½, but for October they are $1.14, and for December $1.12. Can you explain that situation?

Mr. McMASTER: No, I cannot. I think a man to give an adequate explanation of that situation would have to be far more familiar with the grain trade than I am. But my point is that the present system of competitive buying—for I believe the buying in Canada is competitive—is a good system. I believe the answer of Mr. James Richardson. I listened with interest to what he said, and I noticed the effect he made on my fellow-members in the committee. He said that he knows of no business which is conducted on as keenly a competitive basis as the export business of wheat, and that his company, which has been established for two generations, is in the closest and keenest competition with great houses in London, Paris and Rotterdam. You will remember he cited an instance where he had been competing with a rival for an order, and finally found that his competitor had got the order by having shaved his price a quarter of a cent per bushel. He did not understand how that could happen until he found there had been just that reduction in the freight rate, and that some one in the office of the shipping company had tipped off his competitor as to the probable reduction, which enabled that competitor to underbid him to that extent. I came to this matter with very little knowledge of the wheat business indeed and, I grant you, with a strong bent of mind against paternalism and paternal legislation, but I trust that did not prevent me dealing fairly and honestly with the evidence. It does seem to me that the way wheat is handled on the Winnipeg grain exchange by competitive buyers and com-

petitive sellers does give as good results as would be given by pooling, though I am not opposed to pooling on the voluntary system, which I will deal with in a moment.

There have been many investigations into the wheat business. Mr. Richardson quoted an extract from a report made by a royal commission appointed by the Saskatchewan government, the closing words of the report being:

> No doubt some bold and fortunate speculative exporters, and some large operators having the best of financial and shipping connections and favourable contracts for lake and ocean space make very good profits, but the commission has no evidence to indicate that the usual margin on which the exporting of wheat is conducted exceeds from one-half to one cent a bushel.

And Mr. Richardson told us that the profit of his business for the six months ending the 31st January was a slight fraction over ⅝ cent a bushel, or just about what this royal commission found.

Now, will the co-operative pool be of real advantage? That is something on which I do not wish to offer any advice; it is a matter which has to be decided by the western agriculturists themselves. But I would point out that co-operation in the past, so far as I know, never asked the State to come in to aid it in forming the co-operating body. It does seem to me that when the protagonists of the wheat board say: "We are not in favour of a co-operative pool because we do not believe there is enough co-operative sentiment in western Canada to form such a pool or to keep the members of such a co-operative society in it once it is formed; therefore we must invoke state aid to bring that desideratum about,"—I say that is the strongest argument against the interference of the state in that regard.

Mr. JOHNSON (Moosejaw): I do not know whether I understood my hon. friend aright, but did he say that he knew of no co-operative enterprise which had had government assistance to establish it?

Mr. McMASTER: No, I did not say that. What I did say was that I knew of no co-operative institution which had called upon the powers of the state to force people into the co-operation. That is the point I make, and if I may be allowed to say so—being, like most people of Scotch descent, a modest man—I think it is a strong one.

Mr. WOODSWORTH: May I ask what are all our municipal enterprises if they are not co-operative enterprises by which the state has to come in to give effect to this desire for extensive co-operation?

Mr. McMASTER: I was rather expecting that suggestion. I would point out that there is an essential difference between the power of the state for public purposes and the attempt to ask the state to interfere to form a co-operation for private purposes. The municipality has been given the right to tax its people, but I say this, if you want to apply the canons of expropriation; if you expropriate a piece of land which yields me $100 a year you will have to give me a capital sum which will represent that $100 a year. If you expropriate from my neighbour a piece of land that yields him only $50 a year, you will give him just half the amount. But the proposal in this case is that the wheat board shall expropriate all the wheat—it may be worth a dollar to some and only eighty cents to others, but it shall go into one common pot and say ninety cents shall be divided among all the co-partners. If you are going to invoke expropriation then you must invoke the ethical and legal and just rules which govern expropriation in connection with municipal matters. I see a great difference, and I think hon. gentlemen will see a great difference between the power of the state to do something for public purposes and the invoking of the power of the state to force certain people in a line of business to conduct that business along the lines which the majority want and which they themselves do not want. I will cite Mr. Manning Doherty, who may be an authority to some and not an authority to others. At a meeting at Ridgetown the other day which had for its purpose the fostering of co-operation in Ontario, a meeting at which a gentleman from California with a biblical name spoke, Mr. Manning Doherty, speaking of the obtaining of certain markets, said:

> It can be done not by governments, but it can be done by you and you alone. The Government can help and assist and direct, but anything that goes from the top down and you shove down the farmer's throat will never amount to that, but something that the farmers build themselves will stand. The farmers have got to organize themselves.

There is no place in Canada where the farmers have organized themselves so well as they have on the western prairies. The people who believe in co-operation are proud to think of the names of such persons as the hon. member for Marquette (Mr. Crerar) and the hon member for

Regina (Mr. Motherwell), who are leaders in a co-operative movement which took a strong stand against the great abuses which in the past had throttled the economic life of the western prairies.

I think it is dangerous to give the grain trade of a country into the hands of two or three men. If they deal rightly, if they judge rightly; if, I might almost say, they guess rightly, they may make a great deal of money for the country. If their judgment is wrong, if they make a mistake, then that mistake may result in great loss to the country.

Mr. EVANS: Does the hon. member not realize that it is in the hands of two or three men now?

Mr. McMASTER: No; if hon. members can show that the grain trade of this country is in the hands of two or three men now they will not convert me to their proposal for compulsion—I do not think anything will do that—but they will make out a strong case for a voluntary pool. I do not, however, think that the grain trade is in the hands of two or three persons. I believe that the grain trade is subject to competition; if I am wrong, that part of my argument falls. But I would point out that under present circumstances one man may think that the market is going up; another man may think it is going down; and the net result will be much more on a level than if you put the whole grain trade of the country in the hands of two or three men. If you do that; if you put it in the hands of two or three men, you will get a dominant mind and that dominant mind will direct the whole trade of the country. I do not think it is reasonable or right; I do not think it is a fair risk to run, to put the whole grain trade of this country, which is our greatest individual trade, in the hands of one man. I think it is unfair to the present organization. Those who advocate a wheat board advocate it not as a permanent measure but as a temporary expedient; but even as a temporary expedient the upsetting of present organizations will result. I think it is unfair, or may prove to be unfair, to eastern Canada,—and this is the only note of a personal character that I will sound. I try in this House not to consider public matters from the mere point of view of the little county in the Eastern Townships which I represent, because I hold that we are here to consider the interests of Canada as a whole; we are here, elected from certain parts of

Canada, but our first duty is to the whole country. That was discussed in the English House of Commons as early as 1571; it was then laid down as the proper principle, and I believe it is the proper principle. Let me say this concerning eastern Canada; it is our desire to have as much of the wheat of this country as possible go out in the form of flour. It will be the duty of any wheat board that is doing anything of value to the west to try to put that wheat out just in the way in which it will give the greatest return to the western grower, irrespective of whether it goes out in wheat or in flour.

Mr. COOTE: Is there anyone who is more entitled to all the returns that can be got from the wheat than the man who raised it?

Mr. McMASTER: No, there is not; if my hon. friend had waited just a moment I would have dealt with that aspect of the question. I am prepared to see the grower get whatever economic laws will give him. But I say it is not right for the state to interfere with economic law in order that certain wheat which otherwise would have gone out of this country in the form of flour shall go out in the form of wheat. To the extent that that is done the eastern dairy farmer suffers.

I would say also that the adoption of such a proposal as this would create an enormously bad precedent. If it is right to have a wheat board, why not a potato board, why not a butter board? I know there are some men in this House who are so obsessed with the injustice and the ugliness of our present competitive individualistic system that they say, "Away with it; we can have no hope under it." I do not blame such men; I do not wonder at their advocacy of a wheat board. But men who follow the business of farming, men whose business is built up on personal initiative and on personal thrift—how they could advocate a wheat board which says to certain farmers who do not wish to enter it: "Whether you wish to enter this wheat board or not; whether you wish to pool the results of your labour and your capital with us or not, you have got to do it and the state will see that every avenue for the sale of your wheat except that which the state has created is closed to you,"—how they could advocate such a proposal as that, I cannot understand for it is striking at the very foundation of everything they hold dear.

I would like to close with just one appeal to the protagonists of the wheat board. They all come from the West, and they, Mr. Speaker, and myself have for many years held in common certain great economic principles.

We have held these economic principles, we have been called idealists and impractical folk and we have suffered all sorts of things, if not at the hands, at least at the tongues of our fellow citizens; but those of us in the East who have held these principles have always looked to the West for hope and encouragement. The people of the West believe in fiscal freedom; they wish it for themselves; they wish it for their children. Let them not by the advocacy of this proposal, which is an interference with trade—it is not protection, but it is an interference with and an infraction of free trade—weaken their efforts to get what I believe will help them in the struggle for economic justice in which all the plain and common people of this country should be united as one man.

Mr. W. F. MACLEAN (South York): I shall only take up the time of the House for a few minutes. I asked a question of the pundit from Brome as to Joseph, and he could not answer my argument that Joseph had saved Egypt and the world at that time through his foresight, because of his violation of economic truths according to the hon. gentleman.

Mr. McMASTER: The hon. member forgets that we have now public ownership of railways and of ships, and if there was a famine we could bring wheat in from abroad.

Mr. MACLEAN (York): The hon. gentleman's argument was that this proposal would put the farmers in bondage, just as Joseph put the people of his day in bondage. Joseph saved Egypt and Moses saved the Israelites, and if there is any argument to be drawn from what these two great leaders did, it is that the foresight of Joseph and the patriotism of Moses saved humanity at these two stages of the world's history.

I am rather surprised that no reference has been made in this discussion to what is going on at Washington at the present time. The most powerful political organization that has been found anywhere in the world is operating to-day at Washington to secure some measure of relief from the farming conditions that exist in the western states of the American Republic, and they are coming to the same conclusion that the Progressives are reaching in connection with their economic problems in the West. They are finding out in Washington that what is essential is that the credit of the nation, through the federal reserve banking system, shall be put behind some central organization for the purchase and the control and the sale, if necessary, of farm products, especially of wheat. We have come to it. We made a success of it in the late war, just as Joseph did. I think it would be a good thing to continue it; I believe in that; I believe in the credit of the nation being behind it. I believe in what the hon. member for Brome (Mr. McMaster) said about getting back to normal. The grievance of the farmers in the West is with the conditions they have encountered in normal times. Their experience in connection with the production of farm products in this country is such that they are prepared to try something else, and there will have to be a wheat board, with the credit of the nation behind it. There will have to be an elaborate system of storage in order to stabilize or valorize prices, and it may be necessary, in order that the farmer may get what is coming to him, that a crop like wheat may have to be stored for two or three years in order to equalize the price and to keep the farmer in the meantime from being exploited by the gambler. The gambler in wheat, more than anything else, is the menace to farmers getting a fair price for their wheat, and the greatest gamblers in wheat are the millers and the banks which are associated with them in that proposition. That is what they are finding out in the states, and my hon. friend from Brome had better read the evidence that is being presented to-day in Washington if he wishes to see to what conclusions the farmers in the United States are coming. They are going to try something new. We have had two or three years' experience with the wheat board, and I say it is worth a continued trial. The president and the majority of the Senate in the United States are now in favour of rather extensive legislation in the direction of market control and the public control of the price of wheat, and are favouring putting the credit of the whole nation behind it.

When I addressed the House on the budget the other day I brought out this fact, that the coming thing for the improvement of agriculture in this country is improved transportation, improved national banking, improved marketing, and the introduction of the new principle of democ-

racy and of economics, and that is collectivism. If the men in politics to-day go into the next election, when it comes, ignoring the principle of collectivism, or collective bargaining, call it what you will, by people who are dissatisfied with their present conditions and are going to try and help themselves by co-operation, collective bargaining, collective judgment, or a collective policy, they do not see the signs of the times.

There is just one other thing I want to say. We have the best wheat in the world grown in this country. There is no wheat like the Canadian wheat, and no wheat ought to command a higher price in the markets of the world. But the business has to be well handled. The gambler has to be eliminated, the high rate of interest has to be eliminated, and cheap transportation must be provided. When my hon. friend from Brome says, "Do not offend the East," my answer is, who to-day in the East is standing at the door and telling not only the farmers of western Canada, but all the people of Canada, that they shall not have improved transportation by means of waterways so that steamships crossing the Atlantic may sail right up to the ports on the Great Lakes? The attitude of these grain speculators is: You shall not even have the advantage of the competition of sea-going ships. You farmers of the West must depend hereafter on the railroads, although water transport is cheaper.

In conclusion, I would ask the Prime Minister when he is drafting his bill to read the evidence that is now being presented to that committee in Washington. I have looked through it, and it deals with the question of marketing, with the question of financing crops, and with the question of storage. Storage is the real point, the strength of the farmers case. It does not cost much to store or to carry grain. There must be more storehouse capacity and the nation has to provide especially for the farmers of the West. We must have more storehouses, and the farmers must have granaries at home; they must have more local elevators and storehouses, and there may have to be great storehouses established at the seaports. I am quite convinced that the people of the United States, and especially the farmers of that country, hope to get a solution of the troubles that afflict the farmer over there, because they have troubles in the States just as we have them here. Over there they are trying to remove them, and trying to do so by co-operation. The best thought in Congress, the best thought in the Senate is being devoted to this question, and the President of the United States is deeply concerned with it. They propose a great national movement over there to improve the price of farm products, to remove all kinds of gambling chances in them, and to provide storage for farm products—not only of wheat but of all grain, cotton and things of that kind. They are in favour of these things, and most of all they are in favour of making experiments. Now the greatest thing in politics is not to respect so-called economic laws but to make experiments. An experiment in politics is a great thing to try out; and as far as I am concerned I am willing to vote in favour of our Government establishing a wheat board, of giving it all the assistance it can, and of having a real experiment made for a few years; especially in view of the fact that the Americans are going to make the same experiment. I believe that if we do make the experiment, having the best wheat in the world, we will be able, by some system of co-operation so to store and finance this good wheat of ours, that we can sell it at the highest price provided we exercise good judgment in that direction.

Mr. SPEAKER: Is the House ready for the question?

Mr. GUTHRIE: Before the question is put I rise simply to say that the amendment moved by my hon. friend from South Oxford (Mr. Sutherland) expresses the policy of those who sit to your left, Mr. Speaker, and who regard themselves as the official Opposition in this House. I do not know that it is necessary to press that amendment to a division. The object in moving it was to acquaint the House and the country with the position that the Opposition take upon the question. However, having heard the discussion which has taken place in the House, and which has continued throughout the greater part of the day, I do feel: that if the bill which was promised this afternoon by the Prime Minister is drafted more in keeping with the terms and spirit of the amendment than of the report it will prove to be a better piece of legislation.

Mr. MACKENZIE KING: Will my hon. friend state to the House wherein the amendment differs from the report?

Mr. GUTHRIE: The amendment, if I understand it aright, provides for some-

thing in the nature of a voluntary wheat board with such powers as this Parliament has the constitutional right to confer upon it; and if the bill when presented to this House follows more closely the spirit of the amendment, and less closely the spirit of the committee's report, I think it will be found in the end that we will bring forth a more useful piece of legislation than by following the strict letter of the committee's report. I merely cast forth that suggestion as one of my own. It is a prediction I make, that more good will be accomplished in the end if the bill conforms to the amendment rather than to the report. I propose, Mr. Speaker, to let the motion pass until—

Mr. VIEN: Is it not a fact that the report of the committee has exactly the same effect insofar as it is based on the contention that Parliament has not the right to give compulsory powers to the wheat board, and that such powers must be implemented by the provincial legislature?

Mr. GUTHRIE: Well, in the latter part of my hon. friend's question lies the weakness of the whole case—supplementary legislation.

Mr. SPEAKER: I understand that the amendment is withdrawn by leave of the House.

Mr. GUTHRIE: No, Mr. Speaker, not withdrawn, lost on division.

Mr. MACKENZIE KING: Just before the amendment is put, I fail really to see the essential difference between the report and the amendment. My hon. friend has claimed that there is a difference between the two but he has not made it very clear. The report asked the Government to establish:

> A national wheat marketing agency for the marketing of the wheat crop of 1922.

It also asked to give this agency:

> —all the powers of the Wheat Board of 1919 as are within the jurisdiction of Parliament to grant except as they include the direct marketing of flour and other mill products.

That is a voluntary wheat board, and that is what is suggested in the amendment of my hon. friend from South Oxford. I would like to say further, Mr. Speaker, that the members who were in the House and heard the beginning of this discussion will recall that I stated on behalf of the Government that it was our intention, in the legislation which we were bringing in, to establish a board and to give it such powers as this Parliament has a right to endow it with, but to leave it to the provinces to add further powers in accordance with the scope of their jurisdiction. Now there is nothing in the amendment which has been proposed on the other side which adds or takes away anything from what the Government has suggested as its proposal. So I think the amendment is wholly unnecessary, it tries to make a distinction where there is no room for one.

Amendment (Mr. Sutherland) negatived on division.

Motion (Mr. Kay) agreed to.

ST. LAWRENCE WATERWAY

Mr. SPEAKER: I have the honour to inform the House that I have received a copy of Progress Report No. 3 of the New York State Commission in opposition to the St. Lawrence ship canal and power project.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

BLOOD INDIAN RESERVE

Mr. COOTE:

1. What amount of land is leased on the Blood Indian Reserve?
2. To whom is this land under lease, for what period, and what is the annual payment under each lease?

Hon. Mr. STEWART (Argenteuil):

1. 40,037 acres.
2. Answered by statement hereunder.

Lessee	Area	Term	Rental per Annum
	acres		$ cts.
George Stringham	7,040	1 year., April 1, 1921	1,408 00
C. Jensen	3,520	1 " " 1, 1921	704 00
J. Neilson	3,840	1 " " 1, 1921	768 00
H. Blackmore	320	1 " " 1, 1921	64 00
T. Duce	560	1 " " 1, 1921	112 00
A. J. Stoddard	320	1 " " 1, 1921	64 00
W. Pitcher	320	1 " " 1, 1921	64 00
J. & S. Low	640	1 " " 1, 1921	128 00
J. P. Low	80	1 " " 1, 1921	16 00
J. W. Low	320	1 " " 1, 1921	64 00
Wood & Parish	130	1 " " 1, 1921	26 00
Horace Eldredge	480	3 " May 1, 1921	3,600 00
Cardston Farming Co. Ltd	1,440	3 " April 1, 1921	3,600 00
Maroni Allen	240	3 " May 1, 1921	508 00
Town of Cardston	2,500	1 " April 1, 1922	400 00
McNab and Bell	960	1 " Aug. 1, 1921	192 00
J. Hadfield	140	1 " April 1, 1921	28 00
W. McNab	320	1 " Aug. 1, 1921	64 00
A. Norton	2,560	1 " April 1, 1921	512 00
W. Smith	3,840	1 " " 1, 1921	768 00
L. Jensen	3,840	1 " " 1, 1921	768 00
Cardston Wool Growers Assn	640	1 " Aug. 1, 1921	128 00
C. G. Jarman	300	1 " " 1, 1921	50 00
J. McNab	1,280	1 " " 1, 1921	256 00
A. Whitney	1,280	1 " " 1, 1921	256 00
Davis & Nelson	1,280	1 " Sept. 1, 1921	256 00
V. Sanderson	320	1 " " 1, 1921	64 00
F. Leblond	160	1 " " 1, 1921	32 00
Ives Ranching Co	320	1 " " 1, 1921	64 00
E. Russell	960	1 " " 1, 1921	192 00
J. Hadfield	87	2 " May 22, 1921	217 50

LAKE OF THE WOODS CONTROL BOARD

Mr. CHURCH:

1. Has the Government of Canada agreed with the government of Ontario to appoint a joint Board consisting of four members to regulate and control the outflow of the waters of the Lake of the Woods so as to maintain the level of the lake and also of the waters of Lac Seul and of the Winnipeg river?

2. Has the Government decided to introduce legislation this session to repeal an Act of the Parliament of Canada, "The Lake of the Woods Regulation Act, 1921", being chapter 38, R.S.C., 1921, and at whose request?

3. Will the Government lay on the table all documents, letters, correspondence, and any other material dealing with this matter with the government of Ontario, or any other person or persons?

4. Why has the Government agreed to a settlement of this question which should be settled by engineers?

5. What International Treaty, if any, is there covering this question?

6. What interprovincial and international legislation is there in existence on this subject?

Hon. Mr. MACKENZIE KING: The Government have given notice of a bill to repeal the Lake of the Woods Regulation Act, 1921.

11 p.m.

[Mr. Charles Stewart.]

The several matters referred to by the honourable member can be considered when the measure comes before the House.

IMMIGRATION OFFICIALS

Mr. JACOBS:

1. Who is the Deputy Minister of Immigration, when was he appointed, and what is his salary?

2. Who performed the duties prior to the appointment of the present deputy minister, and what was his salary?

3. Has the work in the Department of Immigration increased so largely as to justify the appointment of a deputy minister?

4. Who is the present Superintendent of Immigration, what are his duties, and in what respect do his duties differ from that of the Deputy Minister of Immigration?

5. What experience, if any, did the present deputy minister have in immigration matters before his appointment to his present post?

Hon. Mr. STEWART (Argenteuil):

1. Mr. W. J. Black, appointed on September 7, 1921; salary $6,000.

2. Mr. W. W. Cory, C.M.G., Deputy Minister of Interior, was appointed Acting Deputy Minister of Immigration and Colonization in October, 1917, without extra re

muneration, but during the re-organization of the Department of Immigration and Colonization in the fiscal year 1918-1919 he was paid $1,000 by special Vote of Parliament.

3. Matter being investigated.

4. At present there is no Superintendent of Immigration. The former Superintendent of Immigration is at present designated as "Assistant Deputy Minister".

5. The Deputy Minister of Immigration has held the following positions:—

(a) Deputy Minister of Agriculture and Immigration for Manitoba.

(b) President, Manitoba Agricultural College.

(c) Dominion Commissioner under Agricultural Instruction Act.

(d) Chairman, Soldier Settlement Board of Canada.

MEALS TO IMMIGRANTS

Mr. JACOBS:

1. What rate per diem is charged by the Government at the port of Quebec for meals to immigrants, pending appeals from rulings of the Board of Immigration?

2. What is the rate per diem which the Government pays to the caterer for such food?

3. What sum has been received by the Government from immigrants for meals during the year 1921 at the port of Quebec?

4. What sum has been paid to the caterer at the port of Quebec for meals supplied during the year 1921?

Hon. Mr. STEWART (Argenteuil):

1. (a) Civil Detentions.—Adults, 75 cents per diem for meals, plus $1.00 per diem for overhead expenses, or a total of $1.75 per diem. Children between 1 and 10 years of age, 40 cents per diem for meals, plus 50 cents per diem for overhead expenses, or a total of 90 cents per diem. Infants under one year of age, free.

Medical Detentions.—Adults, 75 cents per diem for meals, plus $1.25 per diem for overhead expenses, or a total of $2 per diem. Children between 1 and 10 years of age, 40 cents per diem for meals, plus 60 cents per diem for overhead expenses, or a total of $1.00 per diem. Infants under one year of age, free.

2. Rate per diem 75 cents for the season of 1922.

3. $20,637.94.

4. $28,313.80 including meals at Detention Hospital and meals to members of the staff.

GOLD IN CANADA

Mr. IRVINE:

What amount of gold was in the treasury—Central Gold Reserve—and in the chartered banks of Canada during the years from 1914 to 1921?

Hon. Mr. FIELDING:

As of Dec. 31	Gold in Central Gold Reserves	*Current gold and subsidiary coin held by Canadian chartered banks
1914	$4,500,000	$62,569,688
1915	6,210,000	67,995,610
1916	11,960,000	71,172,169
1917	19,680,000	82,032,863
1918	8,500,000	79,315,616
1919	10,500,000	80,088,103
1920	11,502,533	82,687,559
1921	10,502,533	78,851,283

*Monthly returns of the banks as prescribed by the Bank Act do not show gold and subsidiary coin separately.

NON-TAXABLE BONDS

Mr. IRVINE:

What is the total amount of non-taxable bonds issued between the years 1915 and 1921, inclusive?

Hon. Mr. FIELDING:

$1,284,291,150 are outstanding as of this date of bonds of domestic issues (issued between 1915 and 1921) exempt from Dominion taxation. In addition there are outstanding of New York issues—(issued between 1915 and 1921) exempt from Doamount of $110,934,000. Of this amount $50,934,000 are exempt from Dominion taxation; and $60,000,000 are exempt except when beneficially owned by persons residing or ordinarily resident in Canada.

UNOPPOSED MOTION FOR PAPERS

Mr. MARTELL:

For a return showing a statement of all moneys paid by the Government of Canada or any department thereof, to barristers and solicitors of the various provinces of Canada for legal services in connection with the arbitration concerning the Canadian Northern Railway and the Dominion of Canada, and the Grand Trunk Railway and the Dominion of Canada, said statement to set forth retainers, per diem pay, expense allowances, number of days employed and the names of the barristers and solicitors so engaged.

CORRECTION OF DIVISION LIST

On the Orders of the Day:

Mr. H. E. SPENCER (Battle River): Mr. Speaker, I wish to draw the attention of the House to the fact that, on page 2912 of Hansard I am reported as having voted for the amendment. That is not correct. On the following page 2913, a correct statement is made of how I intended to vote.

Mr. D. M. KENNEDY (West Edmonton): Mr. Speaker, I wish to call the attention of the House to the fact that my name is also inserted as one of those

who voted for the amendment proposed by the ex-Minister of Finance (Sir Henry Drayton), and what I said in connection with the vote when asked to vote is correctly reported on page 2913 of Hansard.

Mr. SPEAKER: I am informed that the report of the division is correct in the Votes and Proceedings.

Mr. LAPOINTE: Even in the Votes and Proceedings, the vote is wrongly recorded.

Mr. SPEAKER: If the hon. gentlemen have not been properly reported, I will give instructions that the correction be made in the Votes and Proceedings accordingly, as the hon. gentlemen are entitled to that.

The corrected Division List is as follows:

YEAS

Messrs.

Anderson,
Arthurs,
Baxter,
Black (Yukon),
Bowen,
Chaplin,
Charters,
Church,
Clark,
Dickie,
Drayton (Sir Henry),
Garland (Bow River),
Garland (Carleton),
Grimmer,
Guthrie,
Harris,
Hocken,
Hubbs,
Irvine,
Ladner,
LeSueur,
MacKelvie,
MacLaren,
Maclean (York),
Macphail,
McKillop,
McQuarrie,
McTaggart,
Manion,
Maybee,
Meighen,
Mewburn,
Ross (Kingston),
Ryckman,
Senn,
Sheard,
Simpson,
Spence,
Stansell,
Stevens,
Stewart (Hamilton),
Stewart (Lanark),
Stewart (Leeds),
Sutherland,
Thompson,
Tolmie,
Whtie,
Wilson,
Woodsworth—49.

NAYS

Messrs.

Archambault,
Baldwin,
Bancroft,
Beaubien,
Béland,
Binette,
Binette,
Bird,
Black (Huron),
Blackadder,
Boivin,
Bouchard,
Boucher,
Bourassa,
Brethen,
Brown,
Bureau,
Cahill,
Caldwell,
Campbell,
Cannon,
Cardin,
Carmichael,
Carroll,
Carruthers,
Casgrain,
Chevrier,
Chew,
Chisholm,
Clifford,
Coote,
Copp,
Crerar,
d'Anjou,
Davis,
Déchêne,
Delisle,
Demers,
Denis (Joliette),
Denis (St. Denis),
Desaulniers,
Deslauriers,
Desrochers,
Drummond,
Duff,
Elliott (Dundas),
Elliott (Waterloo),
Ethier,
Euler,
Evans,
Fafard,
Fansher,
Fielding,
Findlay,
Fontaine,
Forke,
Forrester,
Fortier,
Fournier,
Gauvreau,
Gendron,
Good,
Gordon,
Gouin (Sir Lomer),
Gould,
Graham,
Halbert,
Hammell,
Hatfield,
Hodgins,
Hoey,
Hudson,
Hughes,
Humphrey,
Hunt,
Jelliff,
Johnson (Moosejaw),
Johnston (Last Mountain),
Kay,
Kellner,
Kennedy (Edmonton),
Kennedy (Essex),
Kennedy (Glengarry and Stormont),
Kennedy (Port Arthur and Kenora),
King (Huron),
King (Kootenay),
King, Mackenzie (York),
Knox,
Laflamme,
Lafortune,
Lanctôt,
Lapierre,
Lapointe,
Lavigueur,
Leader,
Lewis,
Logan,
Lovett,
Lovie,
Low,
Lucas,
Macdonald (Pictou),
Mackinnon,
Maclean (Halifax),
Maclean (Prince, P.E.I.),
McBride,
McConica,
McCrea,
McDonald (Timiskaming),
McGiverin,
McIsaac,
McKay,
McKenzie,
McMurray,
Marcil (Bonaventure),
Marcile (Bagot),
Marler,
Martell,
Mercier,
Michaud,
Millar,
Milne,
Mitchell,
Morin,
Morrison,
Morrissy,
Motherwell,
Munro,
Murdock,
Murphy,
Neill,
Ouimet,
Pacaud,
Papineau,
Parent,
Pelletier,
Power,
Prévost,
Pritchard,
Putnam,
Rankin,
Raymond,
Reed,
Rinfret,
Robb,
Robinson,
Robitaille,
Ross (Simcoe),
St. Père,
Sales,
Savard,
Séguin,
Sexwsmith,
Shaw,
Sinclair (Oxford),
Sinclair (Queens, P.E.I.),
Speakman,
Spencer,
Steedsman,
Stewart (Argenteuil),
Stewart (Humboldt),
Stork,
Thurston,
Tobin,
Trahan,
Turgeon,
Vien,
Wallace,
Walsh,
Ward,
Warner,
Woods—171.

SALE AND INSPECTION OF ROOT VEGETABLES

On motion of Hon. W. R. Motherwell (Minister of Agriculture) Bill No. 33, to regulate the Sale and Inspection of Root Vegetables, was read the second time.

On motion of Mr. Motherwell, the bill was referred to the select standing committee on Agriculture and Colonization.

CRIMINAL CODE AMENDMENT

The House again in committee on Bill No. 93, to amend the Criminal Code, Mr. Gordon in the chair.

Sir LOMER GOUIN: I beg to move the following amendment:

(1) Section 2 of the said act is amended by inserting the following paragraph immediately after paragraph (14):

"(14A) 'Feeble-minded person' means a person in whose case there exists from birth or from an early age, mental defectiveness not amounting to imbecility, yet so pronounced that he or she requires care, supervision and control for his or her protection and for the protection of others."

This is a definition of a feeble-minded person. I also beg to move this further amendment:

(2) Section 219 is amended by inserting the word "feeble-minded" after the word "dumb" in the fourth line thereof, and the words, "or imbecile" after the word "dumb" at the end of the said section.

Section 219 reads as follows:

Every one is guilty of an indictable offence and liable to four years' imprisonment who unlawfully and carnally knows, or attempts to have unlawful carnal knowledge of, any female idiot or imbecile, insane or deaf and dumb woman or girl, under circumstances which do not amount to rape but where the offender knew or had good reason to believe, at the time of the offence, that the woman or girl was an idiot, or imbecile, or insane or deaf and dumb.

Sir HENRY DRAYTON: Is the change one of limitation or extension?

Sir LOMER GOUIN: Extension.

Amendments agreed to.

Sir LOMER GOUIN: I beg to move the following amendment. Section 236 reads:

Every one is guilty of an indictable offence and liable to two years' imprisonment and to a fine not exceeding two thousand dollars who,—

And so forth. We propose to add two subsections, and I beg to move the following amendment:

Subsection one of section two hundred and thirty-six of the said act is amended by inserting the following paragraphs immediately after paragraph (c) thereof:

"or (d) disposes of any goods, wares or merchandise by any game or mode of chance or mixed chance and skill; or

"(e) induces any person to stake or hazard any money or other valuable property or thing on the result of any dice game, shell game, punch board, coin table or other game of chance or mixed chance and skill or on the operation of any wheel of fortune."

Amendment agreed to.

Mr. GOOD: I move a further amendment to the Criminal Code, as follows:

3. Subsection (e) and (f) of section 1 of section 235 of the Criminal Code, Revised Statutes of Canada chapter 146 are repealed and the following substituted therefor;

(e) Engages in pool-selling or bookmaking or in the business or occupation of betting or wagering or in supplying information to any person engaged in bookmaking or pool selling or in the business of betting or wagering which would be of assistance therein, or makes any agreement for the purchase or sale of betting or gaming privileges.

(f) Advertises, prints, publishes, exhibits, posts up, sells or supplies or offers to sell or supply any information to any person engaged in bookmaking or pool selling or in the business of betting or wagering which is afterwards used by such person in book making, pool selling, or in the business of betting or wagering upon any horse race or other race, fight, game or sport, whether at the time of advertising, printing, publishing, exhibiting, posting up or supplying such information, such horse race or other race, fight, game or sport has or has not taken place.

