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BY

The Honourable HERBERT MARLER.

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The purpose of the present appeal to the people of the Dominion is to enable them to decide who are to be their representatives in the next Parliament of Canada. To enable them to intelligently arrive at that decision it is essential that they be informed on various subjects of national importance. That information may be submitted in various forms. The form which is usually employed in the heat of an election is to depreciate and to declare as sinful, useless and unworthy of any consideration the acts and policies of the opposing political party — and all too often to endeavour by mis-construction, wrong or partial explanation to mislead the electorate.

It is quite manifest that information conveyed to the electorate in the manner I have just described not only imparts no real knowledge but in addition causes the election of members by deception. The result of an election of members by those means is utterly without value and the country is no better off than if an election had not been held at all.

It would be a simple matter, if I so desired, to present my views to the Electors of the City of Montreal and to those of St. Lawrence—St. George Division of Montreal in the manner which is usually employed. Perhaps to a few that method might

be the more interesting. Perhaps if I employed deceptive or misleading means it might gain no more votes. But the real object would not be gained if I did so and the electors would only be misled.

What is perhaps the usual course I do not propose to adopt — on the contrary the only course to take the only attitude in any way worthy of a man in public life to adopt — is to state facts fairly and honestly without evasion — and that is the method I intend to adopt throughout the course of this campaign.

The issues before the electorate today are of a very important nature. Those who desire to see this county succeed will require to understand not only the factors which give rise to and underly these issues — but will also require to appreciate the effect of the policies which are submitted by the contesting parties and by the candidates involved. It is of no value to the success of this Dominion to consider only the local viewpoint or what a particular part requires to be done. That may be of advantage to the locality in question — but it may not be of advantage to the country as a whole — and while a local advantage may be temporarily beneficial — the final and lasting result will more likely be quite the reverse. In short if we are to have a lasting success in this country we must consider all parts of it and construct from those considerations as nearly as it is possible to do so a policy or policies fair and equitable to all concerned.

To construct such a policy in Canada is an extremely difficult thing to accomplish. Perhaps more difficult than in any other country in the world because we have geographical and industrial conditions which are quite different from those in any other country.

In broad terms our geographical situation divides us into at least two great parts. The Eastern section and the Western section. These are separated by a thousand miles of wilderness and virtually comprise two great separate countries. The industrial situation in those two great parts is essentially different. In the Eastern section is situated most of our great manufacturing enterprises. In the West agriculture is far and away the principal enterprise. It is not surprising therefore to find that conditions of life and occupation are very different in the two great sections I have described. Therefore in view of these conditions and other conditions also to say that it is possible to have

one fixed policy which being the best for the East is equally good for the West or vice versa is not possible at all. Likewise to attempt the development of one section and disregard the development of the other cannot possibly be advantageous because the one is dependent on the other and if the one fails to succeed the other is bound to fail also. Our policies of necessity must therefore be such as will allow each a process of reasonable development. To construct such a policy is impossible without some give and take on the part of each of the sections in question.

Notwithstanding all this in the course of this campaign you will hear of policies in vogue in other countries — and you will be asked to accept those policies as applicable to Canada. You will for example hear that France succeeds under a certain policy. The conditions there are totally different from those in Canada. France is a compact country with a dense population four times as great as it our population — and without our tremendous distances. Australia you will hear has a certain policy — that country has not the United States as its doors constantly acting as a magnet for its population. But the country which you will hear most frequently quoted and to which we are compared in the possibilities of economic development is the United States. There is no basis for comparison between that country and ours at all and there never has been.

Settlement in the United States was gradually westward. We settled our whole country in a sparse way — in a hurry — from the Atlantic to the Pacific. The United States has great depth — we have little depth. It has great and gradual variation in climate. Many harbours open the year round. An enormous population creating a large home market. We are and are bound to be for many years to come an exporting country.

Do not therefore be misled by comparisons which do not apply. Do not allow some one to place the map of France, Australia or the United States upon that of Canada and tell you what may be good for one of these countries is good for Canada. Let us realize and appreciate once and for all that we have by reason of our geographical situation — our climatic and industrial conditions — and our mode of settlement — conditions to deal with which are peculiar to our own country — and we must deal with those conditions in terms of Canada and not in the terms of the United States or of any other country and in the manner which best suits our own circumstances.

These are the underlying factors which confront all governments and must be taken into consideration in order to form any intelligent decision on the questions now before the electors.

Let us now come closer to current events and give some consideration to the present financial and other conditions which face us today. In that connection we will also require to consider the circumstances which give rise to those conditions. But before taking up those conditions let me illustrate another.

Entry of Mr. Patenaude into the Federal arena :

There has occurred in our midst during the past few weeks the entry into the Federal arena of Mr. Patenaude. I have nothing to say against that gentleman or as to his entry into that arena. He is entitled to enter Parliament if he is able in the same manner that anyone else is entitled to do so, but when all the virtues it is possible to comprise in the human mind or to embrace in the human body are attributed to him by certain of the press of Montreal to the exclusion of all others who do not follow him then some — who perhaps in their own opinion have certain but not as great virtues as those which Mr. Patenaude attributes to himself — are entitled to express themselves as to some of the opinions of this supposed superman.

Some perhaps many in public life have attempted to do what is right and just — have attempted to fairly defend the rights of our own Province but not to the exclusion of the rights of the other parts of the Dominion — have attempted to view with impartiality the rights of those speaking other languages and worshipping at other altars — but because we follow a different political party we are traitors to our country whereas Mr. Patenaude and those who follow him are patriots. Does this seem reasonable to the people of Montreal or to other parts of this Province and this Dominion? Does it follow because I am of the Liberal Party that I am a traitor and Mr. Patenaude a patriot? Has my public life and attempt at service been less at any time than that of Mr. Patenaude? But certain of our daily press say that Mr. Patenaude is a patriot — and why? Because he does the bidding of a chosen few hence he is a patriot but those who refuse to do that bidding serve their country badly?

There is nothing of the patriot in an attitude of that description and while I am always ready to listen to reason I am not willing to do the bidding of any chosen few. I am not prepared to surrender my independence of thought and action into the hands of any group. I am not prepared to take a stand on preferential lines as Mr. Patenaude clearly by his speeches is prepared to do but I am prepared to uphold what I believe is fair and just to all parts of and for all races in this Dominion and on that understanding alone I ask your support.

