

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

[Mr. Sales.]

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 demarcation 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 piffing. 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 piffing, 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 piffing 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 statesman 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 con-

tinuing 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

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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 to-night 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 our 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 moneyed 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. Evidently 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 4½ 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

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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 $2\frac{1}{2}$ 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 $2\frac{1}{2}$ per cent and piling the taxation on in the form of sales tax?

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 food-stuffs. 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 $5\frac{1}{2}$ 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 anybody 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

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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 Lib-

eral 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 pro-

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pose 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