Mr. CHURCH: I would draw the attention of the committee to the fact that the hon. member (Mr. Good) has on the Order Paper, at page 16, a motion, No. 11, with reference to the subject of his proposed amendment. Under the rules of the House he cannot, with such a motion on the Order Paper dealing with the same subject, move the amendment he now submits.

Mr. GOOD: This amendment does not cover the matter which my proposed motion deals with.

Mr. BAXTER: I do not know what the proposed amendment is. It was utterly impossible to hear it, and one cannot properly discuss the point of order without knowing just what the subject is. However, the amendment is long enough to fall within Rule No. 112, which says:

No important amendment may be proposed to any private bill in a Committee of the Whole House—

The CHAIRMAN: Order. This is not a private bill. With regard to the point of order raised by the hon. member for Toronto North (Mr. Church), there is a Notice of Motion No. 11, on the Order Paper dealing substantially with the same matter treated in the proposed amendment. May at page 248 says:

A motion must not anticipate a matter already appointed for consideration by the House whether it be a bill or an adjourned debate upon a motion. A motion is equally out of order, if it anticipates a notice of motion for leave to bring in a bill that includes the subject proposed to be dealt with by the motion. A matter already appointed for consideration by the House cannot be anticipated by an

amendment, while a notice of motion as long as it remains upon the paper, whether for a specified day or not, prevents its subject-matter being discussed by means of an amendment to a motion.

And Bourinot at page 320, states:

An amendment cannot anticipate a notice of motion on the order paper.

Under the circumstances I rule that this amendment is anticipated by Notice of Motion, No. 11, on the Order Paper and is therefore out of order.

Mr. GOOD: Will you allow me to speak to your ruling, Mr. Chairman? I simply wish to say—

The CHAIRMAN: The hon. member is out of order in discussing the ruling of the Chair. Had I known that he desired to discuss the point of order I would have given him an opportunity to do so before ruling upon it. I did not see him rise, however.

Mr. CRERAR: My hon. friend (Mr. Good) was on his feet when the member for North Toronto (Mr. Church) sat down. I think that he intended to speak to the point of order, and I submit that he should be given the opportunity to do so.

The CHAIRMAN: I regret that the hon. member did not more vigorously draw my attention to the fact that he desired to discuss the point of order.

Mr. GOOD: But I did say something, Mr. Chairman, and I intended to proceed.

The CHAIRMAN: I am afraid the hon. member did not sufficiently press his desire in the matter. I did not hear him, and having given my ruling I do not think he can discuss it.

Mr. JACOBS: Bring it up next year.

Bill as amended, reported, read the third time and passed.

SUPREME COURT ACT AMENDMENT

On motion of Hon. Sir Lomer Gouin (Minister of Justice) Bill No. 125 to amend the Supreme Court Act was read the second time, and the House went into committee thereon, Mr. Gordon in the Chair.

Sir LOMER GOUIN: Most of the provinces have legislation to authorise references on legal questions to be made to their courts. There is no provision in the Supreme Court Act authorizing an appeal on such decision from the highest courts of the provinces. We were requested by the Attorney-General of Ontario to prepare the amendment we now introduce. I would ask permission to make some changes in the amendment as drafted. I propose to replace in the first section, subsection 42 (a), for the words "Divisional Court of the Supreme Court of any province, (or by the final court of appeal of any province)", the words "The highest Court of final resort in any province." This is in conformity with the amendments made to the Supreme Court Act in 1920. For the same reason I move to strike out the words "Divisional Court (or of the said final court of appeal)", and to substitute therefor the words "the highest Court of final resort." This will apply to all the provinces of Confederation and I think it will be generally satisfactory.

Mr. CRERAR: What is the purpose of the amendment?

Sir LOMER GOUIN: To afford an appeal from the highest court of the province on any reference made in virtue of provincial legislation on questions of law. On federal matters we have references to the Supreme Court. The provincial governments have similar references to their provincial courts, but they have no appeal to the Supreme Court unless we amend the Supreme Court Act, and that is what we propose to do.

Sir HENRY DRAYTON: At their request?

Sir LOMER GOUIN: At their request.

Mr. JACOBS: I notice it is intended by subsection 2 to make this bill retroactive to the 16th June, 1920.

Sir LOMER GOUIN: That subsection is dropped.

Bill reported as amended, read the third time, and passed.

SUPPLY

House again in Committee of Supply.—Mr. Gordon in the Chair.

MILITIA AND DEFENCE

Adjustment of War Claims—Militia and Defence, $7,380,000.

Sir HENRY DRAYTON: Mr. Chairman, I had hoped, in common with most members of the late government, that we were getting near the end of these extraordinary payments. There is only a very small decrease this year, and I would ask the minister to be good enough to give the committee details of how this amount of $7,000,000 odd is made up.

Hon. GEORGE P. GRAHAM (Minister of Militia and Defence): We all shared my hon. friend's hope, but there does not seem much prospect that this item will be very materially diminished this year. Last year the vote was approximately $7,000,000, but about $8,000,000 was spent, the reason being that the Militia Department had several credits, and the Finance Department allowed that over-expenditure on account of those credits. It was really a matter of bookkeeping.

Sir HENRY DRAYTON: I suppose that extraordinary large claim of $3,000,000 was charged up to the demobilization vote last year?

Mr. GRAHAM: Yes.

Sir HENRY DRAYTON: Then do you not think this is too great a vote this year?

Mr. GRAHAM: Since these estimates were prepared a credit of approximately $1,000,000 has been made by the British Shipping Board to the Naval Department, so this vote can be reduced to that extent.

Sir HENRY DRAYTON: Does the minister mean that because Great Britain has paid us $1,000,000 in connection with war matters it can be used by the department without being covered by a vote?

Mr. GRAHAM. As a matter of fact, the British Shipping Board owed us $1,000,-079, and gave us credit for it. Last year the Militia Department expended $1,000,-000 more than the total voted by Parliament through credit given by that contra account. I will read the items that make up this total. One large item is that referred to by the ex-Minister of Militia last week, being the claim made by the British Shipping Board against the Canadian government, amounting to about $4,000,000, on account of the hospital ship that was sunk while being used by this government. The former Minister of Militia had some negotiations with the British government, but no final settlement was reached. I may say frankly that I have not had time to go into the merits or demerits of the case, but the $1,000,000 is credited against that claim. These are the items included in this vote: British Ministry of Shipping account, $3,007,105; private steamship accounts, $427,895; unforseen railway-steamship accounts, $200; other transportation claims, $40,000; separation allowances, $158,000; pay and allowances, $192,000; war service gratuities, $346,000; printing and stationery, $26,000; postage on medals, records, etc., $60,000; ordnance service repairs to rifles, $6,000. Then there is an item for engineer services and works, $30,-000. There is a large amount for medals, $535,000. These medals are made by the British government and are paid for by the Canadian government. I may say to hon. members whose friends may be asking why their medals or other decorations have not reached them that they are coming into the department by thousands every month and we are distributing them as rapidly as they are received. There are items for difference in exchange redeemed at par, $86,500, and miscellaneous, unforeseen, $470,000, making a total of $6,880,-000. We add to that the $500,000 we discussed the other night, for battlefields memorials, making a total of $7,380,000. As I pointed out a moment ago we wish to drop $1,000,000 from that, leaving the amount to be voted $6,380,000.

Sir HENRY DRAYTON: The amount of $470,000 for miscellaneous unforseen expenses strikes me to be rather a large item, and I would like the minister to give us some particulars concerning it.

Mr. GRAHAM: It is to cover any items not otherwise provided for which may be authorized by the Governor in Council. There is also a balance in dispute, a claim of Vickers Limited, of $219,000. Then, a committee is sitting at present the recommendations of which may necessitate some expenditure. There were upwards of 6,000 soldiers who took their discharge from the Canadian forces in England, many of whom have since come to Canada. The question of refunding the cost of their transportation to Canada has been before the special committee on pensions and soldiers' re-establishment. The amount involved is estimated at $330,000. Provision is made to cover these two items. In fact, in connection with the committee which is sitting, my fear is that I may have to ask for a supplementary vote to cover any provision the committee may make for payments, and so on.

Sir HENRY DRAYTON: I agree that my hon. friend has not allowed very much to cover the recommendations of the committee; the amount would appear to be $231,000. I would like to ask how the claim of the Vickers Company stands at present.

Mr. GRAHAM: It has not yet been settled. There have been some negotiations; I have gone over the file of figures once or twice, and I think my predecessor discussed the claim with the Vickers people when he was in England. The claim must, of course, be paid in some amount, but a definite decision has not been arrived at.

Mr. GUTHRIE: I do know something about this claim. I went into the matter fully when I was in the department and I was not able to effect a settlement with the Vickers people. They made an offer to accept a certain sum of money to clean up the whole claim. I at one time thought the figure was not an unfair one, but my hon. friend the then Minister of Finance (Sir Henry Drayton) thought it was much too high. I am satisfied that the company have a bona fide claim. We cancelled certain contracts which we had awarded to them at the beginning of the war and they claim to have sustained losses. Some substantial amount will have to be paid in settlement of this claim. But the large item which the minister has given is the one that I would like a little more information about, that is, the one in connection with the shipping claim of the British government against the Canadian government. I was under the impression that last summer, with the able assistance of accountants from the Militia Department and after about three weeks' hard work, we reached a settlement with the British government. of their claims against Canada in regard to all shipping items save one. We succeeded in reducing the account which had been rendered to us by $750,000. But there was still a very large item in regard to a hospital ship that had been torpedoed and in respect of which the British government claimed they had the right to recover from Canada the amount found to be due to the owners by a board of arbitration which sat in England and was made up of three or four prominent ship owners. Upon that board Canada was not represented. In the early stage of the submarine warfare the damages paid by the British government to British ship owners were based on the actual cost of the ship. But as the war proceeded and more and more ships were sunk every month, the cost of shipbuilding rapidly went up and in the later years of the war the boards of arbitration awarded the replacement value of the ships. The British ship in question was in the service of Canada at the time she was lost. Marine insurance rates had become so great that no government could carry them; a few months' insurance would eat up the whole value of the ship. Canada, having assumed the risk while the vessel was under charter to her, has been called upon to make good the loss occasioned through the vessel having been torpedoed. My recollection is that the cost of the ship is about $1,000,000 and that the finding of the board of arbitration was that we should pay a replacement value of something like $3,000,000, I think—an enormous figure, at all events. These figures will be found in the department. Last summer we were not able to arrive at an agreement in regard to that item. In reply to my objection that Canada was not represented on the arbitration board, the officials of the Ministry of Shipping said that men had been appointed whom they thought would represent us; that the same board had acted in reference to British, Australian and Canadian ships, ships of every nation, and they were under the impression that Canada was virtually bound by the arrangement. I took the other ground, so the matter stood. But all other outstanding items in regard to shipping were settled, and the document setting forth the settlement must be in the department. I have the impression that the amount was not nearly so great as that stated by my hon. friend to-night.

Mr. GRAHAM: My hon. friend is right; I have the figures here. Settlement was made of all the other claims, but the amount has not been paid, so it comes under this vote. We have to take $2,243,000 from this item for that purpose. That comes out of this amount to begin with.

Mr. GUTHRIE: The claim, I think, was three and a quarter million, and they reduce it to about two and a half million.

Mr. GRAHAM: To $2,243,000.

Mr. GUTHRIE: In addition, there is still outstanding the claim for the lost ship?

Mr. GRAHAM: That is the situation.

Mr. SHAW: I would like to urge upon the minister the desirability of having these war medals distributed to those entitled to them at the earliest possible date. The men who are entitled to them value them very highly, but if they do not get them soon, they will probably care very little about them. The war is over now almost four years, and I think it is desirable that the distribution of medals should be speeded up. I have received many requests about

them, as no doubt have other hon. members, and I would suggest that if it is a question of manufacture, that the manufacture be speeded up. If it is simply a question of distribution, an effort should be made to get the medals out as soon as possible.

Mr. GRAHAM: The department receives a great many requests too. For a time the department was sending out as many as 25,000 medals a month. We are sending them out now just as rapidly as we get them. We are in communication with the British authorities urging them to speed up production. Just as fast as we get them, we distribute them. The young men and their relatives are naturally getting very anxious to get the medals. Our list is all ready, and we have quite a large staff that is being retained largely for the purpose of distributing these medals. I can assure my hon. friend that we are doing everything possible to speed up the manufacture at the other end.

Mr. GUTHRIE: I think the record of the department in regard to the distribution of medals is pretty good, when you consider the millions of medals that have to be made for all the men who served in the army and navy of Great Britain and the Dominions. I enquired into this matter last summer and found that they were speeding up in every possible way, but I suppose there must be eight or ten million medals altogether to be made and distributed.

Sir HENRY DRAYTON: With regard to the Vickers Limited claim, my recollection was that the amount the company were willing to settle for was £40,000. We thought that too high. I was going to ask whether the matter is now in the Exchequer Court.

Mr. GRAHAM: No. It is a question of just how we can get the matter settled. The correspondence shows that £45,000 was the amount. I cabled to England the other day, and suggested that I understood they had agreed to settle for £40,000, but they repudiated that suggestion.

Sir HENRY DRAYTON: There is no doubt about the £45,000.

Mr. GRAHAM: The claim was much higher than that in the first place, but they have gradually reduced it. They even dispute that the correspondence would show that they offered to take £45,000. We contend that they at least offered to take that, and we are in correspondence with them still. I agree with the ex-Minister of Militia that they have a substantial claim under the rulings that were made by the British Shipping Board for the settling of all claims. It is one of those things that are not easy to work out, but we hope to get the matter in shape before another session.

Item agreed to.

SECRETARY OF STATE

Adjustment of war claims—Secretary of State, $75,000.

Sir HENRY DRAYTON: What is the explanation of the increase?

Hon. A. B. COPP (Secretary of State): This amount is required largely for the carrying on of the operations of the clearing house that was established last year. The salaries and expenses last year amounted to a trifle over $60,000, and the vote was only $50,000. Owing to the fact that there is a large increase of the work, and will be during the present year, we find it necessary to ask for this amount.

Sir HENRY DRAYTON: There were some extraordinary expenses last year in connection with this item. There were difficulties, for instance, which arose in England necessitating our sending the deputy over, not only to England, but also to Germany, with a view to speeding up matters and bringing them to a satisfactory conclusion. The vote last year was probably not sufficient, as the minister says. I would have thought, however, that last year was the high water mark and that we would be reducing the item now. I do not know whether anything new has turned up, but I thought that we had finished with excursions to Germany.

Mr. COPP: Unfortunately, I am afraid that we shall have to send a delegation to Germany again this year.

Sir HENRY DRAYTON: It is very unfortunate.

Mr. COPP: The information I received from my deputy, who has had this matter in charge, is that our clearing office is not in direct connection with the German clearing office. The claims all have to pass through the central clearing office in England, which causes a great deal of delay in getting the claims adjusted. We have been following up these claims just as closely as we could, but it has been impos-

sible during the last few months to get them adjusted satisfactorily. If we could possibly come to any arrangement for getting the returns back and forth direct and settling with our Canadians, it would facilitate matters. Something must be done, because from the information I have received from the officials it has been almost impossible to get these matters closed up in the last few months. Greater energy must be put into the work. I have no desire to ask for any more than is absolutely necessary, I can assure my hon. friend, but my information is that we shall require this amount to make us absolutely safe this year.

Sir HENRY DRAYTON: I know there has been a great deal of difficulty in the past. We had to work through the British clearing office, which has a great deal of work to do, and it was pretty hard to get these claims adjusted with proper business alacrity, but we looked after that in the autumn of last year by leaving a man there who was familiar with the business of the British office. I hope there are not going to be any more expeditions.

Mr. COPP: That officer is still there, and has been working there ever since that time, but we have not been able to get action. The time has arrived, judging by the number of letters and telegrams we receive, and by the number of hon. members making representations, when the work of adjusting these claims should be speeded up, and that is what we are endeavouring to do.

Item agreed to.

TRADE AND COMMERCE

Trade and Commerce Department. Maintenance of terminal elevators and necessary equipment, $95,000.

Sir HENRY DRAYTON: What is the reason for the increase there?

Hon. J. A. ROBB (Minister of Trade and Commerce): It is to provide for cleaning machinery in the elevator at Vancouver so as to put that elevator in a position to handle grain, more particularly the grain coming in over the Canadian National Railways. Considerable grain was shipped there during the winter, I think around eight million bushels, and it may be interesting to the committee to know that from the province of Alberta it is cheaper to ship grain to England via Vancouver than via the Atlantic ports.

[Mr. Copp.]

Mr. CHURCH: May I ask the minister what has been done to meet the need for terminal elevators in the province of Ontario? About three years ago there waited upon the government a large deputation composed of the following representatives: City of Toronto, Minister of Agriculture for Ontario, United Farmers' of Ontario, United Farmers' Co-operative Company, Limited, representatives of the Grain section, Toronto Board of Trade, representatives of the Toronto Harbour Commission. The deputation introduced asked that an interior elevator be built in Ontario and we presented a very elaborate memorandum to the government showing the necessity for it. I would like to ask the minister if the time has not come to consider the policy of building one or more of these elevators in the province of Ontario? The government told us in 1918 they would build one when the war was over. At present there are no such facilities in central and western Ontario for the storage of the farmer's crop. It was pointed out that in some cities a large expenditure is being made on harbour improvements. In my own city we used to have these elevators some years ago but now we have not got any. $26,000,000 is being spent rebuilding the port. The urgent need of an elevator at some place on lake Ontario, has been pointed out. I would like to know if anything is going to be done in this direction for the province of Ontario because the government has established elevators in other parts of the country and I think they should do the same for the province from which I come?

Mr. ROBB: As my hon. friend is surely aware there is a greater storage capacity in the province of Ontario than in any of the other provinces. He must be cognizant of the immense storage capacity we have at Fort William and Port Arthur, and I suppose the province of Ontario will claim that those two enterprising towns are within its boundaries. At Port Colborne there is also a large elevator, and there are likewise elevators at Georgian Bay ports. So far as I am aware no complaint has been received of the shortage of storage capacity on the lakes.

Mr. CHURCH: I am going to read from the memorandum presented by the deputation referred to, a few paragraphs with respect to the need of terminal elevators in Ontario, because I am satisfied the minister is not seized of the very im-

portant facts embodied therein: The purpose of the deputation was thus stated:

The purpose of the deputation is to ask the government of Canada to erect and operate an interior terminal elevator for the service of Ontario, particularly central and western Ontario. It is assumed that such an elevator would be included as one of the chain of elevators at present operated by the Board of Grain Commissioners of the Department of Trade and Commerce. The type of elevator should, it is submitted, follow the lines of those at present in operation at Calgary, Saskatoon and Moosejaw in the western provinces, and be modern and well equipped in every particular. Its capacity should be sufficient to meet the needs of central and western Ontario as determined after examination by the experts of your departments. Such an elevator, it is submitted, should be located where convenient transportation facilities are available by road, by rail and by water. While we realize that the selection of the exact location would be contingent on the investigation of the experts of your departments, we are glad to have associated with us in this deputation representatives of the Toronto Harbour Commission Board.

Ontario produces annually approximately 200,000,000 bushels of grain of various kinds. In 1918 the total aggregated nearly 225,000,000 bushels, but this was an exceptionally favourable year for grain crops. It will be seen that in the average year Ontario produces enormous quantities of grain. Very considerable of this grain is used for live stock feeding as the live stock industry is a prominent one in the province of Ontario. At the same time there is no doubt but that millions of bushels change hands each year as grain, being sold either in the local trade, in inter-provincial trade, or for export. At the present time there is no Government interior terminal elevator in the province at which grain may be officially weighed and graded, as is done in the other provinces. At the present time the Grain Commission is endeavouring to purchase over 500,000 bushels of oats in Ontario, but there is no central point at which this grain can be officially asembled, weighed and graded. The absence of these facilities in Ontario has proven a loss to the farmers, a great inconvenience to those engaged in the grain trade, and a handicap to the Province in competing in these lines with other provinces which have the benefit of such facilities.

This deputation, therefore, desires to lay special emphasis on the public service functions which such an elevator would perform to the agricultural and commercial interests of the province.

Then follows a summary of the functions alluded to among which appear the following:

It would provide accommodation for the weighing, cleaning, drying, storing and grading of all kinds of grain in the province.

It would be an advantage to individual farmers, by enabling them to ship carload lots of grain which would be officially weighed and stored, and for which there would be issued an official certificate which would be recognized by the bank at once, thus broadening the farmers' market.

It would provide facilities for the storing, cleaning and grading of different kinds of seed and in this regard would be of great advantage to the farmers of the province, particularly with reference to grass and clover seeds.

It would be of much advantage to the live stock industry of the province by facilitating the distribution of feeding stuffs from one section to another in the case of short crops in the local districts or in the province as a whole.

It would be able to perform a distinct service in preventing the deterioration of certain crops in the province in the years of too much moisture, as is illustrated in the bean crop in recent years. The crop of buckwheat this year has had to be dried because of the wet weather which prevailed at the time of harvsting.

Special emphasis is laid on the fact that such an elevator would be a public elevator and certificates issued would be official government certificates, both of which are advantages affording great protection to the public and not available in the same sense from private enterprise.

Then the commercial side of the question is dwelt upon in the memorandum and the great advantages that would result from the carrying out of the enterprise are effectively pointed out.

I may say that the minister some time ago brought down a return showing the number of elevators there are in Canada, and the original cost of each. Among those are enumerated the following:

12 m.

Consolidated	$ 594,081
Empire	556,611
Thunder Bay	532,383
Fort William	651,089
Ogilvie	554,823
Western Terminal	762,737
Canadian Government	1,315,767
C.N.R. A & B	1,961,000
G.T.P.	1,949,000
C.P.R. D	2,156,942
C.P.R. A & C	605,720
C.P.R. B & E	855,849

I hope the minister will look into this matter, because I have in my possession a very elaborate brief which has been carefully prepared by the interests that I have named. I know the late Lieutenant-Governor Clark was a man who took a great deal of interest in the farming and grain interests of Ontario, and he was very much seized with the importance of having proper terminal elevators, because the steam railways are not treating the farmers of the province as they should and the fact is that the farmers have no place to take their crop in western and central Ontario. I have a large number of petitions signed by men interested in farming exhibitions, fairs and so on. We have been told that the financial situation has been such that public works could not be built except where absolutely necessary; but for the last year or two the financial situation has been improving, and I hope the minister will give us some relief. I have petitions signed

by county councils and various other public bodies that I have named. It is too bad that, in the old province of Ontario, we are not getting the relief that we should get even as regards elevator transportation facilities. On account of the fact that we could not get proper transportation facilities from the steam roads, 368 municipalities became so disgusted with the way they were being treated by the steam roads that they passed bylaws for a large system of hydro-electric railways in Ontario. We are quite agreeable that more elevators should be built throughout the country; but in Ontario they seem to have been eliminated. True it is, that there is one at Fort William and another at Port Colborne; but they are for through waterborne traffic largely, and western Ontario and central Ontario are absolutely lacking in elevator facilities to take care of the farmers' grain crops. We have a very active and aggressive minister; I hope he will take this matter up and give us some relief in central and western Ontario. I do not wish to detain the committee, and I would like to see these estimates go through quickly. I hope the minister will go into this very important matter, meet this deputation again and see if something cannot be done to give the farmers of western and central Ontario a place to store their crop. Why should Ontario not have at the country's expense what every other province has now?

Sir HENRY DRAYTON: I am sure the minister will give us a proper undertaking to this effect.

Mr. ROBB: I shall be very glad to look over the representations made by my hon. friend. Perhaps he might tell me where he would like me to locate this elevator, should we decide to erect one.

Mr. CHURCH: I cannot say that. The memo refers to the site at length. They say that they will leave that to the minister. The Grain Commissioners have certain views in this respect; they presented them to Sir Thomas White, the then Minister of Finance and to the then Minister of Trade and Commerce, and they made a recommendation as to location. I am not prepared to say where the elevator should be located. This deputation of the United Farmers said that it should be located in Toronto. I do not care where it is located so long as central and western Ontario get some relief from the intolerable conditions under which they are suffering at the present time. I am not asking where it be erected, but central and western Ontario should have some relief, and Toronto is the logical place from the economic and transportation standpoints.

Mr. CRERAR: I should like to offer a suggestion to the minister regarding the administration of these terminal elevators, and I think my suggestion might appropriately come under this item. At present the administration of terminal elevators owned by the Government, both at the head of the lakes and at points further west, lies in the hands of the Grain Commission. One of the commissioners, indeed, has active charge of the administration of these elevators. I have always thought that was a mistake as regards administration. The Grain Commission is a judicial body created by act of this Parliament for settling disputes that may arise in the conduct of the grain business. It was never intended to be an administrative board in the sense of administering the operation of these elevators. My suggestion to the Government and to the minister—and I am sure it will receive his usual careful consideration—is that his department might well give consideration to the matter of separating the administration of these terminal elevators from the Board of Grain Commissioners altogether and putting the administration in charge of a competent official for that purpose. That would relieve the Board of Grain Commissioners of that duty; it would place them more clearly in the judicial capacity which they are supposed and intended under the act to occupy. As a matter of fact, the Government is operating terminal elevators in competition with private concerns. I have no fault to find with that. I have advocated in the past and I still adhere to the view that it might be better, in the interest of the whole trade of Canada, if all these terminal elevators were operated as Government utilities the same as the Government elevator at Port Arthur is. But in any case, so long as they are operating an elevator, it should be an administrative function directly responsible to the minister and should not be involved with the conduct of a body that should be entirely judicial in its operations and character.

Mr. McBRIDE: As regards the elevator at Vancouver, if there is in Canada any place that requires additional elevator facilities, it is Vancouver. I do not represent Vancouver, and if some hon. members from that city were present, they could go more fully into the matter than I. But

when I state that the Canadian Pacific yards at Vancouver were last winter blocked to such an extent that they had to leave 500 cars at Kamloops that they could not take down to the coast until some steamers came in to relieve the elevators, it will be realized that, under such conditions, a much larger sum than $95,000 should be appropriated to extend the elevator systems at Vancouver. This, however, is a step in the right direction.

Mr. ROBB: I quite agree with the hon. member for Marquette (Mr. Crerar) that there is room for improvement in the administration and management of government-operated elevators, and we shall consider those representations during the summer and see what can be done towards improving conditions. As regards the observations of the hon. member for Cariboo (Mr. McBride), we hope to relieve in a measure the congestion of last year when we have the cleaning machinery installed in that elevator, so that it will be able to handle the grain more quickly.

Mr. LUCAS: When we were discussing the Canada Grain Act the other night, I understood the minister to say that we would be allowed to discuss it again under this item.

Mr. ROBB: Yes.

Mr. LUCAS: I should like to call the minister's attention to a matter regarding the car demurrage rule, which provides for forty eight hours' free time exclusive of Sundays for loading and unloading commodities. The exception to that rule is that, in that portion of Canada, Port Arthur and the West, in which the Grain Act applies, twenty hours' free time only is allowed for loading grain. I understand this legislation was enacted with a view to speeding up the loading and prompt handling of grain in the short time available for handling the crop. This legislation hits directly at the farmer; in fact, he is the only one hit, as the elevators have no limit to the number of cars they can load provided that they can get the cars. The farmer, on the other hand, unless he lives very close to an elevator, is unable to load a car in twenty-four hours, and as help is very hard to get at this time, he usually has to take an extra day to load his car. As a result, the handling of grain is not speeded up; in fact, in 95 cases out of 100 the farmer has to take 48 hours to load a car, and the object for which the rule was passed is not attained. For that reason, it has occurred to me that an amendment to the Grain Act might be submitted, allowing 48 hours for loading grain from loading platforms only. As I said before, the elevators do not need this, and I see no reason why the farmer with his grain should be allowed only 24 hours when all other commodities are allowed 48 hours. I call this to the attention of the minister and trust that he will see his way clear to bring in an amendment in this direction. It would be a great advantage.

Mr. ROBB: I shall look into the representations of my hon. friend. My impression is that this is really a matter that is regulated by the Railway Commissioners, although I am not sure. In passing, may I suggest to my hon. friend that the longer he ties up a car the greater will be the dearth of cars during the season when they are most required. These limited times were provided in order to aid the shippers, because the faster they can load the cars and keep them moving the better it is for all Western Canada. However, I shall consider the representations that have been made.

Mr. SALES: Do I understand the minister to say that the grain trade generally can be discussed under this item?

Mr. ROBB: That was the understanding on the last occasion.

Mr. SALES: The other evening I raised a question in regard to the private elevators and the Order in Council that was passed in connection with the subject. I do not know whether the minister has had time to look into the matter, or is prepared to state whether he intends to allow that business to be carried on. I think that the Order in Council should be revoked and the private elevators confined to the business they are intended to do. Furthermore, if the depreciating of the grain to No. 3 grade is to continue, I contend that the certificates for the grain passing through the private terminal elevators should bear the word "sample" or the words "mixed grade". The minister said the other night that we should preserve the fair name of Canada. I agree with him; and in order that our grain may continue to bear the good reputation that it has enjoyed up to this time in the British market I think that this mixed grade should have a different certificate from that given for the straight grade grain from the public terminal elevators. I presume the minister is going to allow us to discuss item No. 374

a little later on. It provides for salaries and expenses of the Grain Inquiry Commission.

Mr. ROBB: We shall take that matter up when we come to it.

Item agreed on.

To provide for salaries and expenses of the Grain Inquiry Commission, $40,000.

Sir HENRY DRAYTON: Before we proceed, may I ask, merely for information, how many more votes the minister intends to get through? What is his intention as to the length of the sitting to-night?

Mr. MACKENZIE KING: It is advisable that we should endeavour to bring the session to a close, and if hon. members opposite are agreeable we may sit until possibly one o'clock.

Sir HENRY DRAYTON: I was not complaining.

Mr. SALES: Will the minister explain this item?

Mr. ROBB: This amount is provided to meet any demand that may be made for a grain inquiry by those interested in the trade. There has been a limited demand for grain inquiry. I shall be glad to have representations from those representing the trade of Western Canada as to whether they desire any investigation into the grain trade.

Mr. CRERAR: Has this any reference to the resumption of the work of the body known as the Hyndman Commission?

Mr. ROBB: It is not exactly a resumption of that work, but as a result of that inquiry and what was brought out it was represented to us from some sources that there still existed some degree of unfairness, that the matter had not been all cleaned up to the satisfaction of the trade, and we therefore put in this vote to provide for any inquiry, should one be demanded. I may say at once that if there is a reasonable request from the growers for an investigation the Government will be disposed to consider it. Of course, we must bear in mind that there is no trade in this country that has been so often investigated as the grain trade of western Canada. I have been looking into the matter and I find that there have been thirteen different inquiries, royal commissions, and departmental investigations, into the trade of western Canada, and I suppose that an investigation is looked upon as an annual affair. I repeat, we are open to suggestions from our friends who are interested in western Canada, and the Government will be guided by the representations that are submitted to them.

Mr. CRERAR: So far as the work of the Hyndman Commission is concerned, and the causes that led to the appointment of that body, I think it is pretty well within the knowledge of every one who knew anything of the circumstances, that there was no widespread demand,—indeed, as far as I know, there was no demand from any reasonable body of opinion—for the institution of that inquiry at the time it was started. I do not wish to-night to enter upon any extensive discussion of the work of the Hyndman Commission, so called, further than to make this observation, that it was very unfortunately constituted, in some of its personnel, for the work it had to do. I have stated publicly elsewhere, and I repeat here, that the late Commissioner Staples, of the Board of Grain Commissioners, should certainly never have been placed on any royal grain inquiry. There was no useful work that the royal grain inquiry, known as the Hyndman Commission, undertook to do that could not have been done by the Board of Grain Commissioners in the first instance. The Board of Grain Commisioners is expressly clothed under the law with all the powers of inquiry that are vested under part one of the Inquiries Act. I have stated before, and I will repeat here, that the main purpose of the Grain Enquiry Commission was political rather than to seek remedies for abuses in the grain business. However, that may pass now. So far as inquiries are concerned, I do think that the minister might well institute some investigation, departmental or otherwise, that would go fully and thoroughly into the operation of the terminal elevators at Fort William, covering the handling of grain from the time it enters those elevators until it leaves. The elevators at Fort William are under the direction and control of the Government in the matter of inspection and weighing. The supervision of the grain handled through these elevators is always under the eye of government officials, and consequently the certificate of weight or of grade issued on grain entering these elevators or leaving them is a government certificate. As has been pointed out by the hon. member for Saltcoats (Mr. Sales), there has been a good deal of dissatisfaction, particularly in the past year, with the outward inspection at some of the elevators at Fort William.