What however is Mr. Patenaude's position? He says he is not a Meighen man nor is he a King man nor is he a third party man. What therefore is his stand? We should know if there is any secret agreement between him and Mr. Meighen or the friends of Mr. Meighen. He should answer to that "yes" or "no". He should tell us in certain language that he will not follow Mr. Meighen. He only tells us in vague terms — terms which leave open many constructions — that he will not do so. As a matter of fact in the Province of Ontario the Patenaude movement is looked upon clearly as a Meighen movement. It is thought in that Province that the seats if any which may be carried by Mr. Patenaude will be swung into the Conservative group. On the other hand the Conservatives in Quebec are not advertising Mr. Meighen as their leader — they are not exhibiting his portraits in their headquarters. The only common ground on which they act is to say everything they can by misrepresentations and other means against the present Government but they have nothing to say against the Meighen Government. There is something more behind all this — something which is hidden — something which is not clear. To me the part of the patriot is to be open — to say just how he stands and just where he stands. We have known of plots in this country before.

The opponents of the Government sail under various colours. We have in St. Ann's Division a Conservative — running in Mount Royal Division another Conservative — in this Division a Patenaude Candidate — and in Laurier-Outrement Division a protectionist candidate in the shape of Mr. Monty. Are all these various names significant of various groups or at some given moment or at the crack of a whip or at the bidding of a certain group are they all to come together under one banner to do the bidding of that group or are they really independent of outside influences. Elections are not made with prayers.

Something more substantial than that is necessary. These questions the public want answered.

Coming to Mr. Patenaude's speeches what do they show. It is true they are beautiful speeches full of grandiloquent and flowery phrases but when there are brushed aside and the plain earth laid bare do you find in any one of them any intensive study of the four most prominent problems which confront us today? As a matter of fact after the earth has been shorn of the flowers of speech you find four thoughts but not one solution — and what are those four thoughts as regards Mr. Patenaude?

1° That he is a follower of Cartier and Macdonald whose policies he says he will follow to the bitter end.

2° That he is in favour of a high protective tariff.

3° That there is a railway problem in existence — for which he offers no solution.

4° He has great fear of and certainly no use for the people in the Canadian West.

It is somewhat interesting to examine these four thoughts from a Canadian viewpoint and to see exactly if the people understand them.

Mr. Patenaude says he is a follower of Cartier and Macdonald. These men were great men in their days — they had great and laudible ambitions. They were Canadians. But what was the idea of Cartier — what was his life's work? And what also was the crowning effort of Sir John A. Macdonald? The life work of Cartier and the crowning effort of Macdonald was to bring together into one great Dominion those parts of Canada which were then four struggling little Provinces — to heal the animosities which had been engendered and which placed the hand of every man at the throat of the other to bring about peace concord and unity so that Canada as it then was could proceed as a great and united Nation — and they did all this and then handed down to their descendants the great Dominion not as we know it today but even in lesser form charging those to whom they had so handed it down to forever keep it united and to forever preserve the traditions

for which they and their ancestors had fought for years. Is that the policy of Mr. Patenaude at the present time? He says that he stands for the rights of Quebec. The rights of Quebec were exemplified by Cartier and Cartier said he stood for unity. M. Patenaude's policy is just the reverse. He is setting the East against the West by his very actions. He is destroying that very Confederation which the great man he says he follows tried to build up because just as certain as the sun will rise in the heavens tomorrow the various Provinces and the various parts of Canada must each hang together — if they do not each will be hung separately and the people of the West will not tolerate the domination of any group from the East. They ask and ask rightly their fair share in the progress of this Dominion.

But there are other questions also which arise from these thoughts of Mr. Patenaude. Cartier died in 1873. At that time there was no Canadian West. Macdonald died in 1891. At that time the whole population of Canada west of the Great Lakes was less than 250,000 souls. At that time there was one Trans-continental Railway. At that time we had not been through a great war which clothed us with many obligations we never thought would be ours. And yet notwithstanding all this Mr. Patenaude says that we must follow the policies of Macdonald — we must not change those policies — we must not adjust ourselves to present day conditions but on the contrary we must turn back the hand of the clock for some thirty years and look at matters as they were looked on at that time. We of the Liberal Party say quite the contrary. We say that we acknowledge the great works which Cartier and Macdonald did for this country — we say we have had most unbounded admiration for those statesmen but while willing to adopt all which is good in their respective policies as applicable to present day conditions we think that other conditions have intervened which require us to have not an 1873 or an 1891 Canadian Policy but a 1925 Canadian Policy.

As to Mr. Patenaude's second contention that he is in favour of a high protective policy little doubt can exist although it is true his speeches in that regard are to a degree contradictory. He says in one breath that we must have high protection — a protection which will permit every industry to be *exploited*. The word "exploited" which he so frequently uses is a good

word to convey his meaning. But in other places he says the protection should only be fair. However this matter will be discussed later.

And then the Honourable Gentleman deals with the railway problem. He submits in that respect no facts — no figures — but only an idea. He says it must be taken out of political control. He is very deficient in facts and figures in all his arguments. He does not go very deeply into any question of finance nor does he convey to the public the relative position of the railways at the time they were taken over by the present Government and the condition in which they are now. On this question also observations will be made later on.

But the main point which Mr. Patenaude makes in his speeches is that the Members from the Province of Quebec are being sold to the Progressive West. The contempt which he has for the West — perhaps it is derived from fear — is most marked — most certain — and leaves nothing to the understanding of what he means. He said in his speech at St. Laurent, speaking of the Prairie West :

“The second section is from the mountains to Lake Superior which has a tendency towards the United States and which is populated in greater part with foreigners recently arrived.”

Surely the Honourable Gentleman has not studied the facts of the case. In that section of the country which is the Prairie Section consisting of the Provinces of Manitoba, Alberta and Saskatchewan there is it is true a large population numbering almost 2,000,000 people which he says is populated in greater part with foreigners recently arrived. That is an astonishing statement to make when we know that out of the 2,000,000 people comprising the population of those three Provinces 1,200,000 are Canadian born and of the 1,200,000 are Canadian born and of the 1,200,000 Canadian born nearly 115,000 are of French-Canadian origin.

So Mr. Patenaude fears the West and the people of the West. He fears or at least does not want to listen to our 1,200,000 Canadian born who live there. He does not want to consider the 115,000 French-Canadians who have made that part of the country their home. We on the other hand say that all these people have a common interest with us in the progress and life of this Dominion. We do not say that we are prepared

to accede to every wish to which they may aspire but with the moderation and toleration which is exemplified in the Province of Quebec we say that there must be a policy of give and take so that both the East and the West will have their fair share in the progress of this Dominion.