My own judgment is that the inspection work at Fort William has been weak, and not properly looked after. In that respect I have another suggestion to offer to the minister. It is that the whole work of grain inspection covered by the Canada Grain Act be placed in the hands of the chief grain inspector, who should be made responsible for the efficiency and character of this work throughout his jurisdiction. As a matter of fact, owing to conditions that existed in Fort William under the administration of the law—which I do not wish to enter into to-night to any extent—the inspection of the elevators was not as closely under the direction and control of the chief grain inspector as it should have been. Theoretically he may have been the official responsible for the efficiency of that inspection, but in actual practice a condition developed at the head of the lakes under which he did not have that control which he should have had. I think the causes for that condition probably do not now obtain, but in my judgment the minister would be well advised to place the whole inspection business under the chief grain inspector and make him responsible to the department instead of to the Board of Grain Commissioners, for the same reason that I urged a few moments ago that the administration of the terminal elevators should be taken out of the hands of the Board of Grain Commissioners. The business of grain inspection is an administrative function, and the best results will be obtained in the administration of this act if that function is disassociated from the judicial function which primarily rests, as it should rest, in the Board of Grain Commissioners.

There is another matter which I wish to make allusion to, because I find that throughout eastern Canada particularly there is a very widespread misunderstanding and misapprehension of the conditions existing in the terminal elevators, and especially in the elevator controlled by the company with which I have been associated. The Royal Grain Inquiry Commission early last June, when it was sitting in the province of Saskatchewan, by telegram authorized its secretary to hold a special session at Fort William, which was in the nature of a secret session. That session was held as was disclosed in evidence brought out in the injunction proceedings at Winnipeg, for the purpose of investigating certain charges against the Grain Growers' administration of their terminal elevator. The inquiry was held in camera, no notice was given to the parties concerned, and very serious charges were levelled against the United Grain Growers for what had happened eight years previous. I repeat that this evidence was received and published in the newspapers throughout the country without our having any chance to appear at the proceedings and question the witness who gave that evidence, in which serious reflections were made on that company. It was the most unfair and unjudicial inquiry under the guise of a commission that has ever taken place in the Dominion. I wish to place these facts before the House and the country in order that they may appreciate what really took place.

The impression exists, and it was fostered in every possible way during the last election campaign, that the United Grain Growers were afraid of an inquiry into their administration; in a word, that there was something dark and mysterious and sinister that they wished to conceal. Within a few weeks of the time that that inquiry took place at Fort William we asked the Board of Grain Commissioners—who have practically all the powers that the Royal Grain Inquiry Commission had—to investigate as thoroughly and completely as they could all the allegations that had been made against the company. That was not done, although we repeated our request several times. We took the opportunity to clear up as far as we were able these allegations, and, speaking for that responsible company that has been doing business and enjoys a good reputation, I hope that if an inquiry is made by the minister it will cover the particular transactions that I have referred to, because there is no foundation in fact for the allegations which were made at this particular sitting. And, let me say again that secretly arranged session was one of the most discreditable episodes that has occurred in any judicial inquiry in the history of this country.

I think some useful purpose could be served by an inquiry into the operation of the terminal elevators. I believe that all the legitimate terminal elevators—and I make no reflections on any of the operators of those elevators—would welcome such an inquiry. I believe that the inspection at Fort William last year was lax, particularly in regard to outward business, but that was the fault of the administration

of the law, and has led to the criticism referred to by some hon. members here as to the quality of our grain not being up to the standard of inspection when it reaches the markets of the world. It is of the very greatest importance to the farmers and others engaged in the wheat business in western Canada that the high reputation our grain has hitherto enjoyed should be maintained by keeping up the high standard of our inspection, and I have every confidence that this will be done by the chief grain inspector in Winnipeg. I have known him for many years as a man well qualified for the post he holds, and I am quite certain that if he is given the necessary authority he will see that the inspection of western Canadian wheat is kept up to the proper standard and will not permit monkeying with it in any elevator. It should be borne in mind, let me repeat, that the inspection and weighing of grain into and out of these elevators is altogether in the hands of government officials, and I believe if the minister accepts and puts into effect the suggestions I have offered him to-night it will result in placing the administration of those houses on a basis where every person desires to see it placed and maintained.

So far as an inquiry into the handling of grain through country elevators is concerned, it could do no harm, but I frankly say that I do not think any very useful results would accrue from it. If, however, there is a widespread demand for such an inquiry it should be granted. But I would point out again that the Grain Act expressly clothes the Board of Grain Commissioners with all the powers necessary to inquire into any complaints of abuses that may exist in the handling of grain anywhere throughout the three prairie provinces, and I think that board could do the work, and do it to the satisfaction of all the producers who are interested in the handling of grain.

Mr. McBRIDE: I should like to add a word to what my hon. leader has said. I am more than pleased with the clear-cut statement he has made. I have not so far taken up the time of the House with electioneering matters, but I think this an appropriate occasion to refer to the insinuations which were cast against my leader from one end of my riding to the other during the last campaign. It was put up to me time and time again that it was hard to understand how I could come down here and support a man who was at the head of a system the purpose of which was to get away with grain, etc. There happened to come out from Manitoba at the time a gentleman who had known my hon. leader and I got him to come with me from place to place and to contradict the statements which had been made. He said he had known the hon. member for Marquette for years; that he was familiar with the system with which he was connected, and that he could give his word of honour that no one was more anxious to do what was right than the hon. member for Marquette. I am glad, I say, to hear his clear cut statement in respect to the investigation which has been asked for.

Sir HENRY DRAYTON: I feel but ill prepared to talk about the grain business and the so-called iniquities of the grain inquiry, the impropriety of trying to find out whether or not allegations made are correct, especially at this late hour, and more particularly because I never was very intimately connected with these matters. However, I want to say one or two things. In the first place, let me tell my hon. friend (Mr. Crerar) that there were complaints and are complaints with regard to the manner in which the business is being carried on. It may be that as the operator of his terminal company these complaints are not heard by my hon. friend as they are by others. But I had complaints made to me to-day by one of his own followers with regard to the way the farmers are treated, True, he makes no specific complaint as against this elevator company or that, but the complaints are as to prices, as to treatments; they affect the farmer and the grower, particularly those at a distance from railways. He says that one day the price of wheat is so much; he is told he can get so much, but when he proceeds to try to get it he finds that the market has disappeared and he can find out nothing about it. If the leader of the third party, then, does not know that there were complaints, let me tell him that there were many complaints in western Canada as to grain handling, grain marketing, grain practices, and grain prices. There are complaints to-day, and he must know of them. I do not pretend for one minute to know anything about what was done by the Hyndman commission. But I want to say this: I have known my hon. friend for some time, and I was convinced when I saw that evidence that my hon. friend had nothing to do with it and knew nothing about it. But I thought he took the very worst step he could have taken in his own interests in

saying that the lid had to be put on; that at all hazards, whether the grain law of Canada was upset or not, the injunction should go and that this country and the grain trade should be put in the position in which it now is. Sometimes mistakes are made. In this case I think a great mistake was made, but without the slightest thought as to the consequences entailed; without the slightest thought on my hon. friend's part that he had done anything wrong that he would have to cover up. But it is a mistake when you are one hundred per cent right to put yourself in a position where people can say you are one hundred per cent wrong.

An hon. MEMBER: They did not say that.

Sir HENRY DRAYTON: He did not say it, no; but when a charge is made, when evidence is disclosed pertaining to it and many people look upon the person charged as entirely innocent, the very last thing that will cause them to hold to that view is an injunction. Well, the inquiry was stopped. If I recollect aright, the court, notwithstanding everything my hon. friend has said to-day, held that the Hyndman Commission had a right to go on; that nothing had been done in Fort William or anywhere else which would prevent the board from functioning as it ought to function. My hon. friend says he is going to wait for complaints. Surely he knows there are complaints; surely he knows there was dissatisfaction. I am very glad to hear the leader of the third party suggest that an inquiry should be held; in fact, I should have thought he would have been absolutely insistent upon it. He says he finds there are suspicions abroad. That is quite right; and I hope they will be allayed. There were suspicions, and they were made all the worse by reason of the newspaper defence that was put in by the Grain Growers' Company. The defence which dealt with the question of sleeves made the situation all the worse. I hope, I say, they will all be got rid of and that my hon. friends will be able to show that they have had nothing whatever to do with it.

Now, the hon. member for Marquette insinuates that the whole object behind this inquiry was a political one. Well, I know some people do make political footballs of grievances. But if in the carrying on of their business the farmers have had real difficulties, and if in that connection some one should try to find out what was wrong, the mere possibility of a political opponent being in a position, to use the words of one of my hon. friend's own late colleagues, to "farm the farmer"—that, I contend, does not make any inquiry into those grievances entirely political. I venture to suggest that that is an improper position for my hon. friend to take; it is an unfair insinuation. Whatever investigation is made, I am confident that the honour of my personal friend will remain just where I have always felt it was. But for the protection of that honour, the very best thing that can be done is to continue that investigation which the courts of the country have found to be properly constituted.

Mr. CRERAR: I have only a word to say in reply to what the hon. member for West York (Sir Henry Drayton) has just stated. I appreciate the reference he has made to myself; I could have wished that his political friends throughout Canada in the last election had entertained always the same opinion. So far as the work of the Hyndman Commission is concerned and its attitude in the particular instance that I mentioned, I want nothing more than the exposure of the whole facts to the fullest light of day so that they may be seen by every person in this country from the Atlantic to the Pacific. My hon. friend says that I was poorly advised when injunction proceedings were taken to restrain the commission; when the lid was put on. Why were the injunction proceedings taken? If my hon. friend were in similar circumstances and he believed and knew from all the facts of the case, as far as the facts of the case could inform him, that he could not get a fair judgment or a fair show from such a commission, what would he do? He would do precisely what was done in that case, and the best evidence of the fact that the United Grain Growers did not wish to put the lid on, but wished to have the full facts investigated, lies in this, that they asked the Board of Grain Commissioners who had all the powers necessary in the matter, to make a most thorough inquiry into the whole proceedings at Fort William. Instead of any desire to put on the lid, there was the fullest possible desire to have the whole thing exposed to the light of day, but exposed to the light of day in a fair manner, and not in a prejudiced manner. My hon. friend, whom I acquit at once—I am not in the slightest degree reflecting upon him—but let me remind him that not only did we ask that this question be investigated in the fullest possible manner by the Board of Grain Com-

missioners, who had, let me repeat, all the powers necessary to investigate it, but my hon. friend's friends in western Canada made this matter an issue in the recent election in the prairie provinces. I could take him to the country school-houses and show him literature that was sent out by the hundreds of pounds from the publicity offices of his party in Winnipeg, Regina, and Calgary. The one issue submitted to the people by my hon. friend's friends in western Canada was that Progressives should not be supported, that Crerar was a dangerous man, that he had refused to have his case investigated, that he was under a cloud. These were the statements made by my hon. friend's friends in western Canada. As a matter of fact, not only did we not seek to evade any inquiry, but I repeat, my hon. friend's friends made this an issue in western Canada, and, Mr. Chairman, they got their reply on December 6th.

I do not wish to burk any inquiry. As far as I personally am concerned, and so far as the farmers' companies are concerned, they court the fullest possible inquiry. But I would say this: there have been grievances in western Canada. I have never known a year when there were not grievances, and often legitimate grievances, on the part of the farmers in the handling of their grain, but I ask again, why was the Board of Grain Commissioners created by the late government? It was created for the specific and sole purpose of inquiring into these grievances, and it did inquire into them. If a farmer could not get cars to ship his grain, or was getting unfair treatment from a country elevator, he could report to the Board of Grain Commissioners and under the law they were required to investigate his case, and when the facts warranted they did investigate his case. I regret to say that there grew up a condition in western Canada where there was a great lack of faith in the Board of Grain Commissioners, and I believe the cause of that lack of faith has lately been removed from the board.

This business should be put on a fair basis. I repeat, I think an inquiry could usefully be made in respect to the operation of terminal elevators in the manner I indicated a little while ago and I think the minister would be well advised in undertaking it. If there is a substantial reason why such an inquiry should go further into the prairies and investigate conditions there, I have no objection, but that involves expense. I say, again, if your Board of Grain Commissioners is properly constituted, and I have a good deal of confidence in the board as it stands at present, they could inquire into all these things and settle them. The board was created for that purpose. The late government showed a great lack of faith in its own board when it did not entrust to them an inquiry into all these matters. I do not wish to make my language too strong. I try to be temperate and moderate in my statements in this House, but I will leave it to any reasonable man in this country whether the whole proceedings, the literature, disseminated by my hon. friend's party in western Canada during the election, literature that reached out into the far province of British Columbia, and the stories that I heard down in the maritime provinces, did not stamp the whole thing as largely political. My hon. friends to my right have certainly suffered a very great deal at the hands of some of their friends in the late contest.

Sir HENRY DRAYTON: I would ask the minister who are the members of the Board of Grain Commissioners at present?

Mr. ROBB: Mr. Boyd, Chairman, Mr. Jones, and we have lately appointed Mr. Matthew Snow, who seems to enjoy in a very large degree the confidence not only of the growers but the handlers of grain in western Canada.

Sir HENRY DRAYTON: I do not want to prolong this discussion at all. I want to be absolutely fair and frank. I think my hon. friend is sorry he ever got that injunction. I think he is sorry he upset the Grain Act of this country.

Mr. CRERAR: Not correct.

Sir HENRY DRAYTON: After all the doubts and all the troubles we have had in connection with this recent legislation, which all flow from the work that was done in connection with these injunction proceedings, I am quite sure my hon. friend is sorry that he ever took that step. It strikes one as being so totally inconsistent that one should be so anxious to be tried by this same man when he is one-third of a court, and object to him when he is only one-fourth of the court. My hon. friend no doubt wants an investigation, and I agree that he should have it. I hope it will go on, and that it will be thorough, and I hope that the evidence that was given will be absolutely refuted to the full one hundred per cent that it is possible to refute it. If by any chance it be true

that there was in the elevator there—it does not make a bit of difference whose elevator it was—any false bottoms, false weighing machines, sleeves or any other artificial dodge by which it would be possible for the grain grower to be cheated, I hope that fact will be established.

Mr. CRERAR: I have just one observation to make, and that is to point out to the committee that the validity of the Grain Act was questioned long before the injunction proceedings were taken in Winnipeg last summer. I do not want to detract in any way from whatever strength my hon. friend might bring to the support of a very weak case. But that is a fact that every one is well aware of: The validity of the Act was questioned before those injunction proceedings were taken.

Sir HENRY DRAYTON: If that is so, I apologize; I did not know it.

Mr. GOULD: It is not my intention to enter into the debate that has interested the House seeing that the laurels rest upon my leader. He has made the statement that often times in the West conditions obtain with which the farmer is not satisfied. Now during the marketing season the whole country is filled with complaints. It is true that some have not proven to be well founded, and others again have not perhaps much weight; but I want to state this—and I have a concrete instance before me to prove it—that it seems to me the grain companies in western Canada frequently take liberties that are not warranted. I may state further that perhaps the individual growers of wheat do not always appreciate the fact that a Board of Grain Commissioners exists for the purpose of investigating such evils as may be existing in the grain trade. Now the particular instance which I wish to cite to the House has to do with a neighbour of mine who shipped a carload of grain down to the terminal elevator with instructions to store the grain, and upon instructions later on to sell that grain he received the return. He sent a copy of it down to me and it seems to me that the company concerned has taken a most unwarranted license with that man's grain. For instance in this case when the grain was stored a wire was sent him advising him that the price was $1.26. Before leaving the station he sent a reply "Accept that price". I can quite conceive that in the time occupied in the transmission of that wire from Winnipeg to his station and the transmission of the reply, there might be a drop in price; in fact the price did drop 1¼ cents. But this grain was in store for 93 days and I believe when it was put into the storage elevator it was cleaned. But the return shows that twenty-six bushels were cleaned out of that carload of grain and for those screenings this man was charged $2.29 storage. Now I do not believe that twenty-six bushels was stored because wheat is cleaned before storing, and yet we find that $2.29 is charged for storage alone for some twenty-six odd bushels cleaned out of that grain. Under the law screenings are sold as feed and computed by the ton and having paid $2.29 for storage my neighbour received just 33 cents for his twenty-six bushels. He absolutely lost the whole value of the screenings as feed, was charged $2.29 for the storage of cleanings which I believe never were stored, and he received only 33 cents. Now someone received that profit of $2.29; I believe that if the matter were pressed it can be proved that this is an unwarranted license and an injustice to the man who owned the wheat. There are many very similar cases which I might quote, but I thought the recitation of the one instance would be sufficient. It does seem to me that an occurrence of this kind needs to be rectified and possibly it would be a wholesome lesson for companies that in the past—and I can confirm this by my own personal experience for years—take liberties with the grain which they have received for care and keeping. I simply wished to placed this matter on record as one instance of the things that are complained of.

Mr. ROBB: If my hon. friend from Assiniboia will send the details of that particular instance to my office I will have it investigated.

Mr. CRERAR: That is what the Board of Grain Commissioners exists for.

Mr. ROBB: I may say, on behalf of the Government, that we have but one desire and that is to restore confidence in the administration of the grain trade of Canada —we admit there is want of confidence—and also to ensure that the wheat of Canada will maintain its splendid reputation. It is unfortunately too true that in recent times the reputation of our grain has suffered somewhat. I want to tell my hon. friends from the West that no later than to-day, I met the correspondent of a western newspaper, and the western grain grower has no better friend than the correspondent in question, who has recently returned from

the British Isles. He informed me that there is a suspicion over there that our grain is not exactly what it should be, more particularly the grain going out from ports other than Canadian. The trade of the country can help us along these lines. If we wish to ensure that our grain shall go out maintaining its splendid reputation is it not reasonable that we should use our own ports, thus giving the earnings to our own transportation companies? In that way we shall help to maintain the reputation of our own products. I am not desirous of delaying the passage of my own estimates, but I just wished to give this assurance to my hon. friend that if we have an investigation—and both opposition parties seem to be desirous that there should be an inquiry—we will grant the fullest and plainest investigation in order that absolute confidence in the administration of the grain trade may exist on the part of all those engaged in this industry.

Mr. SALES: I am very pleased to hear the assurance of the minister with regard to this matter. He said that if there was any demand an inquiry would be granted. I can only assure him of this: That the largest farmers' association in the West, consisting of the Saskatchewan grain growers, that assembled in convention last February—representing between twenty-five and thirty thousand members—passed a resolution asking for an inquiry. I have also received a great many letters since I have been in Ottawa here from local associations urging me to ask for an inquiry, but they all agree that they do not want an inquiry by a commission composed of the same personnel as was the commission appointed by the late government.

Mr. ROBB: There is no use wasting time about that.

Mr. SALES: The minister says there is no use wasting time about it. I am very glad indeed to hear his statement. The minister made the remark that there had been many investigations into the grain trade. So there has; but I would point out that there is nothing in the world, within my knowledge, which is quite so easy to manipulate and mix as wheat. There is nothing that lends itself so readily to manipulation; and my experience has been that there is a new trick played every year, Just as fast as we get on to the old trick they adopt a new one the following year.

[Mr. Robb.]

Mr. ROBB: I shall have to go West and learn some of the tricks.

Mr. SALES: Yes, sir, go as far as Fort William and Port Arthur, and you will learn lots of them. It is pretty hard to quarrel with my hon. friend from West York (Sir Henry Drayton) when he adopts that benevolent go-to-Sunday-meeting-tone, but I have got to disagree with him just a little bit. I have here a sample of the literature which was strewn all over our country at election time. Every day three or four epistles of the kind would arrive at my house. They were addressed to my sons, not to me. I must have been on the black list, but of course, the boys used
1 a.m. to hand them to me, and wherever I went through the campaign I encountered bushels of them.

Sir HENRY DRAYTON: I would like to see one.

Mr. SALES: There were bushels of them and every one contained some reference to "Voting for Meighen."

The CHAIRMAN: I should like to draw the attention of the hon. member to the fact that the discussion into which he has entered is not relevant to this particular item. The hon. member for Marquette (Mr. Crerar) had a reason, and a very good one, why he should have an opportunity of making a declaration and an explanation in regard to certain matters that had arisen, and that privilege was granted to him, I think, quite properly by the Chair. But I feel that a discussion of that particular matter is not relevant to the item which is before the committee at the present time.

Mr. SALES: Of course, sir, I will obey your ruling; but I want to point out that, with regard to this investigation, because after all, it is the grain inquiry—

The CHAIRMAN: What I meant was that anything that deals with any enquiries made by the Grain Enquiry Commission is relevant to this item and may be discussed; but there was a reason, as I stated, for the hon. member for Marquette being given an opportunity to make a statement regarding something which had happened which more or less reflected upon him and some of his business associates.

Mr. SALES: I am going to point out something which, I think, should be investigated. There was also a charge during the last campaign, but that is only in-

cidental, and that is the selling of farmers' grain without permission. It was stated that there would not be any more of this if we elected our friends to the right. There never should have been any of it, if the commission had done its duty. The Grain Commission in the past has absolutely failed to do its duty in this respect. Let me point out how this works out. When a farmer sends his grain down to the head of the lakes and it is ordered to be held, he is paying storage on that grain until he sells it. When he has forwarded it, he has probably borrowed $1,000 on a car expecting that that grain will be held in the terminal elevator until he orders it to be sold. Immense quantities of grain have been sold without the farmer's permission, and he has been charged storage that he has not occupied. He has been charged interest on his money when his grain has been sold contrary to his orders and the firms have been using his money. His very object of withholding his grain from the market has been defeated because his grain has been sold contrary to his orders. That is a thing which would be a proper scope for an investigation. It has been proved over and over again. The attitude of our commission men who allow mills, contrary to the farmer's orders to draw grain which is passing those mills, is another matter which should be investigated. When wheat passes through Moosejaw, Kenora, through any of those places where those mills are grinding wheat, large quantities of it are stopped there without the farmer's permission or knowledge, and even cars which have been ordered to be sold are stopped and unloaded there without his permission. It is all this kind of thing which adds to the farmer's—I was going to say—contempt, for a commission which does not work as it ought to do. If the enquiry which is to be carried on, will have in view only one object, namely, the bettering of conditions in the grain trade, it will be welcomed by honest dealers. I am not here to assert that every man engaged in the grain business is a crook by any means. There are as many honest men in that trade as are to be found anywhere else; but there are a few others.

As regards my own company, my leader (Mr. Crerar) said that this investigation will be welcomed by the Farmers' companies. When the last commission was appointed we had no faith in either Mr. Staples, or Mr. Haslam who, in our western country, is considered a joke as regards the grain trade. Mr. Haslam is a man with a great deal of knowledge, but he does not seem to be able to apply it. When, however, we knew that that commission was appointed, our board passed a resolution instructing our officials to give the commission access to our books, documents, to give them all the information they had and all the assistance they possibly could. That was the attitude of the Saskatchewan Co-operative Elevator company. We felt that we had nothing to fear from any investigation into the grain trade, and now that the minister has assured us that the personnel will be different, we shall welcome an investigation, and I am quite in favour of this amount or any other amount which is necessary in order that a thorough enquiry may be had.

Trade commissioners and commercial agents —salaries and contingencies thereof and miscellaneous expenditures in the development and extension of Canadian trade, $280,000.

Mr. SHAW: We should have some explanation from the minister as to the scope of this work, as to whether or not it is proposed to extend it in any particular, and the possibilities of the future as regards this particular work. It is a matter of the utmost importance and we should know something about it.

Mr. ROBB: I think the request of my hon. friend is quite reasonable; but I am quite sure neither of us desires to remain here too long. He will notice, as I am sure he has noticed from the commercial bulletin issued weekly, that the trade agents that we have in different parts of the world are advertising Canada and advising the department here, and that the department is spreading information throughout the country as to the requirements of different countries. In addition to the offices which we already have, it has been represented to us that there are possibilities of trade in Mexico, and the department looks favourably on that. We have a man in training now who understands that language, and it is proposed to send him to Mexico to look into the situation before we recommend a steamship subsidy which seems to be necessary to get much business. There are greater possibilities for the Mexican trade on the Pacific than on the Atlantic coast, because, as my hon. friends will understand, we do not, on the Pacific coast, come into such close competition with the southern States. The southern States have some advantage over Canada on the Atlantic coast; they are nearer to that country. Then it has been represented to

us that there might be possibilities of extending trade down into other parts of the southern Pacific Dominions, and we have been looking into that as well as into trade with Scandinavian countries.

My hon. friends will observe that there are some increases in the estimated amount required. That is to provide for the additional services which may develop and also to provide for a little more money for our trade missionaries who are out in foreign countries, so that they can better represent Canada. It has been represented to us by Canadians returning from these different countries that Canada heretofore has been a little niggardly with its trade agents outside in the way of providing accommodation. Sometimes they are doing business on a back street when they should be in a more business part of the city. The additional estimates are to give the department an opportunity of helping them to spread out somewhat more and represent Canada as we wish to be represented, as a first class country. I hope hon. gentlemen will allow this to go through. We have had almost a month's debate on trade conditions, and while I do not desire to refuse anything, I see no good purpose to be served by attempting at this early hour in the morning to make a speech on trade conditions throughout the country.

Mr. CHURCH: I hope the Government will take this matter up and deal with it in a big way. The holding of a proper Canadian national exhibition in France would do a great deal to stimulate our trade with that country, and trade should always follow the flag and we should trade with France and our devoted Allies in the Great War and not with Germany. In view of our relations with France in the late war we should seek to develop as extensive a trade as possible with her. A French train was exhibited through Canada last summer, visiting the Canadian National Exhibition and many of the fall fairs. The government of France have for some time been considering erecting a trade building in connection with the Canadian National Exhibition. The French train that went through Canada excited much interest on the part of business men and was a demonstration of what could be done by the Government of Canada towards securing a proper exhibition in France. I hope that the Government will do everything possible to promote further trade with that country.

Item agreed to.

[Mr. Robb.]

To provide for Canada's contribution towards the maintenance of the permanent Secretariat at the League of Nations, $150,000.

Mr. MACKENZIE KING: The matter of Canada's proper contribution towards the maintenance of the Secretariat of the League of Nations was the subject of correspondence between my hon. friend the ex-Minister of Finance (Sir Henry Drayton) and the former High Commissioner in London, and the sum suggested here is in accordance with their recommendation. The item is non-contentious.

Sir HENRY DRAYTON: It is entirely non-contentious, but we should try to reduce it if possible. My hon. friend cannot properly do so now; but our contribution was fixed on the basis of the Postal Conference, which was unfair having regard to our population, etc. It was understood that the matter would be taken into consideration.

Mr. MACKENZIE KING: It is at present the subject of correspondence.

Item agreed to.

Canadian Representation in the United States, $60,000.

Some hon. MEMBERS: Carried.

Mr. CHURCH: I do not see why we should have any special Canadian representation in the United States. As far as I can see we have sufficient representation there now. Our representation through the British Ambassador at Washington is one of the few remaining things that bind Canada to the Mother Country. I am opposed to this vote, and I believe the people of the country will take the same view as I do. I do not think there is any special demand for a Canadian representative at Washington. I do not see what he could have to do that could not be done by the British Ambassador.

The CHAIRMAN: I would call the hon. member's attention to the fact that the item has been carried.

Mr. CHURCH: It is a large item and I do not think it is necessary. I object to it.

Item agreed to.

Progress reported.

On the motion of Mr. Mackenzie King the House adjourned at 1.17 a.m. Thursday.

Thursday, June 15, 1922

The House met at three o'clock.

LAKE OF THE WOODS REGULATION

Hon. D. D. McKENZIE (Solicitor General) moved for leave to introduce Bill No. 141, to repeal the Lake of the Woods Regulation Act, 1921.

Some hon. MEMBERS: Explain.

Mr. McKENZIE: Some time in 1921, before the opening of the session of that year, a certain agreement was arrived at between the Dominion of Canada, as represented by the right hon. the Prime Minister of that day, now leader of the Opposition (Mr. Meighen), and the province of Ontario, represented by the present Prime Minister of that province. I understand that the province of Manitoba also had something to do with the arrangement and was represented by its present Prime Minister. The agreement in question provided for the control of the Lake of the Woods and its water power by a board to be appointed jointly by the province of Ontario and the Dominion Government. To implement that agreement it was arranged that confirmatory legislation should be passed by this Parliament and by the legislation of Ontario. The then Prime Minister, the present right hon. leader of the Opposition, carried out his part of the arrangement and the act is known as Chapter 10 of the statutes of last year; but the Premier of Ontario was unable to carry a similar bill through the Ontario legislature. Upon his failure to do this he requested that no further steps should be taken until he was able to fulfil his part of the arrangement. However, as Chapter 10 was useless without joint legislation by Ontario, the right hon. gentleman introduced another bill under which the Dominion assumed absolute control of the Lake of the Woods, and this bill was passed by this Parliament and is now Chapter 38 of the statutes of last session. Section 10 of this act provides that if at any time the legislature of Ontario should enact the joint legislation agreed upon Chapter 38 should be repealed. The legislature of Ontario having recently passed the legislation contemplated in the agreement I have referred to. I am introducing this bill simply for the purpose of repealing Chapter 38.

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): Anent the explanation of the Solicitor General, I can only say that it affords a very good reason why there need be no such bill at all. He is quite right in stating that the second bill introduced last session contained a proviso that upon the government of Ontario implementing the agreement to which he refers, then the bill last introduced and passed here automatically is repealed, save as to one section which it is necessary to retain. If the act is repealed automatically when Mr. Drury carries out his promise, why does the Government introduce a special bill to effect the same purpose?

Motion agreed to and bill read the first time.

INDIAN ACT AMENDMENT

Hon. CHARLES STEWART (Minister of the Interior) moved for leave to introduce Bill No. 142, to amend the Indian Act.

He said: The first purpose of this bill is to repeal Section 7 dealing with the compulsory enfranchisement of Indians, which section was added to the act last session. I find that this feature meets with a great deal of opposition from the Indians themselves. Indeed, it is bitterly resented by the Six Nations Indians with whom we have had some little difficulty during the past month. This amendment simply repeals the section which gives the Deputy Superintendent General power to enfranchise an indian with or without his consent, and reverts to the former practice under which any indian desiring enfranchisement must make personal application.

The second section is intended to clarify the situation in regard to the ownership of land remaining in the control of the band, particularly land upon which returned indian soldiers have been re-established. I do not think there is really any legal doubt on the point, but inasmuch as an earlier amendment to the act has reference to the Soldiers' Settlement Act, which covers land taken as security by the Soldiers' Settlement Board, we are by this second section making it absolutely clear that the ownership of the land, whether occupied by a soldier settler or by any other indian, remains under the control of the band.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS

Bill No. 138 (from the Senate), for the relief of Frank Clifford Gennery.—Mr. Rankin.

Bill No. 139 (from the Senate), for the relief of Sarah Brackinreid.—Mr. Kay.

Bill No. 140 (from the Senate), for the relief of Mildred Catherine Touchbourne.—Mr. Kay.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

DISALLOWANCE OF ONTARIO LEGISLATION

Mr. CHURCH:

What action does the Government intend to take to disallow an act and schedule agreement of the province of Ontario for the alienation of 3,000 square miles of Ontario's resources to E. W. Backus?

Hon. Sir LOMER GOUIN: The act cannot be identified by the question. The time for disallowance of the 1921 legislation expired on the 4th June. The legislation of the session of 1922 has not been considered.

CANADIAN MERCHANT MARINE—MONTREAL EMPLOYEES

Mr. DESLAURIERS:

1. How many persons, residents of Halifax, Nova Scotia, are employed by the Canadian Merchant Marine at Montreal, Quebec?
2. Could not the positions occupied by the said persons be filled by residents of Montreal?

Hon. Mr. KENNEDY:

1. Employees of Canadian Government Merchant Marine are moved from point to point as required. At the close of inland navigation last year, 71 were transferred from Montreal to Halifax. On opening of inland navigation this year, 58 employees were moved from Halifax to Montreal for the summer season. The reduction in staff is accounted for by the laying up of some of the fleet.

2. Employees in question are residents of Montreal in summer, and of Halifax in winter.

MONTREAL HARBOUR COMMISSION—POLICEMAN

Mr. DESLAURIERS:

1. How many policemen are there employed by the Montreal Harbour Commission?
2. What are their names and nationality?
3. How long have they been in the service?
4. How many of the said employees were appointed during the period between December 1st, 1921, and June 1st, 1922?
5. What are the names of the said persons, their nationality, and how long have they resided in Canada?

Hon. Mr. LAPOINTE:

1. One chief, three captains, fifty-one constables.

2. See list below.

3. See list below.

4. All men in second portion of attached list have been appointed between December 1, 1921, and June 1, 1922. Constables Sanscartier, Brisebois, Raymond, Lacombe, Roger, Hebert and Lanctot are only new men appointed between above dates. Remainder on second list are men who have been employed as constables previous seasons of navigation since dates opposite their respective names.

5. See list below.

Name	Nationality	Started	Came to Canada
E. A. Williams, Chief	Scotch Canadian	Nov. 15, 1918.	
N. Rondeau, Captain	French Canadian	April 20, 1915.	
A. W. Evison, Captain	English	June 6, 1917.	April, 1913.
J. Cowley, Captain	English	April 16, 1914.	Sept., 1912.
Constables—			
H. Barrett	English	Oct. 3, 1911.	Oct., 1911.
J. Cabara	French Canadian	Aug. 1, 1914.	
J. D. Fogarty	Irish Canadian	July 6, 1915.	
B. J. McDermott	Irish Canadian	April 12, 1918.	
T. Pearson	English	May 3, 1918.	April, 1904.
H. Light	French Canadian	May 25, 1918.	
T. Walsh	Irish Canadian	June 7, 1918.	
O. Trudeau	French Canadian	July 11, 1918.	
J. Garneau	French Canadian	July 19, 1918.	
N. Millette	French Canadian	Aug. 20, 1918.	
G. King	English	April 25, 1919.	Sept., 1907.
G. Lebeau	French Canadian	May 16, 1919.	
D. Hayes	Irish	May 10, 1919.	March, 1910.
J. H. Dodd	Irish Canadian	Sept. 25, 1919.	
A. Jackman	English	May 5, 1920.	July, 1909.
S. Timperley	English	June 23, 1920.	Aug., 1912.
J. St. Louis	French Canadian	May 15, 1918.	
H. Arsenault	French Canadian	May 1, 1920.	
J. Heaney	Irish Canadian	May 1, 1920.	
T. Bennett (Constable and fireman)	Irish	June 2, 1921	June, 1905.
L. Ethier	French Canadian	April 15, 1917	(Died April 22, 1922

Name	Nationality	Started	Came to Canada
Constables Employed Season of Navigation, 1922—			
J. Garnett	English Canadian	Sept. 4, 1918.	
J. L. Walters	English	Nov. 1, 1918.	March, 1914.
J. Roberts	Irish	July 9, 1918.	May, 1906.
W. Parent	French Canadian	Sept. 18, 1920.	
J. Pugh	English	July 14, 1920.	Oct., 1908.
J. Ouellette	French Canadian	July 22, 1920.	
E. Copeman	English	May 1, 1920.	Nov. 1889.
E. Rolin	Belgian	May 1, 1920.	Nov., 1902.
J. Critchley	English	May 1, 1918.	Oct., 1917.
A. G. Ainslie	English Canadian	Sept. 30, 1920.	
W. Royer	French Canadian	Oct. 4, 1920.	
R. Eaton	English	Aug. 14, 1920.	May, 1910.
E. Vilbon	French Canadian	May 1, 1920.	
F. W. Gillard	English	May 1, 1920.	May, 1906.
A. Danielson	Swede (Br. Subject)	July 21, 1920.	Sept., 1916.
W. Chambers Sr	Scotch	July 9, 1920.	Sept., 1913.
T. Brown	English	Aug. 29, 1920.	Aug., 1905.
J. Allen	English Canadian	May 3, 1920.	
L. Tarrante	Irish Canadian	July 7, 1920.	
P. Caron	French Canadian	Sept. 15, 1921.	Dismissed May 24, 1922.
E. Caron	French Canadian	Nov. 2, 1919.	
W. Chambers jr	Scotch	June 3, 1921.	
G. Boisjoli	French Canadian	Aug. 7, 1921.	
H. Round	English	Aug. 1, 1921.	May, 1905.
J. D. Cooper	English	June 27, 1921.	May, 1914.
T. Sanscartier	French Canadian	May 1, 1922.	
F. Brisebois	French Canadian	May 1, 1922.	
L. Raymond	French Canadian	May 1, 1922.	
A. Lacombe	French Canadian	May 2, 1922.	
H. Roger	French Canadian	May 2, 1922.	
F. Hebert	French Canadian	May 3, 1922.	
A. Lanctot	French Canadian	May 3, 1922.	

DEATH OF CAPTAIN HUESTON

Mr. CHURCH:

1. Will the Department of Civil Re-establishment, the Militia Department, the head of the military district in question, or other government authority proceed to open a military or other court of inquiry into the murder of one Captain Hueston, a returned soldier and veteran of the Great War, in the Fort Francis district, Ontario, as requested by some of his comrades in arms?

2. Will the Government, in view of the failure of the provincial authorities, try and bring the perpetrators of the murder of this returned man to justice, and make an inquiry into the murder as requested by the murdered man's comrades in arms, and see that justice is done in the premises to a returned man, and his family given some redress, protection and pension or compensation?

3. If not, why?

Hon. Sir LOMER GOUIN: The Department of Justice has no particulars or information concerning the case. The administration of justice in criminal matters is charged upon the provincial governments and the government of the Dominion has no constitutional power or function to conduct criminal prosecutions in the provinces.

DOMESTIC LOAN MATURITIES

Mr. IRVINE:

In the case of loan issues embracing maturities of five years and multiples of five years, what are the amounts represented by each five yearly denomination on all the war loans and Victory loans?

Hon. Mr. FIELDING: Bonds of domestic war and Victory loan issues become due as follows:

Year	Amount outstanding March 31, 1922
1922	$182,834,500
1923	172,459,650
1924	107,955,650
1925	42,014,500
1927	63,437,250
1931	52,931,600
1933	446,663,800
1934	511,910,650
1937	326,465,750

QUESTION PASSED AS ORDER FOR RETURN

Mr. VIEN:

1. What amounts have been paid by the Government, and to whom, for auditing public expenditure since the Civil Service Act of 1918 became effective?

2. What is the total amount of the claims of the Clarkson Commission for inquiry and audit in the Militia Department in respect of the sterling exchange payments to returned soldiers and others?

3. Were any or all of the sterling exchange payments made by the chief accountant, audited by the audit staff of the Militia Department?

4. What is the total amount it is computed or estimated has been fraudulently obtained in exchange transactions by or on behalf of returned soldiers or others?

5. Did any of the officials or employees of the Accounts Branch, Militia Department, who were connected with or responsible for handling sterling exchange payments to returned soldiers or others, receive any increase in pay or were they classified in a higher grade by the Civil Service Commission after undertaking this sterling exchange work?

6. If so, what are the names of such officials or employees?

7. At what rate of pay were Messrs. Allen, Lowe and Hubbell paid each fiscal year since their appointment, and on what dates did increases of pay by re-classification or otherwise become effective?

8. Before being permanently appointed, did these men pass any examination prescribed by the Civil Service Commission?

PENSIONS BOARD

On the Orders of the Day:

Mr. L. W. HUMPHREY (West Kootenay): Before the Orders of the Day are called, Mr. Speaker, I would like to direct the attention of the Government to an article appearing in the press this morning in which the head of the Pensions Board is charged with "concealment," and to ask the right hon. leader of the Government if any steps have been taken to have the charges thoroughly investigated?

Hon. H. S. BELAND (Minister of Soldiers' Civil Re-establishment): I read this morning a statement published in one of the local newspapers in connection with the action of the Pensions Board with reference to certain applications for pensions. I asked the chairman of the board to supply me with a memorandum regarding the matter; I hold it in my hand, and with your permission, Mr. Speaker, I shall read it to the House. I may say that in the article referred to it was stated that this action of the Board of Pension Commissioners had relation to recent months. This is not a correct statement of the facts, as the House will see from the memorandum. The memorandum reads:

The minute made by the Board of Pension Commissioners under date of 29th September, 1921, was a statement in abbreviated form for the use of the board's medical advisors at headquarters.

[Mr. Vien.]

The medical advisors in question were perfectly familiar with the points under discussion, and the memorandum merely indicated and confirmed what had always been the interpretation of the policy of the board.

The board has always interpreted the intention of section 25 (3) of the act to mean that if an ex-member of the forces reached an actual theatre of war, and was found on discharge to have a physical condition which pre-existed enlistment, and which had progressed in any way on service, whether affected by service in any way or not—a simple progression having taken place on service—that although it were recognized that the condition must have preceded enlistment, and further recognized that in the ordinary course of events, in a sheltered existence, the condition would have progressed, no weight was to be given to such information, but the man would be pensionable, not only for the amount of progression, but for the total amount of the disability present.

Section 25 (3) of the act therefore would modify, to the extent outlined above, the qualifications for pension of any ex-member of the forces as defined by section (11) of the act. It was found, however, that there was a very occasional and rare case where a condition on discharge was found to exist and where it was established to the satisfaction of all concerned that there had been no progression of any kind on service; no cause or effect even remotely connected in any way with service; a condition present previous to enlistment, unchanged by, or on service. The further question then arose as to whether or not basically such a case would be pensionable if there had been service in an actual theatre of war. The Board interpreted the act to mean that section 24 (3) in such a case would be modified by section (11) and that there must be a service connection in some way, shape or form, before there would be pensionability.

The explanation of the Board in its interpretation is very plain to the effect that if there has been any progression of a condition on service, if the condition is shown to be in any way worse on discharge than on admission, the pensioner, if he reached an actual theatre of war, must be considered, under Section 25 (3) of the act, to be pensionable for the whole extent of such disability. Section 2b (3) of the act states plainly that—"No deduction shall be made from the pension of any member of the forces.....on account of any disability or disabling condition which existed in him previous to the time at which he became a member of the forces...." This has always been interpreted by the board to mean that before section 25 (3) of the act becomes applicable there must be presumed to be grounds for pension; and section 25 (3) taken in conjunction with section (11) of the act, does not mean that an ex-member of the forces having served in an actual theatre of war must be pensioned for a disability, unless it can be shown that there has been an increase in the disabling condition on service.

It was pointed out to the board by its medical advisors that those cases would be very rare where disability existed after service in an actual theatre of war, and where there would be, as a medical fact, no progression in the disabling condition. In this opinion, as advanced by its medical advisors, the board fully concurred.

An interpretation of the act which would permit of pensions being granted in cases where

there was no claim on the part of any one that service had in any way affected the condition, or that there had been progression on service; or, in other words, that the man entered the service and left it in exactly the same condition, would be to change entirely the principle upon which pensions are granted, and would be contrary to the statutes.

This is the memorandum which was handed to me by the Chairman of the Board of Pension Commissioners. A memorandum setting forth the interpretation of the act was placed in the hands of the medical advisers of the board on the 29th of September, 1921, and has not since been changed in any way.

Mr. HUMPHREY: May I repeat my question and ask if it is the intention of the minister to have a full investigation of these charges?

Mr. BELAND: It is my intention to investigate further as to whether the regulations have been carried out according to that interpretation in all cases.

Hon. R. J. MANION (Fort William and Rainy River): In connection with the statement which the minister has just made, there certainly does seem to be an impression—I have obtained it myself both through letters and statements in the press—that certain changes have been made by the Board of Pension Commissioners making the regulations more strict. Is the minister in a position to make a statement in regard to that impression, which, judging from the number of letters I receive from soldiers in various parts of the country and from what I see in the press, seems to be pretty widespread.

Mr. BELAND: I am not in a position to make any statement in that regard. The board, I understand, considers a large number of cases every day which, of course, are never brought to the attention of the minister. I myself receive a number of—shall I say,—complaints from pensioners who claim that their pensions should not have been decreased or should have been increased, and in some cases that they should not have been cut off. In all such cases I have the file brought before me and go through it. Occasionally I discuss the case with the chairman of the board himself, and I may say that in most cases I have been able to give satisfaction to the complainant. The great majority of the cases which are submitted to the board never come before the minister. As the House is well aware, the Board of Pension Commissioners is a tribunal whose decisions are final.

Mr. MANION: I was not speaking of individual cases so much as of the general impression, which perhaps the minister himself has gained from the press, to the effect I stated. Rightly or wrongly many soldiers have the impression that the regulations or the rules regarding pensions have been made more strict. As the board is practically an independent body, and the minister the intermediary between the board and this House, would it not be possible for the board to have made the regulations more severe without the minister being aware of it?

Mr. BELAND: If the board has interpreted the provisions in any narrower way recently, it has certainly not been in consequence of any instructions or suggestions that have been made by myself. I have never attempted to interfere with the work of the board. Occasionally I have asked the board to reopen and reconsider a case, with a view to using all their discretionary powers in favour of the applicant.

Mr. MANION: I did not mean to suggest that the minister had interfered in any way. I was just giving him the impression that I have received from a number of letters and from statements in the press. I might say that personally I have had a good deal of satisfaction in cases I have taken up with the board, particularly recently.

Mr. L. H. MARTELL (Hants): I should like to ask the minister whether his department has under consideration the advisability of amending that section of the act which sets a limitation on the time within which application for a pension may be considered. I have a case in my constituency of a young man who was killed overseas. During the time he was overseas his mother was receiving separation allowance and assigned pay, and she managed to save something from that, and for some three years she did not deem it necessary to make application for a pension. She was absolutely ignorant of the fact that the law provided a limitation. I believe the provision is that the application must be made within three years from the death of the person on whose account a pension is requested.

Mr. SPEAKER: This whole discussion is out of order. The subject, I know, is a very important one, but I thought when the memorandum had been read by the minister the matter would rest there for

the time being. Hon. members are naturally anxious to know of any new regulations that may have been passed by the board, but I think they should defer their questions until the minister's estimates are before the House. It is certainly stretching a point to allow questions of this nature at this stage. I am in the hands of the House, however, but we shall never pass on to the Orders of the Day, judging by my own experience in the House, if individual cases are to be brought up one after another. Perhaps the minister would state that at a later stage hon. members will have fully opportunity to bring up cases in which they are interested.

Mr. BELAND: I entirely agree with your suggestion, Mr. Speaker. At a later stage, when the Pension Act is being amended, all these questions would be in order. Perhaps, however, you would allow the hon. member for Hants, (Mr. Martell) to put his question now.

Mr. CALDWELL: I would point out that there is a report to be brought in by the Pensions Committee that may possibly cover some of these points, and I think the discussion might very well be deferred until that report is before the House. I think possibly it would be out of order to answer questions along this line until that report has been presented.

CIVIL SERVICE BONUS

On the Orders of the Day:

Hon. H. H. STEVENS (Vancouver Centre): I should like to ask the Prime Minister a brief question regarding the payment of bonus to the civil servants. I hold in my hand a most pathetic letter from the wife of a civil servant who is drawing $64 a month. This man has a family of several small children, and has had no bonus for two months. Would the Prime Minister state when the bonus will be paid under the proposals which he made to the House some time ago?

Right Hon. W. L. MACKENZIE KING (Prime Minister): The bonus proposals will come before the House when the Supplementary Estimates are brought in, and I hope we shall make sufficient progress to be able to bring them in next week.

BUSINESS OF THE HOUSE

On the Orders of the Day:

Right Hon. ARTHUR MEIGHEN (Leader of the Opposition): I suppose we are now within a couple of weeks of the end of the session. It is certainly time the Government had stated to Parliament its full programme for the session. Indeed, it is past the usual time. I should like to ask the Prime Minister what further legislation the Government have, and to express the hope that the indications, only too pronounced in to-day's Order Paper, that the end of the session is to be the only pregnant part of the session, will not be too closely lived up to.

Right Hon. W. L. MACKENZIE KING (Prime Minister): I think I shall be able to tell my right hon. friend in a day or two what further legislation the Government intends to bring down. I can promise that it will not be a very elaborate programme.

VANCOUVER HARBOUR

On the motion of Hon. Ernest Lapointe (Minister of Marine and Fisheries) for the third reading of Bill No. 106, to amend the Vancouver Harbour Commissioners' Act.

Hon. H. H. STEVENS (Vancouver Centre): With the indulgence of the House I should like to ask one question. The Board of Trade have certain rights in regard to port wardens. Will the new act interfere in any way with those rights?

Mr. LAPOINTE: No.

Mr. STEVENS: That is all I am concerned about.

Mr. LAPOINTE: The only change is that the two officers referred to in the bill will be under the control of the department.

Motion agreed to and bill read the third time.

FISHERIES ACT, 1914, AMENDMENT

House again in Committee on Bill No. 70 to amend the Fisheries Act, 1914, Mr. Gordon in the Chair.

On Section 2—Burden of proof.

Mr. LAPOINTE: When this bill was before the committee at the previous sitting, clause 1 was adopted, but there was some objection to clause 2 as being too drastic in placing the burden of proof upon the accused party, and my hon. friend from Hants (Mr. Martell), following the objection of my hon. friend from St. John city (Mr. Baxter), moved that the clause be struck out. Some discussion took place, and finally I agreed to re-draught the clause so as to meet the objections. I understand that my hon. friend from

Hants agrees to the new clause as I will now propose it:

Failure to produce a license issued pursuant to the provisions of the Fisheries Act, or any regulation made thereunder, shall be deemed prima facie evidence of intent or knowledge when intent or knowledge is necessary to constitute an offence under this section.

Section as amended agreed to.

Bill reported, read the third time, and passed.

CANADA TEMPERANCE ACT AMENDMENT

On motion of Hon. D. D. McKenzie (Solicitor General) Bill No. 132 to amend the Canada Temperance Act was read the second time and the House went into Committee thereon, Mr. Gordon in the Chair.

On Section 2—Upon receipt of an Order of Lieutenant-Governor in Council, the Governor in Council may issue proclamation.

Mr. GUTHRIE: I have just read over this section and I assume that it is intended to apply to those provinces where export houses are at present maintained under Dominion license. I do not think there are any export houses or bonded warehouses in the province of Ontario, but there are such in some of the western provinces—I think in the province of Saskatchewan, and perhaps in the province of British Columbia, too. This section in its present form provides that on receipt of a certified copy of an Order in Council from the Lieutenant-Governor of a province the Government of Canada may pass an Order in Council forbidding the further export from that province, or from Canada, of liquor now stored in bonded warehouses. I understand that in some of these bonded warehouses they have considerable stocks. If the section passes as it is now, confiscation of these stocks might result. I do not suppose it is the intention of the Government, or of the draughtsman of the bill, that liquor in any sense should be confiscated. What I would suggest is, that a reasonable time be given to the owners of liquor now in bonded warehouses for the disposal of their stocks—three months, or six months, or twelve months, whatever time the committee might think reasonable. I do not think it would be wise to pass the clause as it is now; it would be practically confiscation of property which is legally held by the present licensees in bonded warehouses under the authority of this Government.

Mr. McKENZIE: The real cause for the putting forward of this section, which came particularly from the province of Saskatchewan, is that a great deal of illegitimate selling and disposing of liquors is being done in some provinces because of the existence of warehouses where liquor is being kept. It has never been submitted to me, nor to any member of the Government that I am aware of, that any person in any province—at least, in the province of Saskatchewan—has any license for a bonded warehouse, or has a legally established warehouse, in which to keep liquor for the purpose of traffic. If there are such establishments, it has not been brought to my notice, except in a general way, such as the observations of the hon. member from South Wellington (Mr. Guthrie). If the hon. member, or any other hon. member, will satisfy this committee—he need not satisfy me more than anybody else—that the case which has been put forward is true, I would certainly not take any step that would confiscate any person's property. But, so far I am not aware, that neither the hon. member from South Wellington, or any other member of this House, has such definite information. However, the conditions in any province, with regard to this or any other matter, are better known to the members of the local government than to the members of the Government of Canada. This act cannot come into force in any province, it cannot have any effect, until the local government of the particular province in which it is asked for passes an Order in Council bringing it into force. If there is, in any province, a lawfully conducted business, and if the persons engaged in it have a right to carry it on, though it may be an unpopular business, if these people came before the government of that province, and said, "You have the power under a Dominion statute to call in force in this province a law that will confiscate my property and cause me to lose a large amount of money; I am asking you not to put that law in force in this province until I have an opportunity of disposing of that property; if you do otherwise, you are doing a great wrong, and forfeiting a great deal of that property",—it strikes me the premier, and government of that province, would

very properly say, "Very good, we shall not do anything that will affect your property until you have an opportunity of disposing of it, providing you have it legally in stock". Now, if there is to be leniency of that kind shown, it is just as much the power of one government as of the other. All this parliament is doing is passing a law, and making it optional for any province to put it in force. That kind of legislation in regard to liquor has been gaining ground for the last ten years. Practically, nothing has been done in this House in regard to intoxicating liquor for a number of years anyhow unless it is first approved by the province. In this particular instance, the provinces are asking for ancillary legislation, or legislation to help to carry into effect local laws which they have themselves enacted. All we have done is to say "You can
4 p.m. bring this law into force, if you like, but you need not bring it into force unless it is the will of the province to do it. I am afraid I will be submitting this House to a great deal of criticism, if we recognize as legitimate, and protect by the voice of this parliament, business and property that is not held in possession, or owned according to the law of the province.

Mr. JACOBS: Where do they get the power to do it, if it is done legally?

Mr. McKENZIE: I am satisfied that for the last year and a half no person, either in Nova Scotia, New Brunswick, Ontario, or Saskatchewan or Alberta, could import any intoxicating liquor legally, nor could they manufacture it legally. That provision is to be found in part IV. of the Canada Temperance Act. If I am asked to-day in this House by what right are you going to put a proviso in the act to protect people in Alberta or Saskatchewan who have those houses in which they hold liquor for import?—by what law do they get it in, or by what law are they holding it?—I cannot give any answer. If there is any hon. member who knows there is such a law, and who knows it is legitimate property and legitimate trade, he has the right, the power, and the privilege of presenting that authority to the House. I am unfortunate enough not to know there is any such law, and I am unfortunate enough not to know that there is, in that province, such legal business, recognized in Saskatchewan, and until it is brought home to me that legal business is affected, I do not feel called upon to ask this Parliament or committee to legalize, to protect, or safeguard, any business, however popular it might be under certain circumstances, carried on in this country. If anybody in the House will move such an amendment, I will certainly as representing the Government, not accept it. If it is the voice of this House that such an amendment is to be made to the Bill, I will not oppose it, but I assure hon. members I am not going to accept it, nor am I going to propose it myself as at present informed.

Mr. MOTHERWELL: Explaining the liquor business in Saskatchewan seems to be as difficult as explaining the wheat board. I may say that a situation grew up in Saskatchewan, as a result of the interim of four months between the vote taken on the referendum in November, 1920, and the enacting of the law. During that time a large number of export warehouses were established in Saskatchewan, containing from one to ten carloads of liquor. There was nothing illegal about it. They took advantage of the long period between the time the will of the people was expressed at the poll and the putting of the law into force. I do not know how many millions worth of property was stowed away during those four months. I know there were 59 export liquor houses—not bonded warehouses; the hon. member from South Wellington is mistaken in regard to that. None of these houses is either licensed or bonded; they are quite distinct from bonded warehouses; they are there, and the province cannot get rid of them. In 1917 the province of Saskatchewan passed an Act—and so did the province of Alberta—attempting to get rid of the export houses, and failed, because the Act was declared by the court to be ultra vires. The desire out there, no matter how foolish it may appear down here, is to get rid of the liquor in that province. We want to be dry, and we have not been dry largely because of the existence of these export houses. In order to carry out the will of the people, in so far as provincial law is ineffectual for the purpose, it is proposed to pass this supplementary legislation. The whole question is, how long shall we give these export houses to get rid of their wares? It is true that they got these supplies in legally in the first instance, but they have no real right to keep them in the province now. Now, I am not an authority on the question as to how long it takes to drink a million dollars' worth of liquor, which I understand

is the estimated quantity in Saskatchewan. There was several million dollars' worth there, but it has all been consumed, presumably outside the province.

Mr. JACOBS: Are they not complaining about the dry season in Saskatchewan?

Mr. MOTHERWELL: Yes, but that is a different sort of dryness. Let me say that this is no joking matter in Saskatchewan, or in Alberta either. Like the Solicitor General (Mr. McKenzie), I have no desire whatever, and I do not think anybody has, to confiscate the property of any one whether it be liquor or anything else. We want to be fair to these men. They put one over on the province in getting the liquor in in the first place, although the law did not forbid them to do so; and I have no doubt that they reaped a substantial harvest thereby. Well, if they should happen to lose a little they must take the chance. Mind you, I do not take the ground that I want them to lose anything; I simply want them to get out, and that is why I desire to see the legislation go through. If it appeals to the committee, as I think it will, as a fair proposition that the will of the people out there be given expression to, then there should be no trouble about the matter. We do the same thing in the case of British Columbia or any other wet province. British Columbia wants to handle wet goods and we are facilitating the people there in carrying out their wishes. But in Saskatchewan and Alberta—at least I can speak for my own province—the people want the place to be dry and they feel that their wish in this regard cannot be carried out so long as these export houses remain there. I have suggested that these houses should be given three months to get rid of their liquor. As I say, they are presumably not doing an illegal business; they got the liquor in legally, and are shipping it out legally. But liquor leaks out, and it is impossible to observe the will of the people with these institutions carrying on business in this way. I have suggested three months to my colleague, but he apparently does not favour that suggestion at all, because he feels that these houses are there illegally. At any rate, that is how I interpret his attitude. My hon. friend to my right, on the other hand, thinks that they are there legally, and I am disposed to agree with him. And we cannot get rid of them because of our provincial limitations; only this Parliament can put them out. If a longer period than three months is requested in which to dispose of the liquor without risk of loss, then I take the ground that the law should be changed with regard to the time limit between votes. So far as I can recall—I have not had time to look into the law, but I think I am right—when we voted on the matter in November, 1920, we did so on the understanding that another vote could not be taken for three years; in other words, the will of the people could not be consulted again until the law had been given a fair trial. The intent of legislative bodies when they put a law on the statute book is that it shall be given a fair trial. That period of three years between votes was regarded as a fair term. One year and four months has passed of that period, but the law has not had what can be regarded as a fair trial simply because of the existence of these export houses and, as a matter of fact, the dry sentiment of this province has been prejudicially affected by the operation of this business. If you allow these houses eight months, say, in which to get rid of their liquor, it will be eight months added to the year and four months that has passed in which the law has had but a partial and unsatisfactory trial, that is to say, two years of the three, which was the period of trial, will have passed without affording anything like a proper test. I might put it this way: whatever time we allow these houses to get rid of their liquor will be added to the wet era, and correspondingly subtracted from the period of trial. My proposal is that if you extend the three months I have suggested to six months you should correspondingly extend the period between votes. As a matter of fact, there is no real prohibition in these provinces at all. The present condition is perhaps in some respects worse than legalized traffic. I am not by any means suggesting that there should be legalized traffic, but I say that the present state of things in some respects is worse than that, because there are a great many objectionable features in connection with it. I repeat, we do not want to confiscate property or do anything that is not fair, but we do want to carry out the people's wishes. The law applies to the other provinces as well, and whenever they so desire they can take advantage of it. The province of Saskatchewan has already sent down to my colleague two strongly worded

petitions from the legislature during the past couple of sessions asking that the present condition in Saskatchewan be terminated. They have expressed themselves in a pronounced way on the matter.

Mr. JACOBS: The question before the committee is, shall we confiscate certain property which is now in Saskatchewan, or shall we not? I understand that the question has particular reference to that province. The Solicitor-General (Mr. McKenzie) declares that he is not in favour of making any amendment to this section, while the Minister of Agriculture (Mr. Motherwell), who comes from that province and probably knows something about the benefits of a little liquor there, suggests a period of three months in which the people who have this property stored in their warehouses shall get rid of it. The Solicitor-General has told us that this liquor is illegally in the province of Saskatchewan. I rather fancy that he did not look into the legal aspect of the case with the same care which he usually exercises when drafting bills that present some legal difficulties. This liquor is legally in the province of Saskatchewan; it came there legally. If it is not there legally, then, of course, the authorities should forthwith confiscate it. How is it that the Department of Customs has not confiscated these goods if they are illegally in Saskatchewan? They are there legally, and all that is asked now is that a reasonable time be given these people to get their goods out of the province. They are engaged in a traffic which, although it may be unpopular, is none the less legal. It must be borne in mind that the sale of spirituous liquor in the western hemisphere is somewhat restricted at present, in fact there is practically no market for it. A small quantity of these goods might possibly be sold in Mexico or the West Indies, but a million dollars' worth —and I am told that is the quantity they have there—cannot be sold in Europe, which is about the only market left, within a period of three months, for it takes a considerable time to dispose of such a large quantity. Therefore these people ask—and I think it is a reasonable request—that they should have a sufficient period of time within which to dispose of their property. I think that under the circumstances six months is not an unreasonable time to be given for the disposal of goods which cannot be offered for sale on the local market. If you fix a shorter time, say three months, it is practically equivalent to confiscation, and I am sure it is not the desire of this Parliament to take such harsh measures. In view of all the circumstances I am in favour of giving these people a reasonable time within which to dispose of their property, and therefore I beg leave to move, seconded by the hon. member for St. Antoine (Mr. Mitchell):

That at the end of section 157 there be added the following proviso: "Providing that such order-in-council shall not be passed prior to the 1st day of January, 1923"

Sir HENRY DRAYTON: You say that this business is now carried on legally. What is the practice followed? What licenses are granted and what are the restrictions on export business?

Mr. JACOBS: I am not familiar with the law of Saskatchewan, but the business would be legal even if the goods were merely kept in warehouses, and I fancy, that before this law comes into force the goods can be legally exported from the province. This section declares that "on and after the Lieutenant Governor in Council notifies the Secretary of State, the goods cannot be exported." Consequently there is nothing for these owners to do but to destroy their property, and it is for the purpose of enabling them to get it out of the province before prohibition against exportation is put into effect that I am moving this amendment.

Mr. LEWIS: I concur in the judgment of the Solicitor General. I think that the people of Saskatchewan themselves have the right to say whether there shall be an extended time of three months or otherwise, for they are in a better position to know what time is required to get rid of these liquors than hon. members down here. For that reason I am not in favour of the amendment. We are sufficiently familiar with the men who control the liquor stores in Saskatchewan to suspect that these liquors did not come into the province in a very legitimate manner. It did not take them very long to bring in their goods when they knew that Saskatchewan was against importation; and it does seem to me that when Saskatchewan has voted definitely against the sale of liquor within the province, it cannot be said that these liquors are there legitimately; they were forced upon the province against the expressed will of the electorate. Therefore, I think the bill should

be passed without any amendment whatever. The government of Saskatchewan know the local conditions thoroughly, and they also know the men who own these liquor stores, and if the members of that government feel it is essential to grant the owners a three months' extension of time to get rid of their property, well and good. but in view of the expressed will of the people of the province the quicker we get rid of this menace the better. We in Saskatchewan do not believe that it is a legitimate business, we do not believe that those who engage in it have a right to bring their goods into the province against the expressed will of the people. For that reason I am heartily in favour of the bill being passed without amendment, leaving it to the provincial authorities who know the whole situation to grant any extension of time that may be necessary to enable the owners to get rid of this stuff that is destroying the moral fibre of our life.

Mr. MILLAR: I think this committee is wasting a lot of sympathy on the men who are engaged in this export liquor business. I am confident that if hon. members had an opportunity of becoming acquainted with the methods pursued by these liquor exporters they would not spend five minutes sympathizing with them. As the Minister of Agriculture has said, these people took advantage of the opportunity they had before the new law came into force to stock up. They are not exporting to Europe now, as has been suggested, but they are supplying bootleggers in the province and conveying the liquor across the international boundary line into the United States Now, every bottle of liquor carried across the line is carried across in defiance of the law. Recently I took a clipping from an American newspaper severely criticizing the Canadian Government for allowing the traffic to go on. I have not the clipping at hand, in fact I lent it to the Prime Minister to peruse. This is the way the business is carried on. Fast motor cars are loaded with liquor in the middle of the night, and the men engaged in this business make for the international boundary line, followed perhaps by a police automobile. The men in both cars are well armed, and in many cases a fight takes place on the road. Now, the people in the southern part of the province when they are out driving do not enjoy the prospect of being shot in the course of one of these running fights.

Mr. JACOBS: Is the hon. gentleman in favour of having these goods confiscated and destroyed by the government of Saskatchewan?

Mr. MILLAR: I am coming to that in a minute. The men who carry liquor to the United States in this way have boasted again and again that in one trip they make enough money to buy an expensive automobile such as a McLaughlin. Now, if they have been making that profit for about two years, I do not think we need worry very much about whether this liquor is confiscated or not. Those men do not want time to sell their goods in Europe. If they knew that in three months' time the law was going to be changed, they would get rid of this liquor very quickly. They have plenty of associates in the business, and with few exceptions they are a bad bunch. I have no hesitation in making that statement; it can be backed up by the men who live in the southern part of the province. I have been down there and have been told by the people: "This is the road on which the bootleggers carry on their traffic during the night; they pass our very doors." The business is carried on by the use of the fastest automobiles that can be got. A short time ago an automobile started from one of these export liquor houses and some twelve miles out the police stopped them and took charge of the liquor; yet under the law nothing could be done. I would like to read to you an extract from some remarks made by Chief Justice Brown when one of these cases was tried before him. I suggest that those hon. members who have sympathy for this people should listen to this:

> We have our own province in which there exists a prohibitory law and likewise we see liquor imported from our own province into neighbouring provinces, and we sit down practically helpless, doing nothing and apparently not wanting to do anything to help them enforce that law. The matter it seems to me could be largely remedied by a simple picce of legislation on the part of the Parliament of Canada, making it illegal to export liquor or sell liquor for export to any country or any province where prohibition is in force. As I have already indicated I cannot believe that the people of Canada generally realize the demoralizing condition of affairs that exists; otherwise, it seems to me the Parliament of Canada would have before this passed legislation to the effect I have already suggested. We can only hope that the matter of our responsibility in this matter and the true condition of affairs may be more fully realized by our people generally and if it is, then it seems to me we will get the legislation that is necessary to remedy the situation. Not only has this court been largely occupied

with cases that have arisen as a result of this traffic, but the same has characterized all the courts that have been held in the southern part of this province during the last few years. It is a condition of affairs that certainly should not exist, and it seems to me fit and proper that I should call attention to the matter in this way at this particular time.