Mr. Cahan's Campaign :

There has further entered into the arena of this Division Mr. C. H. Cahan as my opponent. His utterances have been notable — notable indeed in their inaccuracy. He has made two speeches in the Windsor Hall, the one to the Women Voters of this Division and the other to the general electorate of the same Division. It is true that at neither of the meetings in question was there an overwhelming audience but the press has given both meetings excellent publicity — consequently those who were not fortunate enough to hear this gentleman at either of his meetings are enabled from the press reports to judge what he said. At his first meeting the most outstanding assertion and indeed the most astonishing statement which he could have made was that the very constituency in which he is hunning for election is the most corrupt in Canada. It is surprising this gentleman chooses what he terms the most corrupt constituency in Canada as a vehicle in which to enter Parliament. Has the choosing any significance? But at his later meeting he was more specific in his charges stating that in the 1921 election there were no less than a thousand people voting in the district who were brought in by runners and impersonators. Notwithstanding that I procured a majority of some 2500. As to corruption in the constituency of St. Lawrence and St. George I certainly know of none at the present time. I have not had the opportunity of knowing of any in the past because the electoral machinery was completely in the hands of my then opponent and I believe the friend of my present opponent, Mr. C. C. Ballantyne. I never would have accused that gentleman of corruption. I am surprised at Mr. Cahan doing so because if there was corruption in the 1921 election then it must have come from those who had control of the proceedings, which control was completely out of the hands of me and my friends. But it is interesting to note that there were a thousand empersonators on the lists. No doubt

those thousand impersonators voted against the Liberal Party at the time — consequently against myself — hence if they had not been there to so vote my majority instead of being 2500 would have been 3500. The constituency of St. Lawrence and St. George is not corrupt. Those who have voted in the past and those who will vote in the present election are voting as their consciences may dictate and I for one am quite prepared to abide by the decision of the electors as so given and not to charge those self-same electors with corruption which I know does not exist.

Mr. Cahan at the meeting to which I have referred discusses other subjects. Those subjects are also discussed at his second meeting and at the second meeting to which I have referred as reported in The Montreal Star he stated that he was a follower of Mr. Pateenaude and he gave various statistics relating to employment, taxation, immigration matters, unemployment and the tariff. He also discussed my own position on the budget. During the course of these remarks which I intend to make I will deal at the proper time with the various assertions and charges of Mr. Cahan.

The matters of the greatest national importance on which you require information in order to enable you to exercise your vote in an intelligent manner I would say were :

- 1° The financial position of the country including taxation.
- 2° The position of the railways and their financing.
- 3° The position as regards Immigration.
- 4° The position as regards the Tariff.

We require as regards each of these great national affairs to take into consideration three distinct periods. The first what was done by the previous Conservative administration which went out of office on the 31st December 1921. As regards that date let me say a word of explanation. It is this: That while the Conservative administration went out of office 31st December 1921 they had long previous to that date passed the estimates and made all contracts for the fiscal year then current and which terminated 31st March 1922. The Liberal administration

which took hold 1st January 1922 could only carry out what their predecessors in office had arranged and contracted for to the end of that fiscal year. The correct date from which the Liberal administration was responsible, subject to the undertakings of its predecessor, was 1st April 1922. The second period is that of the present Liberal administration from 1st April 1922. By considering these two periods — or more correctly the later years of the Conservative administration with a like number of years of Liberal administration you will arrive at correct comparisons and be enabled thereby to judge the actions of each. And the third period is what is the position and the intentions as regards the future.

Let me repeat as regards the comparisons and statements which will be given as regards these periods what I said at the commencement of these remarks — that all particulars will be placed before you without reference to party bias — and from official records when they are available and where not from sources of a non-partisan nature.

Before taking up these matters in greater detail let me first of all refer to another of some importance. It is this : In the observations I propose to make with respect to these affairs of national importance you are entitled as the discussion proceeds to be informed of my own views. But recently it has been stated in the newspapers and elsewhere that now that I am a Member of the Government I can have no views and that my only function is to follow and not to advise. Nothing could be more incorrect. As a Member of the Government, I am obliged to follow the decision arrived at by the majority of the Cabinet expressing as that majority does express the opinion of the government. That is constitutional and it is the only way in which government can be carried on. But what about the discussion leading up to and the formation of opinion on which that decision is based. Am I not just as free to express my own ideas and views and by them influence that decision before it is determined. Why of course I am. That is the very reason I am a Member of the Government. I am there to express the views I hold. Not to express the opinions of some one else but my own. It therefore follows if the English-speaking people of Montreal whose representative I am in the Government have ever considered my services in Parliament

to be of any value — then those services by reason of my entry into the Cabinet will be rendered of far greater value — because I am now in a position to express my views on any subject before any decision has been arrived at instead of as has been the case in the past after the decision has been determined.

The function of a Cabinet in any government and indeed the duty of its members is to endeavour to find and to create policies which are for the benefit of the people as a whole. Such a body is not formed of mindless or spineless individuals. On the contrary it is formed of those who have opinions to offer and it is expected of every member that he shall express his views openly and freely. And you can search the records in the political history of any country the world over and you will fail to find a single instance where a Cabinet was composed of men all of whom thought exactly alike.

In a country like Canada there are bound to be in the Cabinet men from various parts of **our** country. They are bound to be influenced by the various opinions current in the parts from which they come. They are called together so that these various opinions may be jointly discussed and out of that joint discussion a composite opinion arrived at which is of advantage to all parts of the country and not to one part only. How would you have it otherwise? Whatever possible mode of action could be employed? How in our flag flung Dominion could a Cabinet be constituted in any other way? Would you have your Cabinet Council composed of men from the East only? If so then only Eastern opinion would prevail. Would you have it composed of men from the West only — If so then only Western opinion would prevail — and in either of these cases the opinion would not be national but only sectional. I for one have sought and will always seek opinions from all parts of this Dominion — and I care not what those opinions may be or who offers them provided they are given by men of good will and having in mind one object only and that is the general good of all parts of this Dominion and the progress and welfare of the people living in all parts of it.

In the Liberal Party there are various shades of opinion. Liberals the world over have never been bound and shackled but have always been left free to express those opinions which they have thought best for the advancement and progress of the country they were respectively privileged to serve — and the policy of the Liberal Party of Canada is to formulate policies which as nearly as it is possible to do so will conform to the

present day and future conditions of the whole country and not only to a particular part or to a particular section of its people. And so long as the Liberal Party strives for that object and carries out that intention so long and no longer will I call myself a Liberal.

With those intentions and with the desire to attain those objects I have entered the government of our country and it will ever be my aim to further them at all times. While therefore all opinions on many subjects cannot be expected to be identical I claim with correctness that I am free now and always will be free to express my own views as an individual member of the government and it is as much that I give my views today.

My own worst enemies can never accuse me of failure to express my views. They can never accuse me of want of independence. They can never say that I have run away from any fight or that I have failed to criticize where I thought criticism was justified. And if those enemies and those who are my friends in this City of Montreal consider all this they cannot fail to appreciate the broad vision of the Liberal Party and of its Leader in calling to its councils one who has throughout his political career taken the course of action which I have taken.