This is not a matter of prohibition or otherwise; it is a case of complying with the expressed wish of the province to be freed from this traffic. I can scarcely conceive of the people of Canada wishing to continue to force this sort of thing on the province of Saskatchewan when the people there have expressed themselves as they have. I entirely concur in the view of the Solicitor General: the people of Saskatchewan know the conditions even better than we in this House do; they know just about how much consideration should be extended to those affected by any change and I cannot conceive of their doing any injustice in that connection. In fact, they can say how long a time the persons affected shall have within which to dispose of his liquor. Personally I think six months is too long; I think the Solicitor General's view is the correct one.

Sir HENRY DRAYTON: This legislation seems to be proceeding upon proper lines. In fact, it conforms to the policy of the late government, which was to give effect to the wishes of the different communities which had adopted laws dealing with this liquor question. We always held ourselves as desirous of implementing the legislation on the one hand and the desires on the other of the provincial governments. So far as this particular matter is concerned, if my recollection is correct the position taken by the Customs Department under the former government—and still maintained, I believe, under the present Administration—is that no bonded warehouse licences should be issued in any of the provinces except with the consent of the local administration. It seems to me that, carrying out the policy of implementing provincial legislation and the provincial desire wherever possible, it is the duty of this House to take the action proposed on this occasion. Now, we have to bear in mind the distinction between a business which may be inherently vicious and one which may simply have developed into the practice of rum-running, and the like. If the whole of this business is illegal; if the storing of liquor in these warehouses is against the law, why is section 163 drafted as it is in the bill? That is the section which is the prohibitory provision. It says:

[Mr. Millar.]

Subject to the provisions of subsection two of this section, and notwithstanding the provisions of this or any other act to the contrary, no person shall import, send, take or transport into any province in which the prohibitions of this subsection are in force any intoxicating liquor.

But I find an exception, as follows:

The importation of intoxicating liquor into a province by a person engaged in and carrying on the business of exporting intoxicating liquor from that province, where the intoxicating liquor so imported is imported solely for the purpose of his export business and while kept by him in the province, is kept in a liquor warehouse which conforms in all respects to the requirements of the law governing such warehouses, and when sold or disposed of by him is actually exported from that province:

Mr. McKENZIE: I may point out that the first part of this bill is an amendment of Part IV of the Canada Temperance Act, passed in 1919. The section to which my hon. friend refers may be regarded as new legislation; it has no connection with the section we are considering. It is an amendment of Part V.

Sir HENRY DRAYTON: Then my hon. friend is now legalizing, under Part V, that business which he had previously looked upon as illegal.

Mr. McKENZIE: Part V has reference to provinces which have themselves undertaken the whole of the business of handling the liquor, as in the case of British Columbia and Quebec.

Mr. MITCHELL: I am inclined to agree with the ex-Minister of Finance that in any part of the Dominion where there is a desire to get rid of the liquor business, it should be within, entirely within, the jurisdiction of the province or section, as the case may be, to deal with the matter. Under the old Canada Temperance Act, as I understood it, any province or county could, by a vote, put that act into force. Under the old act, however, importation was allowed into all the provinces, notwithstanding the fact that the Canada Temperance Act was in force. I know that in the city of Quebec the Canada Temperance Act was in force, and in the rest of the province, with two exceptions, we had the Quebec Prohibition Act, under the provisions of which there could be no importation into any part of the province. But it was held that there could be importation into the city of Quebec under the provisions of the Canada Temperance Act. Subsequently the Doherty Act was passed, which was an endeavour to extend to the provinces the right to prohibit importation. But it was

found, I believe, that it did not go that far —and, so far as that is concerned, the act was held to be unconstitutional. If I understand this legislation correctly, it is an endeavour to go a step further and to give to the provinces exactly what they want. I am entirely in accord with that. But under the provisions of the act as it has existed these people who do have stocks on hand had them there legally, and it is for this House to decide whether, if citizens holding stock there legally, no matter what they may have been doing with them heretofore—and the stocks held have been stated to be worth a million dollars—we should legislate here to-day and say that ipso facto on the passing of the Order in Council, all that merchandise shall be destroyed without warning. This is a question that has often been debated; it has been debated in England and almost every other country in the world, and I do not think a case can be found where the government of a country confiscated the goods of its citizens without giving them some time to dispose of the stocks on hand. If I have a suggestion to make to the mover, it would be that the government of Saskatchewan be authorized to pass their Order in Council at once, and that once the Order in Council is passed these people be given time—the six months that is spoken of—to ship their goods out. The goods will then remain in bond under the control of the government, and they cannot be bootlegged throughout the province, whereas if you leave these stocks there and give them this six months without passing the Order in Council, there will be a danger of spreading the stocks throughout the province in the meantime. If you allow the province to pass their Order in Council immediately, and give these people six months to dispose of their goods before confiscating, that would seem to me to be much more fair, and in accord with precedent in every country that I ever heard of.

Sir HENRY DRAYTON: Just one further thought arising out of what my hon. friend has said: I do not think any one of us wants to do anything we ought not to do. I think we are all anxious to see that the wishes expressed by the province of Saskatchewan be carried out. Why cannot this act be passed just as it is without doing the slightest degree of harm? In the first instance, the local government have to act. They have a right to pass their Order in Council and to fix their day. In the second instance, their act by itself is nothing, as I read this section, until this Government gives effect to that Order in Council.

Mr. MITCHELL: If I may interrupt the hon. gentleman, I do not think he has quite understood the section. If we pass the act as it is, the local government would have absolutely no power to give the delay to which he refers. Otherwise, I would not have a word to say. But neither the local government, nor this Government without the necessary authority, could give one minute's delay.

Sir HENRY DRAYTON: I would point out that this is the usual section, clothed in the ordinary language, giving jurisdiction to a government to act by Order in Council. We know the difficulties which always attend the administration of government, and I venture to say that if this act goes through just as it is, it will be some little time before it is put into final effect. The section reads:

> Upon receipt by the Secretary of State of Canada of a duly certified copy of an order in council passed by the Lieutenant-Governor in Council of any province in which the importation of intoxicating liquors into the province has been prohibited under this part, and in which such prohibition is still in force, requesting that the keeping of intoxicating liquor in such province for export and the exportation of intoxicating liquor therefrom by persons other than brewers and distillers duly licensed by the Government of Canada, be forbidden—

Forbidden as and from when? Surely there is an effective date to be given in that Order in Council, and after that first Order in Council is passed, it is not effective until the Governor in Council by Order in Council declares—it says "may", not "shall"—that such prohibition shall come into force in such province on a day to be named in such order. It does not seem to me that the respective governments will know very much more, with the whole facts of the case before them, than this House can.

Mr. SHAW: I thoroughly agree with the sentiments that have been expressed by many hon. members who have spoken. I do think the province should have the say as to the time when these provisions are to come into effect. I would recommend to the minister that the wording be changed slightly to read something as follows:

> —requesting that the keeping of intoxicating liquor in such province for export and the exportation of intoxicating liquor therefrom by persons other than brewers and distillers duly licensed by the Government of Canada be forbidden on and after a date to be named, and

the Governor in Council may by Order in Council declare that such prohibition shall come into force in such province on the day fixed by the Order in Council of the executive of the provincial government.

Mr. MOTHERWELL: The word "order" in that section surely refers to the federal order rather than to the provincial. Whenever a term like that is used, it always refers to the one nearest it.

Mr. SHAW: That is the difficulty that I see.

Mr. MOTHERWELL: One of them is the Governor in Council, and the other is the Lieutenant-Governor in Council.

Mr. SHAW: That is quite right, as I understand it. The word "order" last mentioned in the paragraph refers to the order of the Governor in Council, not of the Lieutenant-Governor in Council.

Mr. MOTHERWELL: That is right.

Mr. SHAW: My suggestion is that the Lieutenant-Governor in Council not only ask that the exportation be forbidden, but also ask that it be forbidden as of a particular date, and that that date be adopted by the Governor in Council in the Order in Council which they propose. It may be that that is the intention of this act but on a casual reading I would say that it is not. It does seem to me that the provincial government should be the best judge as to when the Order in Council shall become effective.

There has been some misapprehension, I think, in connection with the operation of this particular amendment. The press have, to some extent, at least, circulated the idea that it is applicable only to the province of Saskatchewan. I may say that that has caused some concern in the province of Alberta, for I have received a telegram from the Attorney General of that province in which he requests that similar legislation be passed for the province of Alberta. He also points out in his telegram:

> The Alberta cabinet meeting to-day—

That is yesterday.

> —strongly urge this legislation be applied to the province of Alberta, as our greatest difficulty under Liquor Act results from the operation of liquor export houses.

Now we are anxious to give the province the fullest possible control in order that the existing laws may be made watertight, and may be effectively enforced. The greatest difficulty in the way of doing that has been the operations of these liquor exporting houses. I have only been able to consider casually the purposes of the bill, and I would like to receive an assurance from the Solicitor General that it contains nothing that would limit its operation to the province of Saskatchewan.

Mr. MITCHELL: It applies to all the provinces.

Mr. SHAW: I wanted an assurance from the Solicitor General that it applies also to the province of Alberta, if other provinces are going to get the benefit of it.

Mr. McKENZIE: That is the way I understand it.

Mr. WOODS: I want to express my approval of the bill, especially since we have been assured it covers all the provinces of the Dominion. The province of Ontario has gone to its limit in regard to temperance legislation; if not, it is endeavouring to do so. Any federal law which would strengthen its hands and enable it to fully carry out and enforce the provisions of the Ontario Temperance Act will be heartily received throughout the province. We are all aware of the bootlegging and the disorderly conduct which has occurred in western Ontario in the past, and especially the transportation of liquor from that part of this country to the United States. Any legislation prohibiting the transportation of liquor other than by steam railway or water will undoubtedly strengthen the hands of Ontario in its endeavours to put an end to that traffic. It will stop the carriage of liquors by motor vehicles along the public highways of the province, and will be of the utmost importance in strengthening the hands of the provincial authorities in their endeavours to carry out the provincial legislation to the fullest extent.

Mr. BLACK (Yukon): It is quite evident that the bill is intended in its application to prohibition provinces to increase the power of the local authorities so as to give effect to prohibitive legislation; and in provinces where the provincial governments are dealing in liquor to give them a further monopoly of the liquor business. Now it has been stated in the province of British Columbia, for instance by the Attorney General of the province, that the provincial authorities were unable to administer the local liquor law satisfactorily because of the operations of export houses, and that until he gets co-operation in the way of federal legislation he cannot im-

prove his administration of the provincial liquor law. I would ask the Solicitor General if the views and requests of the Attorney General of British Columbia have been fully met in the present bill?

Mr. McKENZIE: When this bill was first drafted its general nature and applications had reference to British Columbia because the request for federal legislation came from there. The bill was drafted by the Attorney General of British Columbia with some assistance, I think, from the Department of Justice; I have every reason to believe that as it stands to-day it grants all that was asked for by the province of British Columbia through its Attorney General.

Mr. MORRISON: My constituency is in the southern part of Saskatchewan and there are several export houses established there, one of them being located in a horse livery barn only about twenty-five miles from the international boundary line. Just imagine, Mr. Speaker, an export house keeping its liquor in a horse livery barn! Four, five or half a dozen high-powered cars are used for the carriage of liquor across the boundary line, and these cars travel at the rate of about forty or fifty miles an hour on their nefarious mission. I consider these operations are a disgrace to any Canadian province. People in Saskatchewan have protested against such proceedings, and have expressed their wishes to see them abolished, but we find that the liquor interests are strong fighters; they have put up a fight worthy of a better cause, and when we nail them on one point they have recourse to some other. My hon. friend from St. Antoine (Mr. Mitchell) says it is not fair, in a sense, to close these liquor houses out in three months. I contend that the liquor interests have established these export houses to frustrate the laws of Saskatchewan, and they break not only the Canadian law but the law of the country to the south of us. While I do not want to be harsh or unreasonable in this matter, yet I think that men who have been deliberately and persistently frustrating the law cannot now claim very much leniency. In the past they have taken advantage of the leniency of the law right along. We do not want to confiscate their property, but we do want to place the responsibility for this traffic where it belongs. The provincial authorities have been saying that they have gone to the limit and have done all they could, and that it is now up to the federal authorities to act. In Saskatchewan we want to see this bill go through as it stands so that the wishes of the province with respect to prohibition of the liquor traffic may be carried out.

Mr. MITCHELL: When this bill was originally drafted it was prepared by the authorities for the province of British Columbia and the province of Quebec, and was not intended at all to apply to any of the provinces that have voted dry. It was only after the bill was introduced, or after it began to be studied by the officers of the Crown, that its provisions were extended to the dry provinces. Unfortunately I have seconded the motion of my hon. friend from George Etienne Cartier (Mr. Jacobs), but I am a little sorry for it now because he is asking that six months be allowed before the province should put this law into force. Now, I consulted with the Attorney General of Quebec, and discussed this matter with him. That province wants to get authority to control the transportation just as the province of Saskatchewan wishes to do, but I believe—although the Attorney General has not so informed me—that if he were consulted as regards giving the proprietors time to dispose of the stocks which they now legally hold, he would be willing to give them six months. At any rate, it is desired that the legislation come into effect at once so that control may be vested in the provincial government within two weeks or a month from the time the law goes into force. I would therefore suggest to the Solicitor General that the committee report progress and see if it is not possible to redraft this amendment in order to bring the act into force, with the understanding that the provincial governments be empowered to give these proprietors six months' notice.

Mr. KENNEDY (Glengarry): I quite agree with what has been said, that the whole trend of federal prohibitive legislation has been in the direction of placing the responsibility for enacting and enforcing prohibitory laws on the provinces. That is quite as it should be. The present bill proceeds along the same lines by supplementing acts that have been passed by the provincial legislatures. Although the traffic in Saskatchewan which has been discussed this afternoon is legal, it is quite obvious that it has been carried

on contrary to the very emphatically expressed opinion of the people. If parties imported into Saskatchewan a few million dollars' worth of liquor between the time the people expressed their opinion, and the time the law went into effect, if they did not see fit to secure licenses from the federal authorities to conduct a bonded warehouse, I do not think this Parliament should regard them in any other light than as outlaws. They simply carried on this business, taking advantage of a loophole in the law, and have no right to expect the protection of Parliament. I think the provinces should have the absolute right to determine when this supplementing legislation shall go into effect. Although I am not a lawyer, I am a little doubtful whether this section, as it stands, gives them that right. I think, as pointed out by an hon. member, a little change in that wording is necessary. As I view it, this legislation is going to give the province the right to pass an Order in Council, and when that is done, the Dominion authority shall pass an Order in Council, naming the day on which the provincial Order in Council shall go into effect.

Mr. McKENZIE: That is not quite the procedure. The Lieutenant Governor's order in council has nothing to do with the question of the date when the law shall go into effect. He simply makes the request that this Government shall bring the law into effect; and this is following exactly the provisions of part IV of the Canada Temperance Act. I am quite familiar with the steps to be taken under Part IV of the Canada Temperance Act. That law was passed by this Parliament in 1919, and it contained a proviso that, if any province asked that this law should go into force within its bounds, the legislature of the province would pass a resolution asking the Government of Canada for an election, so that the people of the province could declare their will as to whether such a law should be enacted. When the Government received that resolution they called an election. The election would be held and then, by Order in Council, the Dominion government would bring the law into force. The province never had anything to say as to when the law should come into force, they were simply making the request, and every step in regard to it was taken by the Dominion government, except that the request for it, and the request for the preliminaries, came from the recognized authorities under the law. In draughting and providing for this bill, amending Part IV of the Canada Temperance Act, we are simply following the statute.

Mr. KENNEDY (Glengarry): Would it not be quite proper to give to the provinces the privilege of requesting that this section should come into effect upon a certain date?

Mr. McKENZIE: My hon. friend is an honest and well-meaning man, but, as he says he is not a lawyer. If he were a lawyer he would understand that we cannot delegate any power to the local legislature. They have powers given to them under the British North America Act which are exclusively theirs, and we cannot give them any of our powers—these powers we have to exercise ourselves. We cannot say to any province, "you shall on a certain date bring a certain act into force." They are absolute monarchs of all they survey within their own jurisdiction.

5 p.m.

Mr. McTAGGART: I am entirely in sympathy with the proposed bill, but, as I understand the discussion, the date when exportation from the various provinces shall cease depends entirely upon the federal government, and the proposal in the amendment, I believe, is that the date shall be extended until the first of January. I am very much opposed to that, for this reason: there are two export houses in the constituency which I represent. I was in that district last fall, and I will say, in all frankness, that the situation there is a discredit to the authority which allows it to go on. There would appear to be, in the province of Saskatchewan, some large stores of liquor, because almost every week, at the little town of Govenlock, in my constituency, liquor is unloaded by the carload. I do not think that anything is gained by extending the time for six months. I would not wish that the date should be set at, probably, less than three months. There must be in Saskatchewan somewhere large stores of liquor.

Amendment (Mr. Jacobs) negatived.

Mr. MOTHERWELL: We have voted down the suggestion that the time limit be six months. As it stands now, it might be six years or it might be sixty years.

Sir HENRY DRAYTON: You have no faith in yourselves?

Mr. RYCKMAN: The time for bringing prohibition into force is plainly in the

hands of the Governor General in Council, and, I think, my hon. friends can quite well leave it to them.

Mr. MOTHERWELL: I have suggested that the section stand until we understand what it means.

Mr. McKENZIE: I do not see what there is in this section that requires to stand. It is perfectly clear to every one. The amendment was voted down, and what is it that is going to stand? Is it a case of Micawber, waiting for something to turn up?

Mr. BAXTER: I think we should get some assurance from the Solicitor General (Mr. McKenzie) that he is really in earnest and really honest about it. The Minister of Agriculture is suspicious of the Solicitor General (Mr. McKenzie), and has no faith in him. He does not like to trust the act to him and other members of the Government. We may be getting a little sidelight as to why some great reforms promised during the last election have not been carried out. Perhaps, it is not because a certain minister was a private citizen at the time. It may be because he finds some wicked colleague will not allow him to carry his design into execution. The only thing this matter need stand for is the possibility of a reconciliation amongst the members of the Government, and the establishment of the mutual confidence that should exist.

Section agreed to.

On section 3—Importation of intoxicating liquor prohibited:

Mr. SHAW: The apparent anxiety of the Chairman to get the discussion over cannot well impress some of us. I want to suggest with regard to section 2, if I may be permitted to do so—

The CHAIRMAN: I must call the attention of the hon. member to the fact that section 2 has been carried. We are on section 3.

Mr. SHAW: I understood that the member for St. John was speaking to section 1.

The CHAIRMAN: There was nothing before the Chair when that hon. member was addressing it.

Mr. SHAW: Am I to understand that I am out of order in dealing with section 2?

The CHAIRMAN: Yes, section 2 has been passed; we are now on section 3, the marginal note of which has been read.

Sir HENRY DRAYTON: Some hon. members seem to think that they have not had an opportunity to consider section 2, and I move, by consent of the committee, that we revert to that section.

Motion agreed to.

Mr. SHAW: I wanted to deal with the suggestion I made in regard to the date upon which the act is to come into effect. I am not asking that the provincial government be given power to fix the date. I merely suggest that it might request that the traffic be forbidden on and after a date to be named; if that were satisfactory the Governor in Council could by Order in Council declare that such prohibition should come into force in the province on that date. The Governor in Council would then know exactly when the province desired to have the act put into force. In order to ascertain the views of the committee I would move that after the word "forbidden," in the twenty-second line, the words "on a date therein named" be inserted, and that the last two lines be struck out and the following substituted therefor:

That such prohibition shall come into force in such province on the date named.

The CHAIRMAN: Rule 42 requires that amendments shall be in writing.

Mr. McKENZIE: I appeal to the committee for some consideration in this matter. I stated a little while ago that the bill was drafted partly by the Attorney-General of British Columbia, partly by the Attorney General of Quebec, and partly by some legal authorities in Saskatchewan; and with any assistance that I could secure, there fell to me the very hard task of so adjusting and welding together these different fragments as to produce the bill in its present form. I have put days and nights into the work, and have devoted to it all the energies I possess, and I do dislike to have it broken up. It is all right as it is, and should not be changed.

Mr. LEWIS: I have listened to the member for West Calgary (Mr. Shaw), and although there seems to be some point to his amendment, I think the power is already in the provinces. The section reads:

Upon receipt by the Secretary of State of Canada of a duly certified copy of an Order in Council passed by the Lieutenant-Governor in Council of any province, etc.

The Lieutenant Governor need not take action until he is satisfied that the time is ripe for it. He need not apply to the federal government until the province is ready to have the act put into force.

Mr. BAXTER: I am heartily in accord with the remarks of the Solicitor General. It does not require one line of legislation to enable the province to make a request, and even if there were some supererogation in the draughtsmanship of the bill conferring power in the matter, that power already exists. A province can come and ask for anything; it need not be empowered to do that. It would not vitiate the Order in Council contemplated if it did state a date and request that on that date the federal government should bring its legislation into effect; it would not hurt a bit. But from a very short experience of the work of government, I may suggest that it would be quite easy for a province, perhaps very zealous and well-intentioned, to name a date that would not possibly permit the consideration of their request in time to issue the proclamation to bring the law into force on that date. It is not possible to drop all other business of the Dominion and take up an isolated subject like this. The province might fix, for instance, one week from the date of the passing of legislation. I am not prepared to concur in the proposal that the province should fix the date. I am certainly not here in support of the present Government, but I am not here to raise fantastic objections to their mode of carrying on business, and I should have to assume that they intended, in a sense, to betray the province which made a request of this kind if I agreed to the proposal that the province should fix the date. I believe that when a province makes the request, the Order in Council will be granted just so soon as it can be passed in the ordinary course of business. I am not going to accuse the Government of intended bad faith, when I have not the slightest bit of evidence on which to base such an accusation. It will be quite time enough to deal with the Government when it is found acting in bad faith. I do not anticipate that that opportunity will ever occur in this matter. I am quite prepared to trust the Solicitor General and his confreres, in the perfect assurance that the request of any province will be met in proper time without the slightest attempt to do anything other than exactly what the province asks.

[Mr. Lewis.]

Mr. SHAW: The implicit trust of the member for St. John in the Government to-day is very amazing, and it does suggest the "morganatic alliance" of which we have heard before. I have also every confidence in the Government in this matter, but my intention was simply to give the provincial government an opportunity to convey to this Government their desire that the prohibition should come into force on a particular date. I am satisfied that the Governor in Council will see to it that the request of any province, regardless of its politics, will receive proper consideration. If the Solicitor General feels that he cannot accept this very simple amendment I am not going to press it.

Mr. MITCHELL: Subsection (b) of Section 158 provides:

> The carriage or transportation through such province of intoxicating liquor which may lawfully be exported therefrom shall only be by means of a common carrier by water or by railway and not otherwise,

It is pointed out to me that the prohibition might go so far as not to allow delivery from a brewery, distillery or warehouse, as the case may be, to the common carrier by water or by railway, when the brewery, distillery or warehouse was not situated on a railway siding. I would therefore suggest to the Solicitor General that after the word "otherwise" in the fourth line he add the words, "excepting for delivery to and from such common carrier." Without that amendment a brewer delivering to a train or steamboat might have his motor truck seized and confiscated.

Mr. MILLAR: In the event of this amendment being accepted, would there be anything to prevent those delivering liquor from travelling to any part of the province so long as later on they were going to deliver to a common carrier?

Mr. MITCHELL: The delivery must be from the warehouse to the common carrier, and I presume if those delivering are found several miles away from the point of delivery they would be presumed to be going somewhere else with the liquor.

Mr. MORRISON: The word "direct" would cover that point.

Mr. JOHNSON (Moosejaw): While the amendment offered at first glance looks very innocent, we who have seen the facility with which such provisions of the law can be violated are a little suspicious

of its effect—not of the intention of the hon. member. For instance, on the prairies the points of delivery are frequently very many miles apart, and I know of one particular road between two towns some forty-two or forty-three miles apart which was kept open last winter for weeks after the ordinary automobile traffic ceased in order that this particular traffic might continue.

Mr. MITCHELL: This will apply only to British Columbia and Quebec, because you will not have any export houses in Saskatchewan after this law comes into effect.

Mr. JOHNSON (Moosejaw): If that is correct the hon. gentleman's amendment may be accepted. But we have warehouses there even if they are not used for export.

Mr. MITCHELL: I agree with the hon. gentleman for I had charge for several years of the enforcement of the probihition law in Quebec, and I know all the difficulties he speaks of. But this was pointed out to me as a defect which should be remedied.

Mr. JACOBS: Inasmuch as the Solicitor General thinks his bill should not be spoiled seeing he spent so much time on it, and as I am a supporter of the Government, I shall oppose the amendment.

Mr. LEWIS: I object to the words, "to and from the common carriers". That is to say, between common carriers themselves liquor can be transported, if I understand the amendment aright.

Mr. MITCHELL: No.

Sir HENRY DRAYTON: Why not strike out the words, "and from"?

Mr. MITCHELL: That would not do. Supposing you take shipments from the province of Ontario, where most of the distilleries are, and bring them into the province of Quebec, you land them at the Bonaventure station, Montreal, and have to take them to the government warehouse.

Sir HENRY DRAYTON: Quite right.

Amendment agreed to.

Section as amended agreed to.

Bill reported as amended, read the third time and passed.

CANADA SHIPPING ACT AMENDMENT

PUBLIC HARBOURS AND HARBOUR MASTERS

On motion of Hon. Ernest Lapointe (Minister of Marine and Fisheries) the House went into committee to consider the following proposed resolution, Mr. Gordon in the Chair:

Resolved, That it is expedient to amend sections 850 and 854 of Part XII of the Canada Shipping Act, chapter 113 of the Revised Statutes, 1906, relating to Public Harbours and Harbour Masters, and to provide:—

1. That section 850 be amended so as to provide that Part XII shall apply to such ports only as have been or may be hereafter designated for that purpose by proclamation, or have been or may be created public harbours by proclamation under that Part, but shall not apply to the ports of Quebec, Montreal and Three Rivers in the province of Quebec, to the ports of Toronto, Hamilton and Belleville in the province of Ontario, to the port of Halifax in the province of Nova Scotia, to the port of St. John in the province of New Brunswick, to the ports of Vancouver, North Fraser and New Westminster in the province of British Columbia, or to the port of Winnipeg and St. Boniface in the province of Manitoba, or to any harbour or port with respect to which there is or may be established under an act of the Parliament of Canada a harbour commission or other special authority having powers to enact special regulations for the government and control of the harbour placed under its charge, unless and until application from such harbour commission or special authority to have this Part so apply shall have been received and granted by the Governor in Council. If such harbour commission or special authority is abolished the harbour may thereafter be proclaimed a public harbour under the provisions of section 849 of the act.

2. That section 854 be amended so as to provide that the Governor in Council may make rules and regulations for the government of any public harbour or port in Canada, but in the case of any harbour or port to which Part XII does not apply under the provisions of section 850 as amended, any such rule or regulation as may be inconsistent with any rule or regulation in force in any such harbour or port shall not be held to apply to the said harbour or port until application therefor from the harbour commission or other special authority shall have been received and granted by the Governor in Council.

Mr. LAPOINTE: Part XII of the Canada Shipping Act gives power to the Governor in Council to appoint harbour masters and defines their duties. Section 850 states that certain ports are exempted from the provisions of Part XII, being the ports administered by harbour commissions. In such cases the harbour master is appointed by the harbour commissioners and is under their control, and the rules and regulations adopted by the Harbour Commission are followed. Since the passage of the Canada Shipping Act many new harbour commissions have been created by statute, and the purpose of the proposed legislation is to add to the exceptions stated in section 850 the additional harbours which are now under control of a harbour commission. It is

proposed also to apply a similar exemption to ports which in the future may be placed under a harbour commission. Section 2 has practically the same purpose: when there is no harbour commission the rules and regulations adopted by the Governor in Council apply; when there is a harbour commission the regulations of the Governor in Council do not apply if they come in conflict with those of the commission. It is also provided that harbour commissions may at any time request that the general regulations of the Governor in Council should apply to their ports as well as to the others.

Sir HENRY DRAYTON: As I understand it, the theory is to place the control and management of the harbours entirely in the hands of harbour commissions, where they exist?

Mr. LAPOINTE: So far as the harbour master is concerned.

Sir HENRY DRAYTON: Subject only to the qualification that the port warden is to be appointed by the Government.

Mr. LAPOINTE: The duties of the port warden do not relate to any of the functions of the harbour commission. The duty of the port warden, as of the shipping master, is to see to the enforcement of the Canada Shipping Act and the regulations of the Department of Marine. He must be under the Department of Marine; but the functions of harbour master are directly connected with those of the harbour commissioners.

Sir HENRY DRAYTON: The practice is then to leave the management of harbours to the harbour commissioners, aside from the offices referred to. Is any change made by this legislation from previous practice, and if so, to what extent?

Mr. LAPOINTE: The ports of Quebec, Montreal, Three Rivers, Toronto, Halifax, Pictou, and St. John were the only ports excepted from the provisions of Part XII of the Canada Shipping Act. We are adding to these the following ports now administered by a commission: Hamilton, Belleville, Vancouver, North Fraser, New Westminster, Winnipeg, St. Boniface. It is to give autonomy to these ports and place them on the same footing as the ports of Montreal, Quebec, St. John and Halifax.

Sir HENRY DRAYTON: I understand that, but what I want to know is whether any change in practice is being made. I have understood that these ports are already autonomous. I suppose my hon. friend thinks the law is not quite right, and by this legislation he seeks to remedy that?

Mr. LAPOINTE: No; as it is, the harbour master is appointed by the Department of Marine and Fisheries; under the law as it will be, the harbour master will be appointed by and be under the control of the harbour commissioners.

Resolution reported, read the second time and concurred in. Mr. Lapointe thereupon moved for leave to introduce Bill No. 144, to amend the Canada Shipping Act (Public Harbours and Harbour Masters).

Motion agreed to and bill read the first and second times, considered in committee, reported, read the third time and passed.

FISHERIES ACT, 1914, AMENDMENT

On motion of Hon. Ernest Lapointe (Minister of Marine and Fisheries) the House went into committee to consider the following proposed resolution, Mr. Gordon in the Chair.

1. Resolved, That it is expedient to amend the Fisheries Act, 1914, by repealing paragraph (b) of subsection two of section 18 as enacted by chapter fifty-two of the statutes of 1919, and providing in lieu thereof that the annual fee for a salmon curing establishment shall be:—

Fifty cents on each ton or fraction thereof of dry-salted salmon put up in the establishment during the season, when the total quantity of dry-salted salmon put up in one season does not exceed ten tons;

Seventy-five cents on each ton or fraction thereof of dry-salted salmon put up in the establishment during the season, when the total quantity of dry-salted salmon put up in one season exceeds ten tons but is not more than twenty tons;

One dollar on each ton or fraction thereof of dry-salted salmon put up in the establishment during the season, when the total quantity of dry-salted salmon put up in one season exceeds twenty tons but is not more than fifty tons;

One dollar and twenty-five cents on each ton or fraction thereof of dry-salted salmon put up in the establishment during the season, when the total quantity of dry-salted salmon put up in one season exceeds fifty tons.

2. That the said act be amended by inserting the following provisions relating to Herring Dry-Salting Establishments:—

(1) In British Columbia no one shall operate an establishment for dry-salting herring for commercial purposes excepting under license from the minister.

(2) The annual fee on such license shall be:—

Fifty cents on each ton or fraction thereof of dry-salted herring put up in the establishment during the season, when the total quantity of dry-salted herring put up in one season does not exceed ten tons;

Seventy-five cents on each ton or fraction thereof of dry-salted herring put up in the establishment during the season, when the total quantity of dry-salted herring put up in one season exceeds ten tons but is not more than twenty tons;

One dollar on each ton or fraction thereof of dry-salted herring put up in the establishment during the season, when the total quantity of dry-salted herring put up in one season exceeds twenty tons but is not more than fifty tons;

One dollar and twenty-five cents on each ton or fraction thereof of dry-salted herring put up in the establishment during the season, when the total quantity of dry-salted herring put up in one season exceeds fifty tons.

Provided that these fees shall not apply to an establishment which is being used in a bona fide manner in the canned or pickled herring industry.

Mr. LAPOINTE: The purpose of this resolution is more especially to make more proportionate the fees paid for a cannery license and for a curing establishment license. It is also for the purpose of bringing about a better proportion between the fees paid by the smaller and the larger operators. The existing fee for a salmon curing establishment is $50. This is unfairly high for the small operator, and a very low fee for the big operator. For instance, the salmon cannery license is $500, plus four cents per case of 48 pounds of sockeye salmon put up, and three cents per case of all other varieties. Several salmon salteries in British Columbia put up over 100 tons of dry-salted salmon in a season, which would be equivalent to about 2,300 cases of canned salmon. Keeping in view the cost of operation involved, and the market for dry-salted salmon, it is considered that a fee of $1.25 per ton would compare fairly with the salmon cannery license.

The other change is to require a license for dry-salted herring. An important trade in dry-salted herring for the oriental market is now carried on in British Columbia. This business is largely in the hands of orientals. At the present time there is no license fee. It has been thought desirable that there should be a license, in order to allow the department to exercise proper supervision over these establishments. It is also considered that a fee similar to that required for salmon curing is reasonable, for while the product is worth less it costs very much less to produce and cure it. On the other hand we must do everything to encourage the pickling and canning of herring, as this means not only a much larger expenditure in the province, but a much better food product and a larger financial return for the country. It is therefore proposed to exempt from a fee, bona fide operators who are seeking to develop the pickled and canned herring industry and who are using the herring not fit for such purposes for dry salting. This canned and pickled herring industry in British Columbia is not in the hands of the people I have just mentioned, and there is not the same objection to exempting them from that fee. As I have already stated they use for the purpose only the herring that could not be canned in their industry. I know that this legislation has been asked for by almost everybody in British Columbia, and it has been represented that it is most unfair to the salmon canning industry that the salted salmon industry carried on by the orientals largely should not pay a fee at least equivalent to the fee paid by the salmon canners.

Sir HENRY DRAYTON: I would like to ask the minister how the value of the dry salted salmon compares with that of the canned salmon?

Mr. LAPOINTE: I have not that information here but I can secure it for my hon. friend.

Sir HENRY DRAYTON: Never mind. From what the minister says I would have thought that most of the business of putting down this dry salted salmon would be done in the smaller units but I see that he has fixed a tax of fifty cents a ton when the amount is only ten tons, and $1.25 when the production exceeds fifty tons. What is the idea of that?

Mr. LAPOINTE: I do not think anybody fears competition with the small operators. There are some people out there who really put up only a few tons of salmon, and under the present law they were paying $10 for their license. It was felt that that was really too high and that a smaller fee should be charged.

Sir HENRY DRAYTON: I agree with that.

Mr. LAPOINTE: This provision is rather to hit the larger operators who export to other countries.

Sir HENRY DRAYTON: But what is the underlying idea of this graduated scale? Is it merely to assist the canned salmon operators, or is it something that has been scientifically worked out?

Mr. LAPOINTE: The idea is not to make the burden heavy on the small opera-

tors, but to equalize it as between the larger operator in this industry and the operator in the canning industry.

Sir HENRY DRAYTON: With a view of equalizing the cost of production?

Mr. LAPOINTE: Yes.

Mr. NEILL: I would just like to ask the minister about that last paragraph; I did not quite understand what he said. I gather that these fees will not apply to an establishment that is operating in the canned or pickled herring industry if it goes into the dry salting business. It does not pay any license in that case?

Mr. LAPOINTE: That is the meaning of it.

Mr. NEILL: Well then I would submit that is hardly just. That will allow a canner, for instance, who is operating a cannery, presumably on a profitable basis, to compete with a man who does not own a cannery in the dry salting of salmon business. Why should that man be exempt from this taxation because he happens to own a cannery somewhere. It puts a direct premium upon the operations of the man who owns a cannery as against the very people the minister has been undoubtedly trying to help with his previous resolution—I refer to the small operator. The man who puts up ten tons will have to pay a license of fifty cents a ton, and so on, up to $1.25 and his product will have to compete with that of the man who happens to own a cannery somewhere in the province and who does not pay any fee on the salted herring. Is that the situation?

Mr. LAPOINTE: Well, he pays a high fee for his license but he would not pay for that side line, as my hon. friend says. He only uses the herring that cannot go into the canning industry. He does so in order that the product may not be lost altogether. We want to encourage the industry of pickling and canning herring. This provision is not directed against the same people as the rest of the section, as my hon. friend knows.

Mr. NEILL: I do not know that there are many canners who can herring but here is the situation: We will say there are two men within twenty miles of each other. One is a canner and he makes money out of it or I suppose he would not run the establishment. He runs it for six months in the year and in the winter season uses the plant to put up dry salted salmon. He may put up 100 tons and yet pay no license fee for it whatever. His product competes with that of the man who is putting up solely this dry salted salmon. That does not appear to me to be equitable.

Mr. LAPOINTE: Of course a salmon canner has to pay a license; I do not think there is any cannery which specializes in the canning of herring.

Sir HENRY DRAYTON: I do not understand this resolution either in the way my hon. friend from Comox-Alberni (Mr. Neill) understands it or in the way the minister understands it. I thought that this exception had nothing whatever to do with the canning or pickling of salmon but had to do with the canning or pickling of herring—

Mr. LAPOINTE: That is right.

Sir HENRY DRAYTON: —and that in so far as dry salted salmon was concerned they would have to pay whether they had canneries or not.

Mr. LAPOINTE: No it relates to herring.

Sir HENRY DRAYTON: So that the exception is for herring.

Mr. LAPOINTE: That is right.

Sir HENRY DRAYTON: The minister gave us a fee as to the salmon but he did not mention the fee paid by the canned or pickled herring industry. Do they pay fees?

Mr. LAPOINTE: I do not think they do as such, but it is always the salmon cannery that goes into the business of canning herring; there is no herring cannery.

Sir HENRY DRAYTON: Well, then, my hon. friend from Comox-Alberni was right in the point he was making because these pickled herring industries are really salmon industries.

Mr. LAPOINTE: Except that they are already paying a fee of $500 as salmon canners, and the others are not paying anything.

Sir HENRY DRAYTON: Let us make this clear. The only exception is as to herring?

Mr. LAPOINTE: Yes.

Sir HENRY DRAYTON: And there is no exception whatever as to the fees in the case of dry salted salmon whether it is a cannery or not; is that right?

Mr. LAPOINTE: Yes.

Mr. NEILL: We will take the example of a man who has a cannery up in the Naas district, away up in the north of British Columbia; it may be that he happens to own that cannery, or it is owned by a big company. Why should they be favoured as against the man who confines himself to putting up dry salted salmon? Will the minister explain that? It is a direct advantage to the man or the company having a number of canneries; I cannot see what is the purpose of the provision enabling him to escape this tax.

Mr. LAPOINTE: He does not escape on dry salted salmon.

Sir HENRY DRAYTON: As far as I can understand it the situation is that although the salmon packing plants are the ones that do go into this herring business, in so far as the herring pickling activities of those plants are concerned they are only small. The minister desires to advance the herring industry and therefore makes no charge, in so far as the dry salted herring are concerned, provided the cannery is in the canning and herring pickling business. That is as I understand it.

Resolution reported, read the second time and concurred in. Mr. Lapointe, thereupon, moved for leave to introduce Bill No. 145, to amend the Fisheries Act, 1914.

Motion agreed to, and bill read the first and second times and the House went into committee thereon.

On section 2—British Columbia herring curing establishments to have license; fees.

Mr. NEILL: There is nothing to be gained by railroading things through. I think we should have time to look through the bill. I have not yet seen a copy.

Mr. LAPOINTE: I am sorry. I was under the impression my hon. friend was agreeing to that legislation.

Mr. NEILL: Yes, I thoroughly agree with the whole bill, except the last paragraph. It is in the right direction, and I heartily approve of it, with that exception. It seems to me that will open the door to the evasion of the fee by an establishment that owns a cannery, to the detriment of the man solely engaged in the dry salted herring industry. Do I understand this only applies to an establishment actually engaged in canning herring and not salmon?

Mr. LAPOINTE: Absolutely.

Mr. NEILL: Well possibly it may work out all right, but I have my doubts.

Section agreed to.

Bill reported, read the third time and passed.

OPIUM AND NARCOTIC DRUG ACT AMENDMENT

On motion of Hon. H. S. BELAND (Minister of Health) Bill No. 137, to amend the Opium and Narcotic Drug Act was read the second time, and the House went into committee thereon, Mr. Gordon in the Chair.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

House again in Committee on Bill No. 137, to amend the Opium and Narcotic Drug Act, Mr. Gordon in the Chair.

On section 1—Dealing in drugs. A written order required in connection with all sales of narcotics to druggists and others.

Mr. STORK: I am satisfied that in British Columbia the larger part of this traffic is carried on by foreigners; and in addition to the penalties provided for here I would suggest deportation in the case of aliens.

Mr. BELAND: Section 2 provides a more severe penalty than has heretofore been imposed. My hon. friend (Mr. Stork) suggests deportation in the case of aliens. That is a matter for the consideration of the committee. When we reach another section of the bill I shall submit an amendment which, I think, will meet this suggestion. I shall make a statement regarding the number of aliens who have been convicted during the last fiscal year, and the committee will see that if deportation of aliens were included among the penalties a very large number of the traffickers in this business would be affected. There is no particular change in section 1, except that it sets out more clearly the law regarding the traffic in drugs by licensees, by retail druggists who are not licensed, and by physicians, veterinary surgeons and dentists. The

section is very clear and I see no objection to it. The fine of $500 has been reduced to $200, not because we want to make it easier for licensees or for physicians and dentists to evade the law, but because in the case of physicians and dentists, the association to which they belong, the various colleges of physicians and surgeons, have certain rules and regulations to which they are subject, and any physician who engages in the illicit sale of cocaine, morphine or opium is liable to suspension by his association. The maximum term of imprisonment has been placed at eighteen months. I think this clause is quite clear.

Mr. ANDERSON: Does this mean that a physician must give an order under his own signature?

Mr. BELAND: It must be a written order in every case.

Section agreed to.

On section 2.—Subsection 2—Penalty for importing, etc.

Mr. BELAND: It will be noticed that this is an important departure from the previous law. There is a very general desire that this traffic be suppressed if at all possible, and numerous requests have reached me not only from benevolent, charitable and religious bodies, but also from hon. members on both sides of the House, asking that in the case of the conviction of illicit dealers the magistrate should have no option to impose a fine. Heretofore these traffickers on conviction were subject to fine or imprisonment. This clause provides that upon summary conviction the illicit dealer will be liable "to a fine not exceeding one thousand dollars and costs and not less than two hundred dollars and costs, and to imprisonment for any term not exceeding eighteen months and not less than six months."

Mr. STEVENS: It says "or" here.

Mr. BELAND: If my hon. friend will read subsection 2 of section 2 he will find the following:

> Subsection two of section 5A of the said act, as enacted by chapter thirty-one of the statutes of 1920 and amended by chapter forty-two of the statutes of 1921, is amended by striking out all the words after the word "Minister" in the third line of paragraph (e) of the said subsection, and substituting therefor the following:—"shall be guilty of a criminal offence and shall be liable, upon indictment to imprisonment for any term not exceeding seven years,—

[Mr. Béland.]

That is in the case of minors.

> —or upon summary conviction to a fine not exceeding one thousand dollars and costs and not less than two hundred dollars and costs, and to imprisonment for any term not exceeding eighteen months and not less than six months;

I think this is a very wise provision.

Mr. LADNER: The proposed changes in the Opium and Narcotic Drug Act are, I believe, highly commendable, and as there is an evident desire to expedite business of the House, I do not propose to go into the subject at such length as I had originally intended to do.

Some hon MEMBERS: Hear, hear. Let us save time.

Mr. LADNER: Hon. gentlemen say "hear, hear." If they will concur in the suggestions which I am about to make, the passage of this bill will be greatly facilitated. The amendments which the minister has brought down have, I think, the support of our people generally throughout the country. On the Coast large numbers of organizations such as those mentioned by the minister, boards of trade, community service clubs, and other bodies recently conducted an investigation into the drug traffic, and the appalling disclosures made caused them to urge very strongly upon the Government the amendments which are now incorporated in this bill, and others which are not so incorporated, and to the latter I will address myself in a moment.

In order that the House may understand the idea behind the movement in western Canada and other parts of the Dominion, I propose to read a resolution passed by the Vancouver Board of Trade which contains practically my argument on this subject. The Vancouver Board of Trade is one of the largest in Canada, and at a meeting held on the 7th February last, it passed this resolution:

> "Whereas, the illegal sale and traffic in drugs or narcotics appears from an investigation by certain organizations in Greater Vancouver to have grown in this and other cities to an alarming extent, bringing in its wake degeneracy, crime and moral and physical ruin;
>
> And whereas, various service clubs and public bodies deem it expedient to arouse the public to the seriousness of the situation and necessity for remedial measures to prevent the existing illegal traffic and its increase;
>
> It is, therefore resolved that this meeting of the Vancouver Board of Trade, strongly urges the proper authorities to immediately amend or alter the existing laws pertaining to the illegal sale and traffic in drugs in order to provide for the enforcement of the following remedies:
>
> (a) The elimination of fines as a penalty for illegal selling of drugs or narcotics and the

substitution therefore of a prison sentence of not less than one year and not more than ten years with lashes upon entering and in the discretion of the magistrate upon leaving, for all cases;

(b) And in addition to the prison sentence deportation for all aliens or those possible under the law; and in the case of those who under the law cannot be deported, they shall report periodically and for such time and to such person as the sentencing judge may determine; failure to report to incur further imprisonment or restraint in a proper public institution;

(c) In the case of a naturalized alien convicted of selling, cancellation of naturalization papers and deportation after prison sentence.

Some of those suggestions are not embodied in these proposed amendments. I believe the minister was willing to introduce the penalty of deportation, and I strongly urge upon the Government the wisdom of including it in the bill. I believe that if a foreigner is convicted of illegally selling a drug—and many of these traffickers are foreigners—he should be deported; he is no good in Canada. I beg to offer in amendment to subsection 2:

That after the word "summarily" in the fifteenth line of subsection 2 there shall be added the following words, "and shall at the discretion of the judge be liable to whipping."

Of course, I admit that that is a severe penalty. In the fifteenth line of this subsection there is the following proviso:

—provided that any person who unlawfully sells, gives away or distributes any drug to any minor shall be proceeded against by indictment and not summarily.

Now, Mr. Chairman, I contend that the man who induces a minor to indulge in the drug habit should not be relieved from such a penalty as whipping. The chief purpose of such an amendment will not be so much in its application as in its deterrent effect upon those men who contemplate engaging in this traffic, for when they know that the law contains a priviso of that kind the dread of being subjected to the lash will effectually deter them from incurring the risk. I have examples here of the most monstrous action on the part of men engaged in this traffic, involving young girls of fifteen and sixteen. I say that if a man is convicted for perhaps the third time of selling these drugs to a girl of sixteen whom he has seduced and brought into the traffic, there should be power in the hands of the magistrates to have the lash applied. Some hon. members may think it is too extreme a punishment, but for many other offences under the criminal code the application of the lash is provided, as, for instance, in the case of rape, hold-up with intent to wound, and burglary. The effect of the carrying on of the drug traffic upon the moral qualities of manhood and womanhood is to bring about diseases of the vilest kind and crimes of all sorts—theft, murder, hold-up. The court records disclose the interesting fact that in the majority of cases the people engaged in these criminal enterprises are followers of the drug traffic. I have here a number of cases which were investigated by a responsible body of citizens in Vancouver and other cities. Out of the forty or fifty cases which I have before me I will take just one. A young girl of sixteen was brought before the committee and examined—and I may say that other inquiries were made with a view to determining the correctness of this evidence, which was established beyond any doubt. This girl is a morphine or cocaine addict, is afflicted with venereal disease, prostitutes with Chinamen. She is a resident of Vancouver and has been during her whole life. She acquired the habit through mixing with men engaged in the traffic. On the morning of the investigation she was engaged in this unfortunate pursuit in order to earn sufficient money, $5.50, to buy drugs to last her for the day. This traffic is carried on in a cool and calculating way. The men who sell the drug do not themselves use it; they know its terrible effects, but they exercise all their resourcefulness and ingenuity to induce others to acquire the habit. They have what are called "snow parties", a kind of social entertainment in which they get the confidence of people and induce them to try the cocaine or whatever it may be. They dare them to try it, and by doing this again and again they ensure for themselves a market for their wares. I say it is not too much to ask that Parliament confer upon the judges trying these men the power to administer the lash, as is done in such other cases as I have mentioned. In fact, the effects of the drug traffic are even more serious than the consequences of the other crimes that I have referred to. I submit that the members of the committee should stand behind this amendment. It is sound in principle, and the result of its adoption would be to deter those who otherwise would be engaged in the traffic—in other words, to protect the young people of our country.

Mr. BELAND: By the bill which is now under consideration we provide more severe

penalties than have hitherto been applied in the case of those who carry on illicit trade in narcotics. Besides it is my intention to move a little later that all aliens convicted under this act shall be deported. The committee will have an idea of the effect of a deportation clause upon the traffic when I say that for the year ended September 30, 1921, there were in Canada 1,864 convictions, and of that number 1,211 were Chinese. So that if the amendment I propose becomes law and that number of Chinamen are affected, there would be 1,211 deportations. Of course, there would still be a number at large, but hon. members will admit that the remedy would be an effective one.

Mr. NEILL: Is there any record of how many of these Chinese were not naturalized?

Mr. BELAND: I have not the figures before me, but I understand that only a limited number of Chinamen are naturalized; from information which I have received, I understand that most of them are aliens. So far as the proposal of my hon. friend (Mr. Ladner) is concerned, I know that the crime is a serious one. But the application of the lash has so far been confined to cases of physical crime, and it is a question whether it would be advisable to apply that punishment in the case of convictions in connection with traffic in narcotic drugs. Possibly we should not adopt the provision embodied in my hon. friend's amendment, at least until we have seen, in the course of the next twelve months what the result will be of the new provisions made for stricter punishment. Of course, I am in the hands of the committee in this respect, but I suggest that my hon. friend wait until next session before pressing his amendment.

Mr. McQUARRIE: What proportion of the 1,211 Chinese could have been deported if the amendment which is to be proposed by the minister had been in effect last year?

Mr. BELAND: My hon. friend from Comox-Alberni asked me the same question, and I replied that I was not in a position to say how many of these 1,211 were naturalized. I think that very few of them would be Canadians.

Mr. McQUARRIE: There might be others. A great many of our Chinese in British Columbia come from Hong Kong and other British possessions. What would you do in a case of that kind? I am extremely doubtful if we would be able to deport a great number of these persons if convicted.

Mr. BELAND: I am surprised to hear that statement, because I took it for granted that the deportation provision would hit at the very heart of the trade amongst the Chinese.

Mr. McQUARRIE: I think it is a good provision, but I do not know how it will work out.

Mr. NEILL: Would the minister go so far as to say "or naturalized aliens"? I think that would meet the situation.

Mr. BELAND: My hon. friend will realize that that would be a very unusual provision. The moment an alien becomes naturalized he is a Canadian, and I do not know but what it would be declared ultra vires.

Mr. LADNER: I would ask the minister, who is a medical man, if he does not consider that the extension of the drug traffic is a physical crime, because it brings about a physical disability that results in crime?

Mr. MANION: I should just like to say a few words on this question. I have looked up the Hansard of last year, because I remembered that when this same question came up then, the then hon. member for Red Deer, myself, and some other medical men in the House at that time, including the minister, I think, were opposed to using the lash in cases of this kind on the general ground that it was hardly called for. However, I believe that the hon. gentlemen who represent British Columbia in this House are more familiar with this question than perhaps the rest of us, even those of us who are in the medical profession. I do not see, after all, that there would be any great harm, in fact, there might be a great deal of good, in accepting the amendment moved by my hon. friend from Vancouver South. While what the minister says is true that lashing should be kept for certain crimes of physical violence, I think perhaps moral violence as in this case is a much more serious crime. No one, however, understands the deplorable effects of the use of these habit-forming drugs better than the minister and myself, who are both members of the medical profession. I would ask the minister, with no desire to be contrary at all, to reconsider this amendment. I can see no real reason why the clause as drafted by the hon. member for

Vancouver South should not be accepted. It leaves it to the discretion of the judge to use this method of punishment. I believe that good would come of it. I cannot see how it would hurt the bill in any shape or form, and I therefore again appeal to the minister to reconsider, and insert this clause in the bill.

Mr. STEVENS: Before the minister replies, might I also point out to him one or two other matters? First, this extreme penalty of flogging is proposed to be applied to those traffickers who have been supplying drugs to minors. I wish the House could fully appreciate the horrible nature of this traffic. I know of no act that one human being could do to another more despicable and more fraught with utter depravity in its results than to supply these drugs to minors. We have seen so many, many cases that to us the traffic seems sickening, appalling. One would not dare to describe publicly the effects of these drugs. The minister gave the committee the number of convictions the other night. I think the two cities most seriously affected are Montreal and Vancouver, and perhaps Victoria, but Vancouver more particularly. Therefore, I say to the minister and to the House, that we might very well add this penalty of flogging in the case of traffickers convicted of selling drugs to minors. I might remind the House that I moved this amendment myself last year and the House very nearly accepted it. There was a pretty narrow division of opinion at that time, and I think it was my own inability to bring the matter strongly enough before the House that prevented the amendment from carrying.

Regarding the other point, I think that the clause the minister is adding providing for the deportation of aliens will very, very materially strengthen the bill and and the arm of the law. I also agree with him in his estimate that a very large proportion of these 1,200 Chinese would be aliens, and therefore subject to deportation. Comparatively few of these Chinamen would be naturalized. We may find it necessary in the working out of this provision, to strengthen it later on, but I wish to say to the minister with the utmost sincerity that we appreciate very much indeed his attempt to strengthen the bill, and we accord to him the highest commendation. I would ask him, however, and the House most earnestly to accept the amendment moved by my hon. friend from Vancouver South, and add this penalty of flogging in the case of those convicted of trafficking in drugs to minors.

Mr. GOULD: As the hon. member for Fort William (Mr. Manion) has stated, there was a debate in the House on this question last year. At that time I opposed the principle of applying the lash, not only in this but in other cases, and I think the House was well advised in taking the stand it did on that occasion. I have not changed my views on that point since. I sympathize with the sentiments expressed by the minister. I think that we should first exhaust all other means of punishment before resorting to the lash. It does seem to me that we are reverting to the dark ages when we ask for that punishment of this kind be administered. I am sure that science and the brains of individuals to-day are capable of devising ways and means whereby this traffic which we all admit is one of the greatest evils extant in the country, could be eliminated without the application of the lash. I have no desire in any way to save individuals who may be convicted of this heinous crime, but I would plead along the line suggested by the minister, that we at least try out for a time the penalties proposed in the resolution offered by the minister before we endorse the sentiments expressed in the amendment.

Mr. TOLMIE: I am sure we all very greatly appreciate the additions which the minister has made to the bill with regard to deportation. I quite understand, too, that it might be impossible to get rid of these orientals or foreigners who have become naturalized, but if we deport those who have been convicted of taking part in this traffic, I can readily see that we are moving in the direction of solving this oriental question.

There are certain points in discussing this matter which must not be overlooked. In the first place, very large profits are made out of this business, and consequently we have found in the past that these men will take almost any chance, and that they adopt the most ingenious methods for evading the law and carrying on this traffic. Again, we have another class of dealer who is himself subject to this habit, a man who take narcotics himself, and the strong desire to secure those narcotics and the high prices which they realize would induce that man to himself take any possible chances to obtain

money to buy drugs for his own use. Now, I cannot understand any argument which proposes to give any quarter to a trafficker in narcotics, particularly to one who supplies narcotics to a minor. I have been shown through some of these opium dens in British Columbia and the sights are simply appalling. Take the effects of the narcotics as described by the hon. member for Vancouver South (Mr. Ladner). There are hundreds of these cases out there, the traffic is increasing very rapidly, and I feel that we are quite justified in adopting any measure whatever that will overcome this traffic before it gains any further headway. Even if by the application of the lash, in cases where the magistrate thinks it is necessary, we can save only one or two persons during the coming year I think we should adopt the required measures right now and not postpone the legislation for another year. I think it is generally acknowledged by those who have been keeping close tab on this traffic that fine and imprisonment have not been nearly so effective as we thought these penalties would be when the law was first applied.

Mr. McQUARRIE: I also would like to support the amendment, but before dealing with it I would say that I think the minister's action in providing for the deportation of aliens who are convicted of this crime, is most commendable and I congratulate him on having gone that far. At the same time deportation will not cover all the offenders. Even on the figures that were given, if all the Chinese could be deported, that would cover only 1,200 out of 1,800 and would leave some 600 not subject to deportation. Now, what is going to happen to them? These people will pay a fine without any hesitation; they can afford to do so because there is a very large profit made in this traffic. I have had a good deal of experience in connection with the administration of the criminal law and I know that there are men who will take imprisonment with a smile on their face—that imprisonment does not seem to have a great deal of effect in a great many cases. But where a man is faced with a sentence that will subject him to whipping I have seen the most hardened criminals cringe, and I say it is the greatest deterrent that could possibly be placed in the Criminal Code. This crime, to my mind, is even more serious than the crime of robbery with violence. To hold a man up at the point of a gun and take his money away from him is serious of course, but it is not so serious as to give drugs to a minor and take away his future. To render that minor an addict to the drug habit is the most terrible thing that could happen to him or to her. I would much rather have anyone hold me up, and shoot me for that matter, than sell me drugs and cause me to become a drug addict. I have seen the effects of this traffic; it is a terrible thing. We are not going too far when we give a judge discretion to order a lashing in what he considers to be an extreme case. I would press that view on the minister. I know he is trying to do his very best to meet the situation, I know that he appreciates its gravity, not only in places like Vancouver where investigations have been held, but elsewhere throughout Canada. In all the cities and towns of the Dominion this condition exists to a greater or lesser extent. Even here in the city of Ottawa the police could give information which would open the eyes of anyone who is not acquainted with the facts. If we knew what was happening, if we knew what the true conditions were here in Ottawa—and in every city in Canada for that matter—I do not think we would hesitate for a moment in supporting this amendment. I know what it means to have a provision of this kind in the act, and I am convinced that if these traffickers knew that they would be lashed if they were convicted the traffic would be stopped to a very great extent.

Mr. BROWN: I am not in a position to express very clear opinions based upon personal knowledge with regard to this traffic, but it is quite evident that the hon. members who represent our Pacific coast province have come into close contact with the trade, or into such close contact with it that we ought to be impressed by the representations they have made. In order that the committee may form some idea of the extent to which the traffic has gone I might give some figures that I saw this evening in the Literary Digest. The statement was there made that the United States was using ten times the amount of opium that European countries are using and the figures given were these: That 270 tons of crude opium, which would produce thirty-one tons of morphine, were imported into the United States, whereas one ton was sufficient to take care of the legitimate needs of the country. Now I do not know whether those figures are correct or not, but evidently the writer of the

article knew something about the matter; and if the situation is anything like as serious as that writer contends then it seems to me that no steps that we can take can be too strong to put a stop to the traffic. I know the tendency of penal legislation in the present day, is, perhaps, towards more moderate methods than have been pursued in the past, and yet in this particular case it does seem to me that no steps which we can take can be too strong to prevent the degradation and the corruption of the young people of our land.

Mr. BELAND: I see that the amendment reads:

—and shall at the discretion of the judge, be liable to whipping.

I also understand that this amendment is to apply exclusively to traffickers who sell to minors. My impression at first was that the penalty of the lash was to be applied in every case coming under subsection 1 of section 5 which we are now considering. However, it is proposed to be applied only to traffickers who sell, or furnish, or give narcotics to minors, and the punishment is to be administered at the discretion of the judge. I have an open mind on the question. I know that the traffic must be suppressed if at all possible. My hon. friend a moment ago referred to the fact that perhaps the people of the East were not fully in possession of the facts, were not fully aware of how serious the situation was. But the traffic, as my hon. friend knows, is very large in the city of Montreal. I have received a personal letter from one of the most—eminent, I would call him—magistrates of the city stating that the traffic in Montreal has reached very large dimensions, and that the situation had to be met in the most severe manner. I call the attention of the House to the fact that, in the United States, the laws with regard to narcotic drugs do not provide for the application of the lash. They provide for very severe penalties in fines and imprisonment, and also for the deportation of aliens, but, as far as whipping is concerned, they do not inflict it. I am in the hands of the House, and if the committee decide the amendment should carry, I am willing to incorporate it in the bill.

Mr. GOOD: I desire to support the proposed amendment offered by the hon. member for Vancouver Sou h (Mr. Ladner). I think flogging is quite proper in a case of this kind, where the crime is coolly premeditated. I think it is entirely in order, and the provision will probably not be abused if it is left to the discretion of the judge.

Mr. MARCIL (Bonaventure): Referring to conditions in the city of Montreal for the last few years, I desire to concur in all that the minister has said. A recent report published a few weeks ago by the Chief of Police, Mr. Belanger, attributed to foreigners the responsibility for, perhaps, 75 per cent of the crime committed in the city of Montreal. On Lagauchetiere street, in that city, and in that district we have a Chinatown, many houses have been converted into Chinese dives, and raids on the opium dens are a daily occurrence. The illicit sale of opium, cocaine and other drugs has become a terrible nuisance, and must be put down. It is worse than a nuisance, it has become a crime. I remember one case, in particular, where $35,000 worth of opium was seized when a raid was made, and brought down to the police court, to be exhibited in court, if necessary It was left in the police station, but the station was broken into and the opium was stolen. The traffic is ten times worse than the liquor traffic. The people engaged in this drug business are in the worst business, and no penalty is too severe to fit the crime. I think the most severe punishment is absolutely necessary, because the paying of the money penalty is nothing to these people, who make large sums out of the traffic. I will strongly support the amendment.

Mr. McKENZIE: With regard to the application of the lash, I would like to bring before the committee the method of carrying out the sentence. If you say that a man has to pay $100 fine, we know exactly what it is. When we say he has to spend two years in penitentiary, we understand what it means. We have a trained judge to measure out the penalty, either imprisonment or fine, but when we say that a man shall receive ten, twenty of fifty lashes, who is going to administer them? We have no officials who are trained for that purpose and who understand what the lash means. The great country to the south of us has not adopted the principle of administering the lash.

An Hon. MEMBER: They have lynch law.

Mr. McKENZIE: Lynch law is an outrage on civilization. No country cares to

adopt it, it has no statutory approval or sanction, and is only applied where the people take the law into their own hands. Now, who is going to apply the lash? There cannot be any uniformity about it. The lash depends upon the strength, the character and the nature of the man in whose hands it is operated. I bring this matter to the attention of the committee, so that they will know why there is such a reluctance in the country about imposing this penalty. Last year this matter was put before us in another shape, and we were asked by the Minister of Justice to pass a law by which young boys, instead of being imprisoned, should receive flogging or lashing, and the House was unanimously against it. It received no quarter at all. If deportation and fiines or imprisonment will meet the case, I am with hon. members at every turn, but I am opposed to the frightful brutality of the lash, when you put it in the hands of a man who has had no training in administering it. You know what a dollar is, and what imprisonment is, but you do not know what a lash is. It may have no appreciable effect at all. I hope that we shall be able to carry out criminal laws to the extreme, without using the lash.

Mr. LADNER: I am surprised at the Solicitor General (Mr. McKenzie)—although undoubtedly it was not done purposely—creating the impression that the lash would be indiscriminately used. The Criminal Code provides distinctly the method by which it shall be applied. It says that the convicted person shall, first, be examined by a doctor to ascertain whether he is in a condition to receive the lash. It shall be a cat o' nine tails. It shall be applied by a certain official of the penitentiary, and, if he is not available, by a man appointed by the Justice Department. The most careful provision is made in the law for the application of the lash. It is applied in many cases, and this would only be applying a principle of justice now in practice.

Mr. NEILL: I wish to add what small weight my local knowledge will furnish in favour of the amendment. While I understand all that can be said against the principle of flogging—people say it is out of date and brutalizing, and so it is—I fully believe the conditions justify its use, and no one who has not lived in the West can understand the conditions. While flogging may be unpleasant for the party, think of the living hell these young people are sentenced to by reason of the use of these drugs, not for an hour or two or a month or two, but for all their lives, and, perhaps, for eternity. Some 60 or 70 years ago there was an epidemic of garrotting in London, England, and it spread to a tremendous extent. It was easily done. A foot pad came behind a man and twisted a cord or shawl around the man's neck, and he was either rendered insensible or choked to death. It was difficult to detect, because it was so easily done, and no evidence was left. It went on to a remarkable extent, and people were terrified to go out after dark. Where the victims were not killed, and the garrotters were convicted, the judge gave the lash, and inside of three months the practice totally ceased. You will find in some of the treatises on criminal codes, how speedily that simple application of the lash absolutely caused that practice to cease. These men who are capable of committing these low, beastly crimes, are afraid of their own skin. Very often, when a man is going to be hanged, he asks, not in regard to his future, but "Will it hurt?" and they suffer perhaps more from the thought of being lashed than from the idea of being hanged. The situation in British Columbia fully justifies this amendment.

Amendment agreed to.