And on what has that course of action always been based? It has been based on policies of moderation and toleration — on one hope — on one desire — and that has been to see all parts of this country united and prosperous — to see every part fairly treated — to eradicate local passions and prejudices — to see that every race and every religion is equally treated — and to think in terms of Canada and not in terms of a particular part or section. And I challenge any one to show the contrary.

But you will ask me what will be my future conduct if re-elected and we are returned to power. My answer is that it will be the same as it has been past — to endeavour to find the means of promoting the welfare of this Dominion and to forever preserve it as one whole and retain the traditions for which those who have gone before us persevered and suffered to preserve.

These on broad lines are the pledges I give to the English-speaking population of Montreal — these are the pledges I give to my own constituents in St. Lawrence-St. George Division of that City. They are only the pledges I should be asked to give. They are the only pledges I can honestly give and on

them I present myself for re-election in the Division I have represented for the past four years.

I now pass to the financial situation of the Dominion.

Financier position of the Dominion including taxation :

I now come to a discussion of the financial position of the Dominion. You will remember that I have previously stated there are various periods which require to be taken into consideration and further I stated that the correct date from which to compare the previous Conservative administration with that of the administration of the present Government was the 31st March 1922.

The present Government has been accused of unduly increasing the public debt — of not reducing expenditures — and of various other matters—and those who make these accusations do so from a lack of knowledge of the facts and I ask you tonight if you have found in any of the speeches so far delivered by our opponents including those of Mr. Patenaude and Mr. Cahan any analysis given in an intelligent way of what has been the financial progress of this country during the past three years or in any other years. You will not find any such discussion. There is a very good reason why you will not find it and the reason is because Mr. Patenaude and his lieutenants and our other opponents either lack knowledge on the subject or if they do not lack knowledge they are afraid to discuss in detail this matter because they know the details will be of advantage to the Liberal Party and the present Government.

Before discussing details as regards the financial position it is as well to bear in mind that the scope of our finances has very largely altered in recent years. Formerly we dealt only with the administration of the country as such administration has ordinarily existed. Later on we became the owner of a vast system of railways which brought into the public accounts entirely different entries and disbursements. The ordinary administration in which are included some disbursements as regards the railways is included in what is known as the "Consolidated Account". The great bulk of transactions relating to the railways is included in what is known as the "Railway Account". The expenditure under "Consolidated Account" constitutes what may be properly called the "Consolidated debt". Expenditure under Railway account is properly called the "Railway Debt". The Consolidated Debt... plus the Railway Debt form

what is now known as the "Combined Debt", of the country and it is on the basis of the "Combined Debt" that the comparisons should be made.

In the consideration of such comparisons it must properly be borne in mind that taxation must follow expenditure — in other words the greater the expenditure the greater the taxation. The Liberal policy has been to reduce expenditures with the one object in view and the one effort to make that taxation shall be reduced just as speedily as it is possible to do so. What therefore do we find as regards increases in the Combined Debt of the country? I have here the exact figures and I am prepared to submit them for verification to any who may so desire.

Taking first of all the three Conservative years namely the fiscal years 1920, 1921 and 1922 we find that the Combined Debt increased due to expenditure \$307,000,000. and there is not included in that expenditure or that increase any expenses of war demobilization or assets written down. And following precisely the same method of accounting in all respects we find that the Combined Debt under the present Government for the three fiscal years 1923, 1924 and 1925 increased under \$93,000,000. In other words by expenditures the Conservative administration increased the Combined Debt at the rate of \$100,000. per annum. The Liberals increased the Combined Debt by \$31,000,000. per annum and in the increase included in the Liberal years of administration there are included expenditures on Merchant Marine and Canada Highways to the extent of \$21,000,000. which were not part of the policy of the Liberal Party and which if deducted would have made a nett increase deducting these two causes alone of some \$71,000,000.

I hold in my hand a schedule showing "Comparisons of Expenditure" for the six fiscal years under review that is to say the fiscal years 1920 to 1925 both inclusive and including increase in railway indebtedness to the public and all expenditure on railways but not demobilization expenses or assets written down — the following are the comparisons:

Fiscal year 1920 Conservative	\$467,786,891.
Fiscal year 1921 Conservative	532,238,030.
Fiscal year 1922 Conservative	473,184,950.
Fiscal year 1923 Liberal	396,516,895.
Fiscal year 1924 Liberal	420,522,316.
Fiscal year 1925 Liberal	412,836,538.

Taking the totals for these years we find that the Liberals in their three years of administration reduced expenditure by the large sum of nearly \$245,000,000 and the table shows that in every Liberal year the expenditure was millions of dollars less than in the Conservative years. Further than that the estimates for the year ending 31 March 1926 are \$342,000,000. against an expenditure in 1921 of nearly \$532,000,000. or a difference of 190,000,000.

In view of these figures how can anyone say that the Liberal Government has not reduced expenditures.

Some would say the the Liberal Government has spent more in capital and have been extravagant in buildings and such like. While the Conservatives in three years spent \$91,000,000. in Canals, Buildings and public works the Liberals in their years of administration spent \$36,000,000. or \$54,000,000. less than did the Conservatives.

As a matter of fact the Liberal administration has reduced expenditure to almost a pre-war bases as these figures will show.

Expenditure fiscal year 31 March 1914 exclusive	
of railways	\$106,000,000.
Expenditure fiscal year 31 March 1924 exclusive	
of railways	310,000,000.
Increase	204,000,000.
Less due to war and war services	181,000,000.
Increase over 1914	23,000,000.
Less Merchant Marine and Canada Highways . .	55,000,000.
Increase	17,500,000.

This increase is due to increased charges in Finance, Customs and Post Office and the increase is entirely due to the administration of and collection of war taxes and war expenditure.

Deducting even a part of these increases only would leave an increase from ordinary administrative expenditure of between \$7,000,000. and \$10,000,000. over 1914, and if the lessened purchasing power of the dollar is taken into consideration it will be readily seen that expenditure at the present time under the Liberal Government is certainly equal to or even less than what it was in 1914.

Before leaving these observations one should say that railway expenditure was not taken into account because the rail-

way account in 1914 is in no way comparable to the railway account at the present time.

What comparisons therefore have we in this respect for the two or three year periods under review? The Conservatives increased the Combined Debt from the causes I have named before by \$300,000,000. The Liberals by \$93,000,000.

The Liberals under all headings of expenditure exclusive of demobilization spent nearly \$245,000,000. less than the Conservatives. In capital expenditure the Liberals spent \$55,000,000. less than the Conservatives.