Mr. MANION: Subsection 2 (a) reads:

> Any person who manufactures, imports, exports, sells or distributes any drug and neglects or refuses to keep the record required, etc.

Does that apply to physicians in the country? Have they to keep records?

Mr. BELAND: No.

Mr. GARLAND (Carleton): Has the department a sample of the record that must be kept by druggists?

Mr. BELAND: This is a matter of regulation. The regulations are being authorized by Order in Council, and the department has no sample record.

Section agreed to.

Mr. BELAND: I move two amendments. The first has reference to the appeal that can be taken under the present law from a judgment of the inferior court to the higher court. I am prompted to submit this amendment by reason of a personal communication which has reached me from an important magistrate in the city of Montreal, and which convinces me that

these appeals should be restricted to cases where legal points are in dispute. I do not want to delay the committee but I shall read a few paragraphs from this letter. The letter is personal and I shall not give the name of the writer:

> It was called upon to preside at the sessions of the Court of King's Bench in appeal against decisions of lower courts of criminal jurisdiction, and I think it is my duty to place before you certan suggestions which came to my mind in the course of the hearings of these cases.
>
> Out of 76 cases inscribed for appeal, 60 of them at least were cases where the appellant had been condemned by the lower court for having been found in possession of drugs, such as cocaine, morphine or opium, or for having sold or purchased drugs, or for having visited places where such drugs are supplied.
>
> In most cases the charge was upheld. The accused files an appeal, either in order to obtain sufficient delay to enable him to find the sum which he has to pay as a penalty, or in order to postpone his imprisonment in cases where he is condemned to serve a term in jail. In both cases the accused hopes that his solicitor will find irregularities in the wording of the charge, or in the sentence or in other procedures, through which he might obtain his discharge.
>
> I may state that I did not "fall" for the clever arguments of lawyers on technicalities.
>
> Abuse is being made of the right to appeal. If you knew, Sir, the shameful traffic of drugs which is carried on in Montreal! Young men and very young girls are enticed into supposed-to-be honest places of amusement, and, under the pretext of experimentation, drugs are served to them as wine would be. The law can never be too severe on the traffickers and distributors of drugs.

Further on the writer says:

> I believe, Sir, that you would render an immense service to the community if you were to make the law as severe as possible against those engaged in this ignominious trade.

He concludes by asking that appeals should be restricted. I therefore move, as section 5, the following:

> The said act is amended by inserting the following section immediately after section 10 thereof:
>
> (10a): Sections 749 to 760, inclusive, of the Criminal Code shall not apply to any conviction, order or proceeding in respect of any offence under this act.

I am informed by the Minister of Justice that these sections mentioned refer only to appeals from decisions of lower courts in criminal cases. Section 761 of the Criminal Code provides for an appeal on any stated case on a point of law. I do not think there can be objection to the proposed amendment.

Mr. BAXTER: I suppose the minister has carefully considered this matter, but it seems to me that it introduces a dangerous principle into our jurisprudence. I have every possible sympathy with this act and the way in which it has been amended to make the punishments for this crime as severe as possible. I have no sympathy with merely technical appeals; and yet the right to appeal, the right to have a sentence reviewed is, I think, inherent in the administration of justice as we know it. A man should not be wrongly punished. After all, the great feature of Magna Charta was that no man should be imprisoned or executed without the lawful judgment of his peers under the law of the land. And when you say that not merely an irregularity but something worse may exist and there shall be no remedy, I think you are going to a very dangerous length. Bad as may be the crime for which this act provides punishment, it cannot be worse than many other crimes that are punished by the law. Yet it has always been the boast of our jurisprudence that the meanest criminal has the right to be heard and the right to the punctual observance of all the forms of law. I do not contend for a moment that the form should override the substance, but there are so many formal errors that are now cured by the Criminal Code that nothing is left except matters of a rather substantial character. It seems to me therefore, that we ought not unduly to smooth the path for magistrates who will not prepare themselves or who are careless in the exercise of their jurisdiction. In the cities where this class of crime will be principally dealt with there is no excuse for slothfulness or bungling on the part of magistrates, and I have no sympathy with weak appeals from magistrates who either do not know their duty or are too careless to observe the sanctions which the law has framed, not for the purpose of allowing the guilty to escape, but of preventing the innocent from suffering. The old saying, "It is better that ninety-nine men should escape than that one innocent man should suffer" is outworn. But our Criminal Code has destroyed the great bulk of the old technical objections, and I would ask the minister to consider very carefully before he introduces this new principle into our law. It cannot be necessary if competent men are adequately discharging their functions. Once in a rare while you will have someone blundering, but it will not be so ordinarily. It is all very well to say that there may be an appeal by a reserved case, but why should the ordinary right of appeal be denied for this particular class of crime when it applies so generally to other classes? We

do not want a man to be convicted except according to the law. The principle involved is a great deal wider than the mere scope of this act.

Mr. BELAND: I appreciate very much indeed the remarks made by the hon. member for St. John. I surmise that he was not in his seat when I read the letter which I received from one of the magistrates in the city of Montreal who lately sat in appeal there on several of these cases.

Mr. BAXTER: I saw the minister reading something, but the conversation going on in the Chamber prevented me from hearing him.

Mr. BELAND: The learned magistrate stated that out of 76 cases inscribed for appeal before him 60 were cases where the appellant had been condemned by a lower court for trafficking illegally in drugs. He contends, and I think he is justified, that appeal in most cases is taken in order to gain time and find the money wherewith to pay the fine and escape imprisonment. Wealthy traffickers come to the rescue of their poorer friends and supply the money. The magistrate also said: "In order to obtain satisfactory results from the severe sentences imposed, it would be necessary to take away the right of appeal as it has been done in the case of disorderly houses." The principle is not a new one, at least so far as the province of Quebec is concerned, where there is no appeal in the case of conviction for keeping a disorderly house. This provision, I think, is one more weapon in the hands of the Government in its efforts to suppress the drug traffic, and that was the object I had in view when I introduced the amendment.

Mr. SHAW: Strange as it may seem, Mr. Chairman, I find myself in agreement with the hon. member for St. John! I think there are two kinds of cases to be taken into consideration. My recollection is that if in the case of a disorderly house the conviction is by way of what is known technically as "summary conviction" there is a right of appeal; but there is no such right in the event of conviction by a police magistrate. Now, a police magistrate in most of our large cities has a jurisdiction which is substantially the same as that of a district or county court judge. But this bill gives the power of conviction to an ordinary justice of the peace, a man who is not specially trained, and who perhaps is not accustomed to weighing carefully the value of evidence; yet this justice of the peace is given the power to take away the liberty of the individual for a period of six months in addition to imposing a fine. I think it is highly desirable that in cases of this kind where the conviction is by way of summary proceedings there should be a right of appeal. The letter read by the minister indicates that even in the city of Montreal, where there is a trained judge trying the cases at the outset, some appeals were allowed. It seems to me that the appeal right should not be taken away where convictions under this Act are made by ordinary justices of the peace.

In the act as it stands I presume that no imprisonment can be imposed, because the Montreal judge suggested that those convicted commenced appeal proceedings for the purpose of gaining time to pay their fines; but under this bill it is obligatory on the court to impose imprisonment.

Mr. BELAND: I beg my hon. friend's pardon. It is not obligatory in all cases. Those licensed to sell drugs may upon conviction for breaches of the act be condemned either to pay a fine or go to gaol; but illicit traffickers must be condemned to imprisonment.

Mr. SHAW: I accept the minister's statement. In the event of appeal the minister is aware that the accused person must put up security to the satisfaction of a district court judge, and must take other steps in order to prosecute his appeal within a limited time. I see no objection to allowing an appeal. I do not see how any one is going to be prejudiced, and it may be that only in a few cases will the sentence be reversed, but it is important in those cases that justice be done, and therefore I think we should hesitate about taking away from any person his right of appeal. The minister suggests that the person convicted has a right to appeal by way of a case stated, so called; but in such an event there is no deliberation by the appellate body to consider the weight to be given to the evidence, the only matter under consideration is a point of law, and consequently even in that event injustice may be done to the accused.

Mr. MARTELL: I heartily concur in most that has been said by the hon. member for Calgary and the hon. member for St. John. I think it behooves us to be very careful in taking away from the citizen any right which will insure him justice. Many of the magistrates who try these cases by way of procedure known as summary convic-

tion are absolutely unskilled in the law and do not know anything at all about the admissibility of evidence. There cannot be, as mentioned, an appeal by way of a case stated, where the ordinary right of appeal is taken away by the special statute under which the conviction is made. An examination of the Criminal Code will show that in cases of summary conviction Parliament has gone as far as it could go toward removing the defendant's right of certiorari except where there is a want of jurisdiction in the magistrate. It used to be the right of the accused—the right has now been almost entirely taken away —that a person could bring about a review of a magistrate's decision by a writ of certiorari. If the conviction was bad, and a person was confined to gaol he could obtain a writ of habeas corpus and a writ of certiorari in aid of habeas corpus in order that the evidence might be reviewed for the purpose of seeing whether the conviction was a proper one or whether there was sufficient evidence to support it. In the province of Nova Scotia it was held in the case of the Queen vs. Walsh that when a matter was brought up by way of certiorari it was not competent for the courts to go into the evidence; in fact, they were not permitted to look at the evidence at all if the conviction was complete and regular on its face. Other provinces, however, held that when a matter was brought up on certiorari, the court dealing with the writ of certiorari had a right to look at the evidence. There was, therefore, this conflict of decision. But a short time ago the Law Lords who are the judicial committee of the House of Lords held that the Nova Scotia court was right in the case of the Queen vs. Walsh; so that the law as regards certiorari was really established by the Nova Scotia decision in the case to which I have referred. So that now with the Criminal Code taking away as far as it can the right of certiorari, save where there is an absolute want of jurisdiction, and with the taking away of the right of appeal as now proposed, you are putting the defendant, in many cases, entirely in the hands of ignorant magistrates. I submit that the department is not running any risk by leaving where it is the right of appeal so that a man may have his case as tried by the magistrate determined de novo by a higher court. There should be no tendency in any way to derogate in any way from the rights of the individual. At any rate, in most of our laws we are putting upon the defendant the burden of proving himself innocent rather than letting the Crown prove him guilty. If we persist in amending our laws in such a way that these rights are taken from the people, we shall soon come to a condition under which a man who is accused of a crime, whether there is bona fide reason for the charge or not, will be obliged to prove his own innocence rather than have his guilt established by the prosecution. We should jealously guard the rights of the individual. We should be very cautious in taking away the right of appeal, the only protection the defendant has, particularly when he is tried by magistrates who, as happens in many cases, are incompetent. So long as I occupy a seat in this House I shall by my voice and vote uphold the principle that the defendant in an action shall not be deprived of any of his rights; that he shall at least have extended to him the old presumption of British law that he is innocent until proven guilty. When the department ask for an amendment to take away from the subject rights which he has always had, it seems to me that they are getting lazy and do not want to take the trouble of obtaining the proper evidence to make convictions; they rather wish to act as a sort of autocratic body.

Mr. LADNER: I would like to add a word in support of the minister on this question. I think that too much emphasis has been laid upon the innocent man being deprived of all his rights and privileges and being made the subject of czarism and autocracy. That is not the principle of the minister's suggestion. The man who is affected in this case has the right of appeal in law.

Mr. MARTELL: You are taking it away from him.

Mr. LADNER: No; we are taking it away in relation to the facts.

Mr. MARTELL: Is not the magistrate the judge of the facts as well as of the law? Has not the judge on appeal the right to treat the whole thing de novo?

Mr. LADNER: My hon. friend misses the point of my contention. The question of appeal relates to the right of appeal on a point of law, and that would necessarily involve the facts as brought out before the magistrate. In most cases the facts are brought out at the trial before the magistrate, and even if some facts are

omitted there is always, under the Criminal Code, the right, in the case of error or the discovery of new evidence, to adduce the facts in question, so that there would really be no prejudice to the defendant. The amendment suggested by the minister would greatly aid in carrying out the spirit and purpose of this law, which is to down the traffic, not to give protection to those engaged in it.

Mr. CARROLL: I must protest against a government which is uplifting morals by legislation. My hon. friend (Mr. Ladner) says there is always the right of appeal under the Criminal Code, but if the legislation proposed by the minister becomes law, there is no appeal. I take the ground that every person is entitled to an appeal from the magistrate to a county or district or superior court judge, and if the legislation proposed by the minister goes through, that right is denied him. We have the same thing in liquor legislation; in our province a man who is convicted of an offence against the prohibition act may not take an appeal. It simply means that the magistrate may convict on very slender evidence or no evidence at all, and if he does, there is no appeal from the facts, no right to take the case to a superior court judge. There is always, of course, the right of certiorari, of which the hon. member for Hants (Mr. Martell) has spoken, and the right of habeas corpus. But if the Government or friends of the Government take the stand that a man should be prohibited from taking appeal, it looks to me like poor legislation. It looks to me as if the government were taking a stand on a question the soundness of which there were doubtful of. It looks to me as if they are putting the machinery of the law in this country into the hands of magistrates, who, as the hon. member for Hants has said, very often misconduct trials—I know it is so in my province. There should be no such thing as depriving a man of the right to appeal, a right which, my hon friend will perhaps say, is statutory—a right which is as old as the statutes themselves. I know that the minister is legislating in respect to a very serious matter, and I hope that through the legislation he is bringing in he will be able to put the traffic in drugs and intoxicating liquors and that of thing out of business. But I think he would be well advised to put that kind of illegal traffic out of business by means which are sanctioned under our constitution, and which have been handed down to us in the British system of law.

Mr. BELAND: Is my hon. friend aware that in the case of prosecutions for the sale of liquor in the province of Quebec, there have never been any appeals?

Mr. CARROLL: So much the worse for the province of Quebec, and so much the worse for the people who legislate in that direction. We have no appeals in the province of Nova Scotia, but two wrongs do not make a right, and I for my part protest, and protest most vigorously, against that sort of legislation, whether in the province of Quebec or any other province.

Mr. MARTELL: My hon. friend from St. John stated that there might be an appeal by way of a stated case, but I find that subsection 2 of section 769 of the Criminal Code provides:

> Where, by any special act, it is provided that there shall be no appeal from any conviction or order, no proceedings shall be taken to have a case stated or signed as aforesaid in any case to which such provision as to appeal in such special act applies.

So if there is no appeal provided for in this special act, there is no right to appeal by way of stated case.

Amendment agreed to.

Mr. BELAND: I move:

> That the said act be amended by inserting the following section immediately after section 10A thereof:
>
> Notwithstanding anything to the contrary in the Immigration Act, any alien who at any time after his entrance is convicted under subsection 2 of section 5A of this act shall upon the termination of the imprisonment imposed by the court upon such conviction be kept in custody and deported in accordance with section 43 of the Immigration Act.

Mr. BAXTER: In the last amendment I think the minister went too far, and I am wondering if in this one he is going as far as he may go. I am a little bit afraid that some of these people may not be aliens, and yet they may be persons who have come into Canada from somewhere else, in fact, be what we call Hong Kong British subjects. I would very much like to see the provision wide enough to bundle them out of the country too, and treat them just as aliens. I would be very glad if the minister would consider extending this provision to make it apply to anyone not a native of Canada, so that a man could be sent back to where he came from. We do not want that kind of people nor that kind

of traffic in this country, and I think it would be well to turn them out.

Amendment agreed to.

Bill as amended reported, read the third time, and passed.

PUBLIC SERVICE RETIREMENT ACT

On the motion of Hon. A. B. Copp (Secretary of State) the House went into Committee to consider the following proposed resolution, Mr. Gordon in the Chair:

Resolved, That it is expedient to extend for one year the operation of the Public Service Retirement Act, chapter 67 of the statutes of 1920, as amended by chapter 49 of the statutes of 1921.

Resolution reported, read the second time and concurred in. Mr. Copp thereupon moved for leave to introduce Bill No. 146, to extend for one year the operation of the Public Service Retirement Act.

Motion agreed to, bill read the first and second time, and the House went into committee thereon, Mr. Gordon in the Chair.

Mr. GUTHRIE: Will the minister explain just what the amendment amounts to because we have no copies of the bill.

Mr. COPP: I did not intend that the bill should be considered in committee to-night, and I therefore propose that the committee rise and report progress.

Motion agreed to.

BANKRUPTCY ACT AMENDMENT

On motion of Sir Lomer Gouin (Minister of Justice) Bill No. 107 to amend the Bankruptcy Act was read the second time, and the House went into committee thereon, Mr. Gordon in the Chair.

On Section 2—Notice of Suspension of Payment.

Sir LOMER GOUIN: As I informed the House in introducing the bill the amendments proposed are not of a substantial character. This legislation is to dispose of certain doubts which have arisen as to the meaning of certain provisions and to provide for a more expeditious and satisfactory enforcement of the act. The first amendment seeks to add to the grounds on which a debtor may be adjudicated bankrupt. At present a creditor in order to force the debtor to turn over his assets to a trustee has first to take action against him, get judgment, and have an execution issued. After that lengthy, and sometimes expensive, course, if the execution is not satisfied, after a delay of fourteen days, application can be made to the judge on bankruptcy for a receiving order. Business men all over the country have represented to us that it is very difficult for them to prevent a debtor from disposing of assets during litigation. It appears to me that if a debtor gives notice to any of his creditors that he has suspended, or is about to suspend payment of his debts, the creditors should be entitled to petition the court for a receiving order. Similarly, if he ceases to meet his liabilities as they become due, he is to all intents and purposes insolvent, and the court should have jurisdiction to deal with his assets for the benefit of his creditors accordingly. That principle is already embodied in our Winding Up Act, and it was in the Insolvency Act of 1875. We have been requested as I have said, by the business men of Canada to adopt this amendment and I hope the House will consent to this being done.

Section agreed to.

On Section 3—Avoidance of general assignment of book debts:

Sir LOMER GOUIN: Section 30 of the statute, which it is proposed to amend, provides in effect for the avoiding of general assignments of book debts. It was the intention of Parliament to prevent a debtor from giving preference to certain creditors by means of a secret assignment of book debts. Different cases were brought to court and it was decided, especially in Ontario, that even in the provinces where there was no such registration provided by law assignments were not avoided. A contrary decision was rendered in Nova Scotia, and it is in order to dispose of that doubt that we propose to amend the law and ask to have the section read as it is found in the bill. We make it very clear that the principle is that assignments are to be avoided, and we make special exception only for provinces where they have legislation providing for registration.

Mr. GUTHRIE: If I understand the minister aright the effect of this amendment is that in provinces where there is no provision for the registration of an assignment of book debts, the assignment will not be permitted.

Sir LOMER GOUIN: That is it.

Section agreed to.

On Section 6—Courts of bankruptcy not now to be so called; Appeal Courts of Bankruptcy not now to be so called.

Sir LOMER GOUIN: I move to strike out the word "are" in the third line of subsection 2.

Section agreed to.

On Section 8.—Single judges to be assigned to bankruptcy work by Chief Justice instead of by Minister of Justice:

Mr. GUTHRIE: Would you explain this section?

Sir LOMER GOUIN: Under the law at present, fees are paid to the officer, and he is not required to account to the province. As the provinces have charge of the whole administration of this law—they give their court houses and their officers and so on—it is proposed that the fees paid to the registrar should be paid by the registrar to the province, and the province will pay a salary to the officers. The same obtains under the election law.

Section agreed to.

Sir LOMER GOUIN: I have an amendment to propose to paragraph "o" of section 2. The act authorizes the continuation of proceedings instituted under the Winding-up Act, before or after the coming into force of the Bankruptcy Act, after leave of the court is obtained. A decision was rendered by the Court of Appeal for Ontario, where it was decided that leave could not be granted by a judge in bankruptcy, in case of a corporation being insolvent, to bring the case from the Bankruptcy Act to the Winding-up Act, and it is to remove a doubt on that point that we propose that paragraph "o" of section 2 of the Bankruptc y Act, Chapter 36 of the Statutes of 1919, as enacted by Section 2 of Chapter 34 of the Statutes of 1920, be amended by ading thereto the following—

Moreover an order of the court, whether made heretofore or hereatfer, granting leave to extend or apply to any such corporation the Winding-up Act shall not be invalid or subject to any objection by reason only that the corporation had previously made an assignment under the provisions of this act, or that proceeding in bankruptcy under this act were at the time pending against the corporation, and in any such case the provisions of the Winding-up Act shall apply and prevail, and the bankruptcy proceedings shall abate subject to such disposition of the costs thereof, to be made in the winding-up proceedings as the justice of the case may require.

[Sir Lomer Gouin.]

This covers the cases which were instituted before and on which doubts have arisen.

Section, as amended, agreed to.

Bill, reported, and read the third time and passed.

ESCHEATS ACT AMENDMENT BILL

House again in committee on Bill No. 124, to amend the Escheats Act, Mr. Gordon in the Chair.

On Section 1.—Escheat extended to property of defunct corporations:

Mr. McKENZIE: We had a discussion of this bill a couple of days ago, and the hon. senior member for St. John (Mr. Baxter) took exception to the term of two years mentioned in the bill. After consulting my colleagues, I have agreed to change the time to five years, in order to meet the suggestion of my hon. friend.

Mr. GUTHRIE: Then the word "two" on page 2, line 3, should also be stricken out.

Mr. McKENZIE: Yes. I move that the word "two" in line 31, page 1 of the bill, be stricken out, and the word "five" be substituted therefore; and that the word "two", in the third line on page 2, be stricken out and the word "five" substituted therefor.

Section, as amended, agreed to.

Bill, reported, and read the third time and passed.

SUPPLY

TRADE AND COMMERCE

The House in Committee of Supply, Mr. Gordon in the Chair.

Trade and Commerce—Canada and the West Indies or South America or both, service or services between, $340,666.66.

Mr. STEVENS: I desire to bring to the attention of the minister a matter of great importance. I have reference to the establishment of a steamship service between the Atlantic and Pacific Canadian ports. There are certain classes of cargo which it does not pay at all to ship across the continent by rail. One of these is lumber. It is true we do ship by rail into Ontario a good deal of lumber of the more expensive kind, but the rate is so high that it is almost prohibitive. Large quantities of southern pine are also imported into that province. By the establishment of a steamship service we could ship cargoes of lum-

ber around by the Panama canal route to Toronto. Indeed, I think we shipped twenty or thirty million feet to Toronto for harbour works within the last few years, which shows the feasibility of such a service. The difficulty is that we have not a regular steamship service. There is another matter that I would bring to the attention of the minister (Mr. Robb), and also to the attention of the Minister of Railways (Mr. Kennedy, Essex), under whose department the operation of the steamships no doubt comes. The service from the Atlantic to the Pacific ports would touch the West Indies and points in Mexico. It could take traffic from eastern Canada to those ports, picking up cargoes through the West Indies and in Mexico and carrying them to the Pacific coast, and the reverse on the return trip. We have a market in the West Indies for many of our commodities, such as fish of all classes, and canned goods, lumber, shingles and, when we can get space, hay and oats. And there are many classes of goods that we require from the West Indies and from Mexico. I believe our various commercial bodies are strongly of the opinion that a service of this kind is necessary. The difficulty up to about a year or so ago has been the lack of shipping facilities; there were not sufficient vessels. That is not the case to-day. Now there are more than we have use for. There was, I believe, a question in the mind of the management of the Canadian Government Merchant Marine that we ought to demonstrate beyond any doubt that the cargoes were there. That is not the way in which steamship services are to be established on new routes. I should like to see the minister put on a regular service for a while. He has some vessels of 5,000 ton register and he might give one or two of them a chance to prove their usefulness. I recall an objection that was raised to the effect that this would be taking traffic from the railways. I do not think this objection is sound. The freight on the railway from coast to coast is so exceedingly high that, except in the case of package freight, the railways would not be affected by such a steamship service at all. From the eastern states a great deal of freight is shipped into the Pacific province by the American railways. We get none of the haulage in Canada at all. A lot of that freight could be picked up by these vessels at New York, and that would not only be helping the marine but it would at the same time be extending the trade of the country. I would urge this matter very strongly upon the minister's attention.

Mr. GARLAND (Bow River): Would the hon. member suggest that a subsidy be paid to the line he proposes?

Mr. STEVENS: At the moment I am not suggesting a subsidy. I suggest, however, that the Government might use one or two or more of their idle ships many of which are now lying, I understand, in the port of Montreal. If any hon. member thinks that the proposal is not a wise one, let me inform the committee that the Pacific end of the Government Merchant Marine has been fairly successful. We have had very excellent results from its operation on the Pacific and if we opened up the route I suggest I have no doubt it would be successful and would ultimately pay well.

Mr. GARLAND (Bow River): Are there any vessels of the Canadian Government Merchant Marine calling at ports that are now being served by the steamships that are subsidized by the Government, or at neighbouring ports?

Mr. ROBB: Not regularly.

Mr. GARLAND (Bow River): Do they sometimes call at those ports?

Mr. ROBB: They have done so occasionally.

Mr. GARLAND (Bow River): In other words, I take it, we have a steamship line subsidized by the Government operating in competition with the Canadian Government Marine.

Mr. MACLEAN (Halifax): The reverse is right.

Mr. ROBB: My hon. friend (Mr. Garland), who is a new member of the House, is probably not aware that we entered into a trade arrangement with the West Indies which provided for a subsidized service with certain equipment for carrying the products of the West Indies to Canada and for the transportation of mails to and from the West Indies. If my hon. friend has looked into the question he must know that Canada enjoys a considerable percentage of customs preference with the West Indies, with which she is developing an increasing trade. It was because of that increasing trade that within the past year or so the Canadian Merchant Marine management put their boats on to get some of the business that had been worked up by subsidized lines—lines started many years be-

fore we had a merchant marine. Indeed, we have had complaints from this subsidized line that unless we call off the Canadian government service their boats would be unable to continue the service at the subsidy we were giving them. It is important that we should retain that subsidized service because of the trade we enjoy. We have made no attempt to interfere with the work of the Canadian Merchant Marine. Our vessels were not built for passenger service, and the service we have agreed to establish between the West Indies and Canada calls for reasonably good passenger accommodation.

Regarding the point raised by my hon. friend from Centre Vancouver (Mr. Stevens), I know that he has taken a great deal of interest in it, and has made representations to the Government, and we are alive to the importance of giving the project very careful consideration. The opening up of the Panama canal introduces new channels of trade as between the East and the West. I am not prepared to-night to say what the policy of the Government will be; it is more a matter for consideration by my hon. friend the Minister of Railways and Canals (Mr. Kennedy), but I think the Government will take into consideration the representations made by my hon. friend, and if the line should look profitable, something may result.

Mr. GARLAND (Bow River): Being a new member, Mr. Chairman, I have not yet become accustomed to the delightful sarcasm of my hon. friend, the Minister of Trade and Commerce. I protest against the continuation of this subsidy of $340,000 odd to a steamship line between Canada and the West Indies when we have a merchant marine some of which are already engaged on this route. The minister mentioned that our boats cannot be used in this service because they are not equipped with passenger accommodation. I understand that when the matter came up in the House last year Sir George Foster, the then Minister of Trade and Commerce, stated that two of our boats had been equipped with passenger accommodation.

I might also call the attention of the minister to the fact that last year, when in opposition, the present Solicitor General (Mr. McKenzie) took exception to the continuation of this subsidy. The remarks he made on that occasion are not very long, and I shall quote them. After stating that he agreed very heartily with the point raised by Mr. Sinclair, he said:

> The point made by my hon. friend (Mr. Sinclair) is perfectly clear. We have an item of $340,366.60 for a line to the West Indies and South America. Now, we are told that we have our own boats serving a part of that route, so that we are in competition with the vessels running there. Yet the Government is so exceedingly generous that it gives to a company with whom it is competing for trade the sum of $340,000 odd. They give them that magnificent handicap and then boldly and proudly step up and say: We will get plenty of profit notwithstanding this handicap we are giving them. Does it strike my hon. friend as good business that we should be spending $75,000,000 of the people's money in the building of boats and in looking for trade and then when we find an old service established on this route which we intend to work, instead of trying to displace those competitors, give them a subsidy?

I sincerely trust that the Solicitor General has not altered his mind on this question, and I hope to get some support from him in my opposition to this particular item.

With regard to the contention raised by the minister that this subsidy was necessary because of the extent of our trade with the West Indies, I find that up to the end of the fiscal year, 1922, our import trade amounted to $8,113,000, while in 1917 it was $14,239,000. In fact, the figures received from the department indicate that there has been a falling off in our trade with the West Indies since 1917 to the extent of $6,125,000. If we take 1918 and compare the figures with this year we observe a falling off of $2,437,000. In the export trade there is a deficiency of about $4,000,000 over last year. I am not comparing the figures for this year alone with those for last year alone, because I agree with the contention—which no doubt will be raised—that last year was an exceptionally bad year, there being a great depression in the sugar industry and a consequent falling off in the value of the imports from the West Indies. But going back to 1917 and 1918, you find an appalling falling off of that business. There are reasons for that decline, Mr. Chairman. I believe that the British Under-Secretary for the Colonies, Mr. Wood, is about to pay a visit to the West Indies to endeavour to co-ordinate their trade relations with other countries. It seems that at the present time there are—I do not know how many governments down there, but there are quite a large number of them; for instance, the Leeward Islands, the Windward Islands, British Honduras,

the Bahamas, and so on, are all under separate governments, have separate trade regulations and different tariffs—I am sorry to say, Mr. Chairman, that they have actually got tariffs down there. Mr. Wood is of the opinion that trade with the British West Indies is a matter of great difficulty, that it must be done in small parcels, in many cases hardly worth handling, particularly in view of the additional fact that as one of the direct results of this lack of co-operation no adequate shipping arrangements exist either between the United Kingdom and her Caribbean Colonies or between the Islands themselves. We are endeavouring to establish something in the way of shipping arrangements with the West Indies, but I would call the minister's attention to the fact that there are no adequate shipping arrangements between these different islands. In short, when a ship goes down to pick up a cargo it has to jump from one place three or four hundred miles to another place; there is no such thing as co-operation for trade purposes.

I might also call the minister's attention to the fact that the board of directors of the Canadian Government Merchant Marine in their report last year refer to the West Indies service on which they have boats and state:

> It must be remembered in connection with this service that the Canadian Government Merchant Marine are pioneers in opening up a new route with a view to developing and extending Canada's trade. As it has been the practice of many governments to supplement the earnings of companies engaged in this work, and as steamship subsidies are paid by the Dominion Government for services that are much more remunerative than this West Indies service, it would only be reasonable that your company should be guaranteed against loss when engaged as in this case, in opening up a new route at the request of the Government.

The Canadian Merchant Marine is now appealing for subsidies, Mr. Chairman! There might have been some excuse for granting subsidies in the old days before we had our own merchant marine, but I submit that the practice should now cease. The minister raises the point that our merchant marine cannot be equipped for passenger service, but Sir George Foster says it can, and that two of the boats are already so equipped. They can also be equipped for cold storage. At the present time our trade with the West Indies must only be a summer trade, for we have no warehousing facilities for a winter trade; but it has been recently suggested that there should be in South America, at a point of call on the way back from the West Indies, warehousing facilities established so you could take in your West Indian trade during the winter as well as summer. I call the minister's attention to one other remark made by Mr. Stollmeyer, speaking at a meeting of the Agricultural Society in Trinidad. He said:

> We have in the Canadian Government Merchant Marine a means of transport which needs encouragement.

I heartily agree with the statement of that gentleman; it needs encouragement, and we might encourage it. The attitude of the Canadian manufacturers has, unfortunately, a great deal to do with the difficulty of this trade. It seems to be very difficult to get return cargoes.

An hon. MEMBER: Carried.

Mr. GARLAND (Bow River): My hon. friends seem to be in a hurry; they always are when we touch the manufacturers. Mr. Jones, president of the Canada Cement Company, whom the manufacturers will have a great deal of respect for, lately returned from South America. Discussing an address that had been made with regard to trade with South America and the West Indies, he sai:

> What struck me most forcibly was the one sided view Canadian business men took on thes questions of import and export.

You cannot expect the West Indies to accept your imports unless you accept her exports.

I think the time has come, Mr. Chairman when we might cut out this subsidy. I am sure that it would be of great assistance to the Minister of Finance (Mr. Fielding) if we did so.