What does this all mean to the average man in the street and to the average taxpayer? It means that if expenditures had continued at the same rate as it was continuing under the Conservative regime that there would have been still heavier deficits involving heavier taxation. The Liberals by reducing expenditures paved the way for reduction of taxation. But Mr. Cahan and others will say that the Liberals have effected this lessened reduction in the Combined Debt because they imposed more taxes. The reverse is the case. In the three year Liberal fiscal years I have reviewed this Government imposed more than \$26,000,000. less in taxation than did the Conservatives in a like period, and in the fiscal year 1925 the Liberals imposed \$50,000,000. less in taxation than they did in 1924. All these figures are taken from the Public Accounts. They are I know unpalatable to some but nevertheless they are the best means of illustrating what has been accomplished in the reduction of expenditure under Liberal rule.

I admit that any increase even in the Combined Debt owing to heavy railway expenditure is not satisfactory. We should make every effort to make all our expenditures balance with reasonable taxation but we must not forget that when the Liberals took power in 1922 they were faced with very many difficulties. The war debt was enormous and practically none had been paid. The whole war was financed out of borrowed capital. There was the heavy cost of the Merchant Marine involving as it has involved something like \$100,000,000. in expenditure. There was the expensive policy of the Canada Highways for which the Liberals have had to disburse in the last few years millions of dollars. Further there was a disorganized system of railways left on our hands in no way consolidated — the only consolidation which had taken place at all was the consolidation of name. In addition the financing during and

after the war by the Conservative administration was extravagant and lacked vision in the extreme. Tax-free bonds were issued. These tax-free bonds by careful calculation mean a loss in revenue at the present time of \$20,000,000. per annum. Other financing was effected on an extremely extravagant basis, for example — in 1920 there was issued a loan of \$25,000,000 at 7% which was sold at 962.50 per thousand — in 1920 another \$25,000,000. loan at 7% which was sold at 942.50 per thousand. The discount on these two issues alone amounted to nearly 2½% millions dollars for which the country received no value.

Contrast this method of financing with the method employed by the present administration. In 1924 there was a loan made of \$50,000,000. not at 7% as had been made a short time previously by the Conservative administration but at 5% or a saving of 2% per annum and yet the price procured by the country was 971. per thousand. This effected a saving in interest alone of \$1,000,000. per annum and in discount of a like amount.

But perhaps some will say that rates of interest in 1920 and 1924 were different. Perhaps they were but it surely shows very little vision or financial sagacity of issuing long loans as did the Conservatives issue long loans at high rates of interest instead of perhaps having to pay high rates of interest but issuing their loans on a short term. But considering that argument taking the last Conservative loan July 1921 — that was a loan of \$25,000,000. issued at 6½% sold at \$925. per thousand or at a discount of \$75. per thousand with the first Liberal loan issued in March 1922 of \$11,000,000. at 5% at a discount of not \$75. per thousand but at a discount of \$9.70 per thousand. By careful and close financing of this description the Minister of Finance has effected a saving of over \$2,600,000. per annum in the interest on the Combined Debt.

Now all these reductions in expenditures have been made in the face of the greatest pressure from all parts of the country. Perhaps it may be said that the difficulty in this country is that one locality thinks a certain expenditure is needful whereas another thinks that the same expenditure is an extravagance. In other words if one part of the Province or the country does not receive what it thinks it should receive a lusty howl goes up to heaven that the Government is not doing its duty. That has happened time and time again with the present administration. The present Government desires further reductions and if returned to power will effect further economies,

and I for one will not countenance any expenditures of any description unless it can be shown that these expenditures are essential and will give directly or indirectly a return to the country but it must be borne in mind that in a new country like Canada there has to be a limit to expenditures. One cannot lock the door and say that there shall be no more expenditures. To say that would mean that the country would stand still. We will have to continue in a moderate way to develop our canals, our harbours and our waterways—those are the arteries of the nation — but even as regards them I for one will not countenance expenditures unless it can be shown even in those particular instances that the expenditure in question is essential.

Reduction of Taxation :

I have spoken as regards the reduction in expenditures by the Liberal administration with the end in view of reducing taxation. I believe that reduction in taxation is a vital necessity in this country. We cannot in this country have greater taxation than taxation as it exists in the United States but many think that taxation in this country is higher than it is in the United States. Our federal taxation is somewhat higher but taking taxation on the whole let me say incidentally that taxation including federal, provincial, municipal and school taxation is lower in Canada than it is in the United States. In Canada taxation comprised under those headings amounts to \$63.55 per head. In the United States it amounts to \$68.49 per head. But this is a digression from the main subject I had under observation at the present time. I was speaking about the reduction in taxation which I said I thought was a vital necessity. I believe such reduction is necessary because the effect of taxation on the operations of every business is reflected in the price of goods to the consumer and further than that it permits of competition in countries where taxation is perhaps applied in a manner different to the manner in which it is applied in Canada.

The Minister of Finance, Mr. Robb, has promised a reduction in the Income and Sales Tax. That promise was not made without it first being considered whether it was possible to make such reduction or not. I believe it is possible to make reductions for these reasons.

The finances of the country fall under three heads:

10. War and war services,
20. Ordinary business,
30. The Railways.

With respect to these matters I have always held and still do hold that the accounts should be segregated under the three respective heads. The accounts at present are only segregated under two heads — that is — Consolidated Debt which includes war and war services and ordinary expenditure — and Railway Account. I have further frequently stated that the public should be furnished each quarter, certainly each half year, of the fiscal year with a clear and precise statement showing the taxes collected and in summary form how these taxes have been disbursed. It is only in such manner that the people of this country will be enabled to take an intelligent and active interest in how the finances of the country are from year to year proceeding and I am able this evening to tell you that the Finance Department have adopted my suggestion in this instance and very shortly such statements will be published and available for those who desire to have them.

There are two classes of taxation in vogue at the present time — war taxation and ordinary taxation. War taxation now exceeds war expenditure that is to say interest on the war debt and war services, in 1924 by \$50,000,000. and in 1925 by \$30,000,000.

As I have stated loans are being refunded at considerably lesser rates. Further as we recede from the war by means of consolidation and better management but without in any way injuring or curtailing services to our returned soldiers some of our war service departments have reduced in cost. For example — in 1921 the Department of Soldiers' Civil-Reestablishment cost \$36,000,000. In 1925 it cost \$9,000,000. I therefore say as regards war taxes that they should be segregated to war and war service expenditures and if there is a balance over a part should be applied in amortizing on long term our war debt and after provision is so made and there is found to be any balance then taxes should be accordingly reduced. I therefore conclude that as regards war taxes it should be possible to considerably reduce the Income Tax and gradually reduce and finally wipe

out the Sales Tax. The Sales Tax in my opinion is not a satisfactory form of tax at all. It pyramids in a disastrous manner causing the price of all commodities to increase considerably in value.

I now come to ordinary expenditure and our ordinary revenue is sufficient to provide for that as well also for deficits if any from railway operation and for capital expenditure also. We should as I have stated segregate our ordinary expenditure for ordinary services and confine our expenditures to the ordinary taxes excepting where some special and well merited capital expenditure is required.

We then come to the Railways. Under the Liberal Government the deficits as to operation and fixed charges to the public have been decreased from \$60,000,000. in 1920 to \$23,000,000. in 1924. Capital expenditure on the Railways where not for purposes of restoration (and restoration should be about complete at the present time) should be taken as a charge against the railways but I believe as regards the Railways themselves with a proper policy of eliminating competition and doing away with duplicating lines as has been already suggested by the Government that enormous economies can be affected.

In conclusion dealing with this question of reduction of taxation it seems to me quite possible to reduce taxation immediately.

Progress of Canada under the Liberal Government :

In most of Mr. Patenaude speeches he talks about the stagnation of Canada. In that respect his attitude is entirely in accord with that of Mr. Meighen. In fact indeed the chief function of these two gentlemen, the former for a lesser period the latter for a greater period, has been to travel to the various parts of the Dominion telling the people of these various parts of the perilous condition in which the country is at present time, the crisis which it is undergoing — and thus advertising to the world at large that anybody who comes to Canada is in danger of running into insolvency. That is these gentlemen's view of patriotism — to so depreciate their native land that no one if they believed them would wish to enter our shores. That is the splendid advertisement for immigration that Mr. Patenaude and Mr. Meighen is giving to the world as regards Canada.

But fortunately the statistics and conditions of the country are telling an entirely different tale to that which these two gentlemen pretend to tell. That tale comes from without the country as well also as from within the country. There are evidences that the progress of Canada and of its people has been remarkable during the last three years. What for example is our standing in the world of finance? In 1921 our 5½% bonds were selling at \$900. per thousand — in 1924 the same bonds are eagerly sought at \$1040. per thousand or an increase in value per thousand of \$140. In October 1920 there was floated a loan of \$25,000,000. at 7% which sold at \$962. per thousand. In 1924 we floated a loan of \$50,000,000. at 5% which we sold at over \$978. per thousand. Are not these distinct evidences of our standing in the financial world?

Then these estimable gentlemen, Mr. Patenaude and Mr. Meighen, or Mr. Meighen and Mr. Patenaude, the order is immaterial—say that our taxation in Canada is heavier than it is in other countries. To estimate taxation one must take into consideration not only federal taxation but also provincial, municipal and school taxation because in certain countries a tax for similar purposes is levied in one instance by the Federal authority and in another case by the Provincial or State authority. What do we find in this instance as regards taxation?

Canada	\$63.55	per capita
United States	68.49	“ “
Australia	69.22	“ “
South Africa	75.92	“ “
New Zealand	77.12	“ “
United Kingdom	99.36	“ “

Mr. Patenaude and Mr. Meighen also say that there has been Dominion wide discouragement and stagnation of industry. If there has been Dominion wide discouragement and stagnation of industry why is it that the shares of the stock of many financial, public utility and industrial corporations have increased in value in some cases to the extent of \$262. per \$100. share. The stock market is a fair barometer. I know and everybody else knows that if they read the editorial columns of certain of our Montreal and Tory papers that in the editorial columns is spelled blue ruin. If they turn over to the financial

columns they will find just the reverse. Take certain of these stocks :

	1921	1925	Increase
Bank of Montreal	216.	262.	46.
Canadian Pacific	141.	152 $\frac{3}{8}$.	11 $\frac{3}{8}$.
Canada Cement	66 $\frac{1}{2}$.	114.	47 $\frac{1}{2}$.
Consolidated Mining & Smelting Co.	21.	137 $\frac{1}{2}$.	115 $\frac{1}{2}$.
International Nickel	17.	35 $\frac{3}{8}$.	18 $\frac{3}{8}$.
Penmans	104.	185.	81.
Canada Cottons	85.	124 $\frac{1}{2}$.	39 $\frac{1}{2}$.
City Dairy	100.	362.	262.
Dominion Canners	45.	135 $\frac{1}{2}$.	90 $\frac{1}{2}$.
Steel Co. of Canada	64.50	93.	28.50
Sherwin-Williams	90.	130.	40.

I may be accused of having chosen certain particular shares with which to make my argument good but that is not the case. The Financial Times on the 20th of March last — a paper which is now deprecating the Liberal Government to the fullest extent of its ability — gave the record of earnings of 45 Companies comparing 1923 with 1924 and the earnings of 1924 were in excess of those in 1923. The same paper no earlier than the 9th of this month again gave these advances for 35 active stocks. In 1921 the high level for these active stocks was \$88.42 per share. In 1925 the high level was \$125.43 per share or an increase of \$37.01 per share and in solid type at the foot of this statement appears the following:

“It should be borne in mind that stock market averages form a sound trend indicator.”

Turn to The Montreal Star of the 3rd of October where it speaks of Penmans Limited and states that the stock is now selling at the highest level at any time in its history.

Turn to the same paper of the 7th of September and read what it says about the large increase in the sugar industry. All these are indications of the solidity of the nation and the increase in the value of its investments.

But there is one indication which more than any other shows the progress of a nation and that is its trade. By that

I mean that we sell and what we buy. Our trade is nothing more or less than an exchange of commodities represented in toto in our statistics by means of the dollar. What do we find in that respect? Between 1919 the high mark of Conservative trade in which prices were considerable and certain munitions included there was a drop to the end of the Conservative regime of \$500,000,000, in our total trade — which at the end of the fiscal year 1922 stood at \$754,000,000. — at the end of 1925 also the fiscal year the same trade was \$181,000,000. or an increase of \$385,000,000. But the ambition of every trading nation is to sell more than it purchases. If we sell more than we purchase it means that we have more money placed in circulation in our own country. The extent of that money may not be seen by every person but the lack of that money would certainly give rise to hard times. In this respect progress under the present Government has been most marked.

In 1921 we bought \$	29,000,000. more than we sold
In 1922 we sold	6,000,000. more than we bought
In 1923 we sold	142,000,000. more than we bought
In 1924 we sold	165,000,000. more than we bought
In 1925 we sold	284,000,000. more than we bought

But the greatest cry of Mr. Meighen, Mr. Patenaude and his associates is that we buy far too much from the United States. They say that we should buy as little as possible from abroad. I entirely agree with them in that respect. I think we should purchase as little as we have to from others and sell as much as we can sell. That means that we keep our money in the country. What do the records show in this respect? It shows that that has precisely been the case during the Liberal regime. People have been encouraged to buy less and less in the United States as these figures will show relative to our purchases from that country.