Mr. MACLEAN (Halifax): My hon. friend (Mr. Garland) has stated that this country might well dispense with further subsidies to steamship services. That may be true as a general principle, but there are many cases in which it is quite proper and profitable for a country to subsidize a steamship service. At any rate, the reason my hon. friend gives for the abandonment of a subsidy to this service is not a sound one. He says the subsidies should not be further paid because we have a Canadian Merchant Marine. I say we should abandon our merchant marine and leave the carrying on of this service to private companies, even if we have to give them a subsidy; in the end it would be much cheaper for the country. I hope the Gov-

ernment will very shortly make an effort to get rid of the steamships which they own and which they are operating at a very heavy loss—a loss which this country cannot very long sustain. I should like to point out further that many years ago a trade convention was negotiated between Canada and the British West Indies; I think it was some time between 1904 and 1908. Under that convention the West Indies received preferential treatment from Canada and we received preferential treatment in the West Indian markets. It was a part of that convention that we should establish a regular steamship service between Canada and the West Indies, suitable for the carrying of passengers and of the mails. I think the West India Islands contribute some small amount to the cost of this service. Now, the Canadian Merchant Marine are not capable of carrying out this service ac cording to the terms of that trade convention. The service between Canada and the West Indies has been a good thing for Canada and a good thing for the West Indies; therefore, I say we cannot look upon the matter as one involving merely the question of subsidy; it is tied up with the convention treaty with the West Indies. I suppose some steamship service would be carried on between Canada and the West Indies by private interests if there was no subsidized service, but it would not be a regular service. Our trade with the West Indies has been built up largely because of the fact that on a certain day every two weeks of the year a steamship sails from a Canadian port to the West Indies and on a certain day a steamship leaves a port in the West Indies for Canada. The Canadian exporters rely upon the regularity of the service, and the result is that Canadian trade has been very much built up. In that respect, therefore, there is some advantage in having this subsidized service.

My hon. friend further stated that there had been a great diminution in export and import trade between the West Indies and Canada, and he compared the figures of last year with those of 1917-18. I have not studied the figures; I had not heard them until they were cited by my hon. friend. But I have no doubt that there were very good reasons for that decline in our trade with the West Indies when expressed in dollars. The products of the West Indies in 1917 were very high priced compared with those of to-day; Canadian products exported to the West Indies were very much higher in price than they are to-day. A statement of the tonnage of this year as compared with that of 1917 would be a truer reflection of the volume of trade being carried on to-day as compared with that carried on in 1917. The decrease in the prices of commodities would explain a great deal of the difference between the figures for this year and those for 1917-18. It may be said also that the decline in this trade is owing partly to the world-wide depression which has prevailed.

I should like to say just a few words to the minister. I understand that this subsidized service between the West Indies and Canada was renewed a few months ago for two years more Trade between Canada and the West Indies has developed so much in recent years that the present four steamers engaged in that service are hardly sufficient to meet the trade requirements, and in other respects the boats used are not equal to the demands for passenger service. The contract is with the Royal Mail Steam Packet Company. They are quite willing to build four new steamers. They realize that the present boats are hardly fitted for the business to-day, but they do not feel warranted in proceeding with the construction of new boats unless they are sure that they are to have a contract covering a considerable period of time. It would take some time to complete the construction of two or three boats, and I think it is only fair that they should be advised as soon as possible whether or not the contract is to be renewed for a definite and extended period.

As I have said, I do not think that this service could be carried on without a subsidy. The people of the West Indies insist upon a passenger service, and that could not be carried on except by subsidized boats.

Mr. SHAW: Does my hon. friend suggest that the Canadian Merchant Marine cannot come up to the requirements set out in the statute embodying the Canada-West Indies trade agreement?

Mr. MACLEAN (Halifax): No; they have no steamers suitable for carrying on the service. They are not fitted with passenger accommodation, and their deck construction is not fitted for the carrying on of trade in tropical countries. It is true that some of these steamers might be reconstructed to meet demands of that character.

Mr. GARLAND (Bow River): I am afraid the hon. member is a little in error in this matter. Some of our merchant marine have already been equipped for passenger service.

Mr. MACLEAN (Halifax): A very limited service indeed. They would not be equal to the passenger demands that are made on the subsidized boats.

Mr. GARLAND (Bow River): There is no reason why they should not be. They have been equipped for this very service to the West Indies. I would also submit to the minister that last year the then Minister of Trade and Commerce (Sir George Foster) stated definitely, as appears on page 1488 of Hansard, that this subsidy was simply being continued for another year in order to give an opportunity of getting an improved weekly service. The department has had a whole year in which to think it over, and I now move, Mr. Chairman, that this item be struck out.

Mr. DUFF: We are very glad indeed to hear the hon. member from Bow River discuss the service between Halifax and the West Indies. It seems to me that before moving to strike out this item, he should try and find out what he is talking about. In making his motion, he shows that he is entirely without knowledge of the facts concerning this service, and when he talks about the Canadian Government Merchant Marine vessels being able to carry on this service, he shows he knows absolutely nothing about the subject. Will my hon. friend believe me when I say that the Canadian Government Merchant Marine vessels can carry only eighteen passengers, while the Royal Mail steamers carry two hundred? During the winter months these subsidized boats are full to capacity with people from Montreal, Quebec, and other parts of Quebec, going south to winter in the Bahamas and other islands in the West Indies. Yet the hon. member from Bow River, three thousand miles from the coast, comes here and tells the committee that these boats are not required, and that the subsidy should be cut off.

Mr. GARLAND (Bow River): I did not say that the service was not required, but that the subsidy was unjustifiable, and I still maintain that.

Mr. DUFF: What reason can you give for cutting off the subsidy?

Mr. GARLAND (Bow River): I have given my reasons.

Mr. DUFF: The hon. member has given no sound reason whatever. He knows nothing about it. This service cannot be carried on without a subsidy. It is a very important service to the people of Canada, and just as important to the people living in the hon. member's province as it is to people in the East because these boats carry flour, cereals and other products of Western Canada to the West Indies. These boats leave Halifax fortnightly for the West Indies carrying passengers and mails and Canadian products, and bring back from the West Indies goods which are required in Canada. If the subsidy is cut off, these boats will not be able to carry on the service, and therefore I would ask the hon. member to withdraw his motion.

The CHAIRMAN (Mr. Marcil): The amendment of the hon. member for Bow River, being simply negative, is out of order. His remedy, if he is opposed to the item, is to vote against it.

Mr. ROBB: I should like to convince my hon. friend from Bow River that he should support the item as presented. It is quite true that the intimation was made that the contract was expiring and that new tenders were to be asked for, but the purpose in asking for new tenders was to provide an even better service, so as to carry out our obligations to the West Indies under the treaty that was made. As has already been intimated by the hon. member for Lunenburg (Mr. Duff) Canadians go down to the West Indies in the winter season, and West Indies come up to Canada in the summer season, and i is just possible when my hon. friend goes home he may run across some West Indians who have come to the foothills of the Rockies to escape the heat of the southern clime.

Mr. GARLAND (Bow River): I will let the minister know if I find any.

Mr. ROBB: For the information of my hon. friend from Halifax (Mr. Maclean) the government in September last called for tenders, which were opened on the 31st of January. The only tender received was from the Royal Mail Steam Packet Company, which asked for a net return of 7½ per cent on the investment. That was more than the government would agree to, so to carry out our obligations to the people of the West Indies and continue the service, we have simply renewed the old agreement for a period of two years. In the mean-

time we shall see what will develop. My hon. friend from Vancouver Centre to-night has introduced another idea, which with other suggestions will be taken into consideration. I am sure that when the Minister of Railways takes up his estimates, he will satisfy the hon. member for Bow River that there are no vessels in the merchant marine equipped to carry out the promise we made to the West Indies when they gave us a preference in that market.

Mr. CRERAR: Has the minister reference to the treaty negotiated the year before last with the West Indies?

Mr. ROBB: Yes.

Mr. MACLEAN (Halifax): It was just a renewal of the old treaty.

Mr. CRERAR: In reference to the item before us, this subsidy is given, I understand, in view of the treaty. Of course, this Government must carry out the obligations that have been entered into with the West Indies. The question whether the subsidy is justified or not might be debatable, but I think that the carrying out of our obligations under the treaty is an aspect of the question that my hon. friend from Bow River did not take into account when he moved to strike out the item. Those obligations must be lived up to.

As to the Government Merchant Marine, my own view is that those vessels should be used wherever they can be used to carry on the trade of this country, but they were not built as passenger vessels. The Government Merchant Marine was built as a freight marine, and consequently the vessels are not equipped for the particular trade between Canada and the West Indies at the present time. The people of Nova Scotia and of eastern Canada generally who are prosperous can afford to spend a few months in the West Indies in the winter.

Mr. ROBB: I have met some Winnipegers down there too.

Mr. CRERAR: There may be also some from the remote West who can afford to go to the West Indies during our cold winter. I believe entirely in the development of trade with the West Indies and with the outside world wherever we can develop it. I hope to see that trade expand and grow. I might draw the attention of the committee to this fact, and I have mentioned it when this question was under consideration in preceding sessions, that it is rather inconsistent to subsidize steamships for the promotion of trade with other countries and at the same time maintain a system of tariffs that makes trade with those countries almost impossible. I think that when my hon. friend the Minister of Trade and Commerce gives this question that careful thought and study that he gives to problems that come before his deparment, he will realize the truth of what I say, and I am very hopeful that when another session comes round he will be among the ardent supporters in this House of a substantial reduction in the tariff.

Mr. MARTELL: A few days ago, when other matters were up, I drew to the attention of the Minister of Trade and Commerce the question of the freight rates that are being charged on the boats of the Royal Mail Steam Packet Company, particularly on turnips. I received several letters from my constituents in regard to the matter. I took it up with the department and they communicated with the steamship company. The latter submitted a statement to the effect that turnips were placed in barrels and occupied more room than potatoes and hence required a higher rate. As a matter of fact both potatoes and turnips are placed in standard barrels. A barrel which contains turnips is exactly the same size as a barrel which contains potatoes; the only difference is that the barrel containing potatoes weighs 30 pounds more than the barrel containing the turnips. Now these boats are not always loaded, so that the question of weight does not enter into consideration—it is a question of space. Nevertheless, although a barrel of turnips takes exactly the same space as a barrel of potatoes, and weighs 30 pounds less, the farmer is charged a good deal more freight on turnips than he is charged on potatoes. Furthermore, turnips do not command half the price in the West Indian market that potatoes do. I understand that when the Trade and Commerce Department enter into a contract to subsidize a steamship company it covenants that it shall have some say, at least, in regard to the rates that are charged on these boats. Now this matter is a vital one in the county of Hants, because from that county a great amount of turnips is shipped, by way of Halifax, on these very boats for which the minister is now endeavouring to get a subsidy through the committee. On behalf of my constituents I urge upon him that he put these facts before these steam-

ship people and tell them what they must do. They are only indulging in special pleading when they argue that it costs more to transport turnips than it does potatoes. Moreover the steamship company's high charges are making the shipment of turnips an unprofitable business. If the Government is going to subsidize these people to carry freight as well as passengers it should give them to understand that when they receive public money they should act in return in such a manner as to promote rather than retard the development of public business.

Mr. ROBB: This is the first time the matter has been drawn to my attention; I will look into it.

Mr. GARLAND (Bow River): It causes me great regret to realize that owing to my remarks I have incurred the contumely of the hon. member for Lunenburg (Mr. Duff). As a general rule his criticisms are directed at the leader of the Opposition (Mr. Meighen).

Mr. DUFF: That is a very smart observation on the part of the hon. gentleman.

Mr. GARLAND (Bow River): I feel very flattered to know that the remarks directed at me also apply to the Solicitor General (Mr. McKenzie), because the latter last year raised the same point that I have raised to-night. On that occasion the Solicitor General protested against the continuance of this subsidy. He stated his reasons very clearly and I have read them to the committee, but I suppose the hon. member for Lunenburg was not in the House at the time. With regard to the point raised by the hon. member for Marquette (Mr. Crerar) the agreement between this country and the Canadian government does not call for a subsidized steamship line, it calls for a steamship freight and passenger service. On the other hand it is declared that if a subsidized service is arranged for, then something else will be required. What will be required is that the governments of the colonies in question shall arrange for bungalows, hotels, and other accommodation for the class of passengers that are carried on these vessels. I am sorry that unfortunately conditions in the West will prevent me from going to the West Indies and taking advantage of this kind of accommodation.

An hon. MEMBER: Why not go to California?

Mr. GARLAND (Bow River): Nor shall I be able to go even to that land of sunshine; I must remain in Canada under present conditions of agriculture. I repeat that all that is asked for in the agreement referred to is that the government of Canada shall use its best endeavours to arrange for a passenger and freight service to go into effect as soon as possible. It is not necessary to have this service subsidized.

Mr. MacLAREN (St. John): The vessels now subsidized by the Canadian government run from Halifax to the West Indies, and in return from the West Indies to St. John, and cater for freight and passengers. There is considerable freight, and also a very considerable number of passengers, carried by that line. I know this because the service comes under my observation regularly every year. The suggestion advanced by an hon. gentleman to my left is that this trade could be done by the vessels of the Government Merchant Marine. I would like to point out that those vessels were built for the carriage of freight not for the carriage of passengers. Now the accommodation for passengers on the service between the West Indies and St. John and Halifax must be suitable. It must also be comfortable; otherwise, it would not be used. I do not think it at all likely that the freight boats owned by the government could be made suitable for the comfort and convenience of passengers. I am therefore of the opinion that in this case the subsidies should be continued in order to provide a suitable and popular service between the West Indies and the ports of Halifax and St. John.

Mr. GOOD: How is the amount of this subsidy determined? Was there any competition before the amount was arrived at? I think we ought to know at least that we are protected in the matter of the amount of this subsidy.

Mr. ROBB: The contract was renewed at the same rate that had prevailed heretofore.

Mr. GOOD: How do we know that the subsidy is not five times too large?

Mr. ROBB: As a matter of fact the company demanded a higher rate. We advertised for tenders and their's was the lowest, indeed the only, tender that was received in public competition.

Mr. MACLEAN (Halifax): The contract was originally put up for tender?

Item agreed to.

Canada and Australian or New Zealand, or both, on the Pacific ocean, steam service between, $130,509.

Mr. SHAW: I notice that the imports from New Zealand have decreased very rapidly and are back to the figures of 1912. I would like to know if the minister has had this fact under his consideration in connection with the giving of this particular subsidy? As a matter of fact the imports into this country from New Zealand last year totalled only $783,500 as compared with something like over $7,000,000 worth at one time.

Mr. ROBB: I think your figures are incorrect. The figures appear to be—

1914..	$3,000,000
1920..	3,494,000
1921..	4,219,000

Mr. SHAW: For the year ending 31st March, 1922, according to the figures furnished by the department, the amount was $1,000,000 odd.

Mr. ROBB: Yes. Perhaps my hon. friend will agree with me that it may be more a shrinkage of value than of tonnage.

Mr. CRERAR: To whom were these subsidies paid for the Australian serivice?

Mr. ROBB: They were paid to the Union Steamship Company of New Zealand, and the agents of this company are the Canadian-Australian Royal Mail Line.

Mr. CRERAR: How long was the contract for?

Mr. ROBB: This contract expires on July 31st, 1922. The service is also subsidized by the postal authorities of England, who recently inquired if we would be willing to extend the contract until March 31st, 1924, so that our contract should run concurrently with theirs, and we agreed to that. This contract has been renewed until March 31st, 1924, and this service forms the only connection between Canada and New Zealand.

Mr. CRERAR: In respect to a great many of these subsidies, I think the Government would be well advised to take into consideration, if not the total abrogation, at any rate, a reduction, of some of them. I think there are cases where subsidies are justified, but it is a very easy matter, when you have developed the habit of giving subsidies, to continue giving them, whether the case merits it or not, and the services now between Australia, New Zealand and Canada are pretty well looked after by various steamship lines. There is competition in the service, and when you get competition of an active kind in a service, surely the need for subsidies must disappear. That does not exist in the case of a subsidy we were considering to the West Indies a few moments ago, but, in the case where, practically one continent is trading with another continent, there should be sufficient competition, so that subsidies should not be necessary to maintain the necessary services, and I trust the Government will take that fact into their careful consideration, as these subsidies expire.

Mr. ROBB: There is very much force in the argument of my hon. friend from Marquette (Mr. Crerar). Indeed this particular subsidy has been decreased. It was $180,000 and it has been reduced to $130,000. There is much farce in the argument that as trade develops they should be self-sustaining.

Mr. GOOD: For how many years will these contracts run as a rule? How long are we tied up by them?

Mr. ROBB: Some of these contracts are given for a period of years. This particular one extends for two years, until March 31st, 1924, but in all these contracts there is a clause stating that it is subject to a vote by Parliament, so that, if Parliament to-night refuses to vote the amount, it is cancelled.

Item agreed to.

Pelee Island and the mainland—steam service between, $11,000.

Mr. CRERAR: Where is Pelee Island?

Mr. ROBB: On Lake Erie.

Item agreed to.

Quebec, Natashquan and Harrington, and Bras d'Or and other ports on the north shore of the gulf of St. Lawrence, steam service between, $85,000.

Mr. CRERAR: There is an increase in that?

Mr. ROBB: That provides for an increased service. It is a considerably better service. Last year there was one steamer employed in the service. The contractors this year have put on two vessels, the North Shore and the Labrador, with which they are performing a weekly service, running the North Shore every two weeks to Natashquan, calling at Anticosti Island, and running the Labrador every two weeks

to Harrington and other way ports between Harrington and Bras d'Or bay. This extension of this service to Bras d'Or bay is expected to divert the trade of that part of the coast which in the past has been going to Newfoundland, to Canada, and in view of the fact that this increase has been given to the North Shore service, the contractors have, although it is not so specified in the contract, much improved their south shore service, having put on a large new steamer, the Gaspesia, of about 1,200 tons.

Mr. CRERAR: What is the real need for this subsidy, or is there any? It seems to me rather a remarkable thing that steamships running up and down the gulf of St. Lawrence should require a subsidy.

Mr. ROBB: Yes, if there is one service in all the list that is needed, it is this service. It extends 626 miles east from Quebec city, down along the north shore of the St. Lawrence, where there is no railway. There are settlers established along there, and the service has developed industries along the coast.

Mr. DUFF: It is the only communication they have with the outside world.

Mr. CASGRAIN: Will the minister do something to extend and improve the service between Murray Bay and Tadoussac? On the 11th April last year I introduced a resolution, urging upon the Government the establishment of a steamboat service between Murray Bay and Tadoussac, especially for the winter months, or from November to May. Last year, when the late government was in office, we were refused the service because it was claimed it was not necessary. This year I have presented to the Government petitions from all the boards of trade in the county, but, up to the present time, I have not received any favourable answer. I think the hon. minister might give me an answer.

Mr. ROBB: It is only fair to say to my hon. friend from Charlevoix-Montmorency (Mr. Casgrain) that he has bombarded my office, I would not say every day, but, at least, once a week, since the opening of the session, and knowing, as you all know, what a nice pleasant chap he is, you can understand how hard it is to resist his demands. We have subsidized a small service from St. Catharine's bay to Tadoussac for the winter season. That was passed some time ago. I understand he wants a somewhat wider service, but I think he will have to exercise patience for, at least, this year. I will not commit myself to what will be done next year.

Mr. CASGRAIN: The people living between Muray Bay and Tadoussac have no good railway service, and no good roads, especially in the winter season; therefore, this steam service is very necessary for them and would serve a useful purpose.

Mr. ROBB: We will take it under consideration.

Item agreed to.

St. John and Digby, steam service between, $15,000.

Mr. CRERAR: That is across the bay of Fundy?

Mr. ROBB: Yes.

Mr. MANION: What is the explanation for the increase?

Mr. ROBB: The subsidy in 1920-21 was $20,000. Then it was reduced to $10,000. The company has submitted a statement showing a very heavy operating loss amounting to nearly $100,000 in three years, and it states that unless the subsidy is increased the service will be discontinued. It is the only service these people have.

Item agreed to.

Sydney and Whycocomagh, steam service between, $7,000.

Mr. MANION: What are the particulars of this item?

Mr. ROBB: This is one of the oldest services that we have subsidized. It was carried on by an old steamer, the Marion, and the directors have been endeavouring to secure a new boat. In consideration of a new and better steamer being put on the route we promised a subsidy of $7,000, but they have been unable so far to secure such a steamer. The Marion is being repaired, and in view of the expense involved in the work we have consented to pay them $5,000, and have also agreed that if they succeed in getting a better steamer we will pay them the $7,000.

Item agreed to.

RAILWAYS AND CANALS

Railways and Canals—Loan to the Canadian Government Merchant Marine, $4,360,720.

Hon. W. C. KENNEDY (Minister of Railways and Canals): The amount required for payment of bank advances,

outstanding vouchers, and insurance premiums, payable as at the 31st December, 1921, was $3,000,000. The estimated amount required to meet deficit in operations, on the basis of operating thirty-seven vessels for the year ending 31st December, 1922, is $1,000,000, and to carry on to the end of the fiscal year ending March 31st, 1923, there is an additional estimate for the three months of $250,000, making a total of $1,250,000. The amount required for capital expenditure on the vessels is $110,720, making a total in all, as outlined in the estimates, of $4,360,720.

Mr. CRERAR: What is the nature of the capital expenditure of $110,000 odd?

Mr. KENNEDY (Essex): I will read the particulars.

Mr. CRERAR: Is the amount properly chargeable to capital?

Mr. KENNEDY (Essex): Yes, these items are: Two propellers at $5,500 each, $11,000; superheater, $11,500; steam driers, 20 at $150 each, $3,000; soot blowers, 20 at $1,366, $27,320; governors, 20 at $1,100, $22,000; intakes 4 at $600, $2,400; winches, 14 at $1,100, $15,400;—

Mr. CRERAR: That is quite enough.

The CHAIRMAN: Carried.

Mr. CRERAR: Before you write that "carried", Mr. Chairman, I want to ask another question. I do not recall any statement of the operations of the merchant marine having been submitted this session. Will such a statement be included in the annual report of the Canadian National Railways, which I understand has been published?

Mr. KENNEDY (Essex): The report of the Canadian National Railways will be tabled in a day or two and, incorporated in it, a statement in regard to the merchant marine for the past year.

Mr. CRERAR: A statement showing profit and loss in operation?

Mr. KENNEDY (Essex): Yes, and giving the report of the directors.

Mr. McBRIDE: I think we ought to have some information in connection with the merchant marine.

Mr. KENNEDY (Essex): I shall be glad to give my hon. friend any information he requires to-night.

Mr. McBRIDE: I would like to know what you are going to do with the merchant marine? You have sixty-five boats and those of less than 5,000 tons, I think, will never pay. I do not think they will pay operating expenses. These boats are deteriorating in value all the time. I do not think they should be kept by the Government.

An hon. MEMBER: There is no doubt about that.

Mr. KENNEDY (Essex): I may tell the hon. member that his views coincide with those of the board of directors of the National Railways. There are twenty-seven smaller vessels which they propose to lay up this year twenty of which are in fact laid up at the present time. It is the intention to dispose of them to the best possible advantage, retaining the larger ones for the time being. This matter, as in the past, will be dealt with by the board of directors.

Mr. MACLEAN (Halifax): The construction of these ships has been criticised by some people, but it was a policy initiated during the war, and might very well be looked upon as an insurance premium against national loss. The construction of the ships was undertaken at a time when it looked as though the German submarine warfare would be most disastrous to British shipping the world over. It was the desire of the British government as well that Canada should at that time construct ships, and the policy was supported by every member in Parliament as well as by the Canadian people at large. The policy had reference only to the construction of ships to bridge us over the imminent danger that existed at that time. It was never the settled policy of the government that they should continue the ownership and operation of these vessels, and I think that the Government should divest itself of that ownership. The vessels are being operated at a tremendous loss, and it is the experience and the judgment of those men who are best able to speak on such matters that government operation of ships must inevitably be carried on at a loss. The United States constructed about 1,500 ships for the same reasons that we built 60 or 70. About 1,000 of those ships are now laid up in the ports of the United States. The others are being operated at a net annual loss of $50,000,000. The policy of the United States is to get rid of these ships just as soon as they can, but they find it rather difficult to do so. The head of the United States Shipping Board, in an address delivered lately at Washington, stated that in his judgment it was not

sound public policy for the people of the United States to further continue the operation of these ships by the government.

Now, I submit that it is not fair for us to have government-operated ships in competition with shipping services originated, developed and carried on by private companies which have devoted much time and money to the building up of their business. They find themselves in the position of facing the competition of government-owned boats operating at a loss, which loss they, the owners of these privately operated ships, have to help pay.

Last year I called attention to the fact that there were two or three steamship lines operating between Canada and Newfoundland, none of which are subsidized. These services were started many years ago and there is a great deal of Canadian money invested in them. The Canadian Merchant Marine saw fit to enter into competition with these long-established services when those services were quite capable of handling all the business that was offering. The result is that these privately owned services are being slowly destroyed, they cannot stand this one-sided competition much longer, and ultimately they will have to go out of business altogether. In a year or so our government-owned boats will be worn out, and we certainly will never embark on a construction policy again. Consequently we will have no service at all between our ports and Newfoundland, and the time, energy and money put into the development of these privately-established services will be absolutely lost and we shall not have gained anything in return. If we ever hope to establish a merchant marine our only chance is in encouraging private capital to embark in the enterprise.

Now, what should be done with our government-owned ships? I would suggest to the Minister of Railways that he immediately take into consideration the advisability of parting ownership with them. I would advise him to endeavour to sell the ships to Canadians so they may be under Canadian registry if possible. If proposing purchasers have not the money to pay down, I would advise him to take a mortgage for the full amount of the purchase price, asking the purchasers, of course, to insure the ships up to the amount of the mortgage. I think it would be preferable to get rid of these ships rather than operate them through government agencies. In the event of his not being able to sell them, I would suggest that he turn over their operation to Canadian shipping companies. It is not sound business to be operating these ships at a loss of $10,000,000 a year. And they never will pay their way. It is the one class of business that a government is absolutely unfitted to engage in. You can make an argument in favour of government ownership and operation of railways, because the railway business is in the nature of a monopoly, but in shipping free trade exists, and there is more than enough tonnage to-day to do the world's shipping business. Our shipping needs can be amply met if we dispense with our government-owned boats and depend on the service which the shipping of the world to-day affords.

I cannot conceive of any sound reason justifying further continuance of the operation of these ships by the Government. I am not entering any complaint against the management. I have no doubt they are doing the best they can and are zealous in the development of the service; but unfortunately there is the result, and it always will be that way. If there was any national interest being served by continuing our ownership and operation I might submit to the policy, I suppose, but in the circumstances I cannot see any justification whatever for such continuation, and I hope if the Minister of Railways has not already power to dispose of these ships, that he take steps before the session ends to secure the necessary enabling powers to deal with any possible situation that may develop in connection with their disposal.

Mr. CRERAR: With a great deal of what my hon. friend the senior member for Halifax (Mr. Maclean) has said, I agree. He has stated the reasons, whether they were good reasons or not at the time, that led to the building of this merchant marine. Unquestionably the country cannot go on facing the heavy losses that result in the operation of these ships. A suggestion has been made by one of my hon. friends from British Columbia that the smaller vessels will prove of no value and should be disposed of. My hon. friend from Halifax would go further and dispose of the whole lot. It occurs to me that the larger vesesls might be of some use as complementary to the railway system which the country has. I do not know how far that would be justified on sound, business principles, but I do know that other transportation companies have water connection in ocean-going vessels, and I would suggest

to the minister not to display the eager haste which my hon. friend from Halifax counselled in disposing of these vessels, particularly the larger ones. I think the question of their disposition should be thoroughly inquired into.

Mr. MACLEAN (Halifax): If my hon. friend will allow me to interrupt a moment —I did intend to qualify my remarks somewhat in the direction indicated by him. It might be desirable, particularly if it be found difficult to dispose of the larger ships, to continue their operation in the ocean services. There is something to be said for that.

Mr. CRERAR: That is what I had in mind. The whole situation should be carefully canvassed and examined before these vessels are disposed of at bargain-counter prices or given away to the first person who will take them. The smaller vessels will not be of service in that respect. I do not know whether it would be possible to make use of them on the lakes where smaller boats can be used, but at any rate I agree with my hon. friend that this is a question which should receive the attention of the board of directors of the National Railways.

There is one other thought that I have to offer in that connection. Even if disposition of these vessels is made by sale, I do not know that the present time is best suited for the purpose. We know that trade has been depressed in the last few years greater than it has ever been in the memory of any within reach of my voice tonight. We believe that trade conditions are going to revive, and that in a few years' time the commercial world will be resuming operations on something like the old scale. Unquestionably at that time a greater demand for ships will arise. My suggestion to the minister would be not to act too hastily in this connection; it is possible that a year or two hence he would get a much better price for the vessels, or for those that the board of directors of the National Railways wished to sell, than could possibly be got at the present time.

Mr. CHURCH: Every country has to have a merchant marine in connection with the solution of its transportation problems. This matter was partly discussed in the debate on the naval estimates; the value of a merchant marine, not only for ordinary purposes of trade and commerce but in time of war, was brought out. One of the reasons why England is the great commercial country that she is to-day and has been for centuries is found in the operations of her merchant marine. Drake, Frobisher, Hawkins—all these men were men of the merchant marine; their activities were the foundation of the great trade and commerce of the Mother Country. Australia and New Zealand have taken a leaf out of the Mother Country's book. The Government have said that they are going to give the National Railways a chance. What kind of chance is it going to be? If some of the papers in the Montreal district had their way, the National Railways would be under the control of the Canadian Pacific, and so would Canada's merchant marine; and it would be a sorry day for Canada if that took place. Look at what the United States are doing in an effort to solve their transportation problems; they have turned all their war plants into peace plants. Government ships as well as ships for private concerns are being built with a view to holding the great trade that came to the United States as a result of the war. Canada also took a leading part in the war; is she to dispose of her merchant marine, as has been suggested by the hon. member for Halifax (Mr. Maclean)? It is true that these ships were built rather from the unemployment standpoint than from the economic standpoint; they cost a great deal more than the price at which they could have been purchased in the old land. But if we are to make a success of our National Railways we must provide feeders for them —ocean feeders as well as lake feeders. It is true that there have been deficits, and we may expect them for some time to come. But take a case of private ownership: the Canadian Pacific did not pay when it was first started; not until ocean services, lake services and hotel services were added to the rail system was success achieved. I say that if we are to fulfil the important part we should play in the Empire in the future we must go out on the seven seas and secure our share of the world's trade. The people of the United States have had deficits in connection with their merchant marine. The same criticisms were offered in Australia but both in that country and in New Zealand the operations were extended and large surpluses were subsequently obtained. I am surprised, Mr. Chairman, at the carping criticism which has been offered in respect to this item. The minister has been doing the best he could; he has made very substantial progress and I think the committee should give the merchant marine a chance. If they

will not do that, then we may as well cut off the railways as well, because the two are interlocked. It has been established by evidence submitted to the Interstate Commerce Commission of the United States and by reports made to Congress and to the Senate at Washington that steam roads cannot operate profitably without feeders in the way of ocean and lake services. In my opinion this is a vote in the right direction; instead of being curtailed it ought to be increased. If these various services are operated on business lines there is no doubt in my mind that within a few years we shall have in them a great asset.

Mr. KENNEDY (Glengarry): Are any of the ships of the Canadian Merchant Marine engaged in carrying Canadian wheat and flour to the British market?

Mr. KENNEDY (Essex): I am not in a position to give an answer at the moment, but I am inclined to think they are not at present; they are not suitable for it.

Mr. BAXTER: Is this the last railway item?

Mr. KENEDY (Essex): Yes.

Mr. BAXTER: May I be permitted to put a question to the minister under this head with regard to a railway matter?

Mr. KENNEDY (Essex): Yes:

Mr. BAXTER: I would inquire whether the Government have had any proposal from the government of New Brunswick with reference to what is known as the Valley Railway? From answers to questions put some time ago in the House it appears that in the taking over of the Canadian Northern, Ontario was in effect relieved of obligations amounting to over $7,000,000; Manitoba of over $25,000,000; Saskatchewan, in connection with the Canadian Northern and the Grand Trunk Pacific, of over $28,000,000; Alberta, in connection with the same lines, of about $21,000,000; British Columbia of about $40,000,000. These obligations are being met by the federal government. The St. John Valley Railway was built for the purpose of connecting the Transcontinental with the port of St. John. It was not completed according to the original design, owing to the intervention of the war and to largely increased costs. But I notice that with some reductions which have been made it stands on the books of the province at something less than $7,000,000. It has cost the province $340,000 by way of interest, and it has also occasioned some loss to the federal government as well. It would seem to me that in fairness this road, which was constructed, as I say for the purpose of connecting the Transcontinental with the port of St. John, should be assumed by the federal government. It means the addition of a very considerable burden in proportion to the roads the liability for which has been removed from the other provinces. In fact, I think every province except Quebec and Prince Edward Island has shared in relief, and I trust the province of New Brunswick will not go without some measure of relief.

Mr. McBRIDE: Now I do not wish to be misunderstood in what I have suggested. I did not suggest that the Government dispose of the larger vessels of 10,000 tons and up. I see no reason why they cannot be made profitable to this country, but the smaller vessels will never be an asset to Canada, and I think the Government should dispose of them.

Mr. KENNEDY (Essex): There has, so far as I know, been no definite proposal from the government of New Brunswick with respect to the sale of the railway to which my hon. friend from St. John refers. I did have an interview with two of the ministers, and that suggestion was made. The matter is now under consideration, but the Government is not in a position to say anything definite at the present time.

Item agreed to.

On the motion of Mr. Fielding the House adjourned at 11.35 p.m.

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