In 1921 we bought	\$295,000,000. more than we sold
In 1922 we bought	211,000,000. more than we sold
In 1923 we bought	160,000,000. more than we sold
In 1924 we bought	159,000,000. more than we sold
In 1925 we bought	82,000 000. more than we sold

In other words during the last fiscal year under the present Government we bought from the United States over \$200,000,000 less than we bought from them in the second to last year of the Conservative regime.

Exportation of raw materials :

One of the serious allegations of Mr. Patenaude and Mr. Meighen is that we are exporting our national wealth, our raw materials, our wood, our pulpwood, our asbestos and our nickel and in the most grandiloquent phrases these gentlemen say that these have been flowing out of the country to feed foreign industries and enrich foreign people at our expense. They make these allegations without knowledge of the facts. Have you ever seen the figures in this respect? Has Mr. Patenaude or Mr. Meighen? Has Mr. Patenaude ever submitted them to the electorate? He could easily have found them — there are official sources for the purpose. How much better it would have been had he submitted actual figures instead of making general assertions. As a matter of fact we do export many raw materials. It is useful for us to do so. Our grain, our animals, our raw furs, our fresh fish, our coal and certain other products cannot conveniently be manufactured or profitably be manufactured in this country. They require to be exported in the raw state. These are included in the statistics given as regards exportation of raw materials.

From what sources are our raw materials derived? They are derived either from the farm, the sea, the mine or the forest — some come from a mixed origin. For the fiscal year ending 31 March 1923 the date at which the last statistics are available our total exports from all sources were \$931,000,000. Of these raw materials comprise \$416,000,000. Of the \$416,000,000. in question the following were included:

Grains, live cattle and vegetables.. . .	\$338,000,000.
Raw furs	16,000,000.
Fresh fish.. . . .	9,000,000.
Coal.. . . .	13,000,000.
Total.. . . .	\$376,000,000.

The balance of raw materials which we might manufacture and exported amount approximately in value to about \$40,000,000. or about 4% of our total export trade. In this balance of \$40,000,000. there is included pulpwood, asbestos and nickel. Mr. Patenaude says that these should not be exported but should be manufactured in the country. There is something to be said in favour of his argument and much to be said against it.

As regards the exportation of pulpwood that is a matter which might very properly be studied further and possibly an export tax made thereon gradually increasing and the proceeds therefrom not be used for the ordinary purposes of the country but be used for reforestation, and forest conservation, but there must be carefully taken into consideration the rights of farmers and settlers and their interests must be properly and efficiently guarded.

As regards asbestos over which Mr. Patenaude makes such a great cry I know a little of that industry but not enough to express an opinion. I therefore not like Mr. Patenaude failed to take advice in order to ascertain just what the situation might be but I took the advice of exports on the question and incidentally it should be said that there is a mistaken idea that Canada is the only country from which asbestos can be procured. There are many other countries which produce and export asbestos but as regards the prohibition to export let me give you the two opinions which I have received :

“ For a moment to countenance a prohibition of exports with the object in view of trying to manufacture in this country all the asbestos produced would mean the closing down of all the mining and milling operations giving employment to fully 2500 labourers and the means of livelihood to at least 15,000 dependent on the present industry of the Province of Quebec.” To prohibit the export of Canadian asbestos would immediately force manufacturers the world over to look for other sources of supply and would tend to still further develop the Russian, Rhodesian and Cyprian fields. Asbestos fibre exists in these countries in large quantities and if the Canadian product through unwise legislation is not forthcoming manufacturers will go elsewhere for their raw material. It will be folly to in any way change the present state of affairs.”

And the second opinion I received from a different source was the following :

“The prohibition of export of asbestos fibres based on the theory that American manufacturers would scrap their plants and build them in Canada would in my opinion have the opposite effect and result in the practical destruction of the Canadian industry.”

and then this expert gives his various reasons.

And as regards nickel a great deal of our nickel is refined already and Mr. Patenaude would have it that we should incorporate our refined nickel into the finished article. Nickel is a minor metal and is used principally for armour plate for war vessels which absorbed over 50% of the entire production. It was formerly used principally for armour plate for war vessels which absorbed over 50% of the entire production.

In the present distribution of nickel the demand for nickel steel has fallen to less than a quarter of the entire demand and the remaining uses of nickel are very diversified. Consequently the theory that the prohibition of the export of nickel from Canada would result in manufacturing plants being built in Canada is unsound. Further than that other metals than nickel can be used for hardening purposes such as manganese and molybdenum, etc.

And the expert opinion I have received concludes as follows :

“While it might be argued that Canada as a principal producer of nickel could place a reasonable export tax on nickel nevertheless in my opinion prohibition of the export of nickel from Canada must for the above reasons result in the destruction of the Canadian nickel industry.”

As further evidences of the spending power of the nation one could very properly take into consideration the passenger automobiles in use in Canada which during the last two years have increased to the extent of over 111,000.

All these various evidences which I have given you taken as they are from official statistics are complimented time and again by the highest financial opinion. If anyone cares to read the monthly commercial letters in June and the following months by the Canadian Bank of Commerce, or the monthly letters of The Royal Bank of Canada, they will see from those letters the opinion of financiers of the highest authority. If they care about looking at the report in the Montreal Star of

the 10th of September of Mr. E. W. Beatty, President of the Canadian Pacific Railway, they will read the following:

"I am only restating what you already know when I tell you that judging from traffic returns business is on the upgrade. It is generally admitted that prospects as a whole are very much better than they were at this time last year and the financial skies are considerably brighter. There are some indeed who predict a boom, but in view of the amount of leeway still to be made up on our heavy indebtedness, such a thing as a boom is neither to be expected nor desired.

It would be much better for the country if we decided on a practice of careful recuperation and made use of the experience we should have gained during our period of hard times."

Mr. Beatty would therefore appear to think that hard times are over and business considerably on the upgrade.

Why a change of Government :

Now in view of all these evidences of business being on the upgrade why is it asked by some outside of the party politician that we should have a change of government? Will not a change check the upgrade on which business is at the present time? But if those who insist on a change want to look back over the Conservative record of Government the only change they will find in that regard would be a change for the worse and if they procure such a change they will have that change to their heart's content. Do they want an increase in the Public Debt due to expenditures of another \$300,000,000.? Do they want heavy expenditure on capital account? Do they want another Marchant Marine built? Do they want trade to go back instead of forward and bond issues to be made at high rates of interest — at low prices as happened in the Conservative regime instead of at low rates of interest and at high prices under the Liberal regime? The choice is for the people of Canada. If they consult proper figures and not listen to the blatant noise from the ordinary party platform they should be able to make up their minds that a change is far from desirable. The Liberal Government has seen Canada progress in the last three years. There is no shadow of a doubt as regards that and if the Liberal Government is returned to power it will mean still greater progress.

Altered methods of spending :

While there has been the progress I have just described I am well aware that in certain instances some trades have not been not flourishing and they say that buying has taken place from hand to mouth. Any one considering these facts will say with some correctness that taxation has had something to do with that condition. I think it had but that is not the real factor which is injuring some trades. It is the changed methods of spending by the people. Formerly the centre of spending was the home — now the principal spending is on outside pleasures but the pursuits and more of life of the people cannot be changed by Government — they cannot change it so as to make the diversion of spending one of necessity instead of to one of desire. Does anybody realize the changed method of spending which has come over our population during the past few years and does anybody realize the extent to which that spending has involved? During the calendar year 1924 there was spent :

On new pleasure cars.	\$ 50,000,000.
On gasoline.	45,000,000.
On car maintenance.	165,000,000.
On confectionery.	35,000,000.
On tobacco.	64,000,000.
On beverages.	62,000,000.
On chewing gum.	2,000,000.
On perfumery.	5,000,000.
On ice cream	7,000,000.

or a total of the enormous sum of \$434,000 000.

Much of this spending has been diverted from one class of trade into another. Many of these pursuits are new to the average family. In former years the centre of spending was the home. In that case the expenditure would be on household furniture, clothes and ornamentation. Now the spending is done outside the home. Where the businesses apply to this new diverted method of spending then those businesses prosper but all the money so diverted is taken out of the expenditure which was formerly made on the home. That is one of the reasons

for the lesser demand for certain goods — why some factories are not doing so well — why certain industries cannot employ as many people as they formerly did — but it is the will of the people and not a question of government.

Unemployment in cities :

Further although as I have stated the country on the whole has progressed and prospered it must be recognized that there is some unemployment in the large urban centres. It should be remembered in that regard however that unemployment in this country does not compare with unemployment in many other countries of the world — it is infinitely far less than it is in Great Britain — and is even no worse in fact in less serious than it is in the United States at the present time. The people of Canada of the whole should thank Divine Providence that they have a country like Canada which is good to live in and is safe and sound.

But Mr. Patenaude and his follower Mr. Cahan have both again made a great point of lesser employment in the cities and the latter compares the years 1920 and 1922. I do not know from where that gentleman procured his figures but in a fit of pitulence he says that the Mackenzie King Government got disgusted and refused to publish the statistics for the following year. Let us look at this whole question with some sense and not in the general method which it has been approached by Mr. Patenaude and his follower Mr. Cahan. Our cities in this country are far too over populated. Our rural population has in the last 20 years very seriously declined. The rural population in 1901 was 62½% of the whole — in 1911 54½% of the whole — in 1921 just over 50% of the whole and now it is less than 50% of the whole. In other words the country districts have been denuded of population and the cities filled up to overcrowding. That is shown by the great growth of our cities. Taking only four of those cities namely, Montreal, Toronto, Hamilton and Quebec we find a population of nearly 2,000,000 souls or practically 25% of our total population of the whole country. That is not a healthy condition. It is impossible unless in a country like Canada we have a larger rural population so that our manufacturers will have a market for a great part of their goods. If factory after factory goes up and output is increased beyond the market of course there must be closing

down of industries and curtailment of employment with the result that the thousands who have come in from the country districts during a period of temporary inflated activity are thrown out of work.

The Liberal policy is to build up our natural or basic resources. With what end in view? With the end in view that our rural parts will become more populous and thus create the required market for our industrial establishments and no amount of tariff and no amount of other legislation will cure the lack of markets for the output of our various factories. We have become vastly too over built in factories in this country. It is all very well for Mr. Cahan to take the year 1920. It is true the war was over — it is true that munitions were not then being manufactured in Canada. The same has happened in the United States after the American Civil War and after the Great War and in England as happened after the Napoleonic Wars. There was a large expansion of industry due to the fact that other countries which had been at war had not re-established themselves in industry. But if we look at our statistics which so far are only made up to the end of the fiscal year 1922 what do we find? We find the following:

In 1915 there were 15,593 establishments producing goods to the value of \$1,381,000,000.

In 1919 the industrial establishments had increased to 22,899, and the value of the output was \$3,170,000.

In 1920 we reached the peak — we had then 22,942 establishments and the output \$3,667,000,000.

That pace could not keep up and we became vastly over-industrialized in very many lines of goods. We were manufacturing far more than we could possibly consume, for example in 1915 our industrial establishments produced \$175. worth of goods per head of population whereas in 1920 they produced \$421. per head of population. The Liberal Government has attempted throughout the whole course of its administration to find markets for these goods. Evidences of that are the two recent Treaties with Australia and the West Indies on which I will comment later on and other treaties they have made from time to time — in other words the Liberal Government has sought to find markets for our manufactures but the fact remains that we built far too many factories and no amount of tariff in the world will enable all the factories to function and

to employ the same people as they employed in 1920. We have to get back to a reasonable sound sensible basis and increase our population by sound methods of colonization — not by the former methods of bringing in thousands who had no intention of remaining here. That is not my own opinion. The Financial Post a Toronto paper which at present is hammering the Liberal Government as hard as it possibly can said in its issue of the 29th of February 1924:

“There is no more disturbing or pressing problem in Canada at the present time than the problem of our overbuilt industries.”

Then the article goes on to deal with the idleness of certain plants and says that various reasons are given—and continues:

“There are some queer theories offered to accomplish this laudible aim. Some classes of manufacturers think that the only solution of their problems is immediate upward revisions of the tariffs that will cut off imports of foreign goods and force Canadians to buy Canadian made products.

Admitting the need of consideration for certain groups it must be said that wholesale establishments and high tariffs will not heal this problem for high tariffs will not provide enough business to keep those industries busy that are built up beyond the entire consuming needs of the country nor will high tariffs provide the National Railways of the country with the traffic to keep them busy.”

Now let us look at this matter in a rational sensible way and not say that because in 1920 certain industries were employing a certain number of men and that now they are employing less men that it is any other fault than our over industrialization. We have not the markets for our products. How can it possibly be blamed on importations this question of unemployment? — or the tariff? The Tariff, using the argument of our opponents, is to prevent the importation of foreign goods. Well the importation of foreign goods has been continually decreasing since the year 1920 to which Mr. Cahan refers.

In 1920 our imports were 1,064,000,000.

In 1921 our imports were 1,240,000,000.

In 1925 our imports were 796,000,000.

In other words less and less goods have been imported. How therefore can it be argued that if \$300,000,000 less worth of goods were imported in 1925 than in 1920 that our factories have been injured by additional competition from foreign made goods? No such argument is based of any kind of a solid foundation.

Now the point I want to make is this that high tariffs will not cure something which is a basic defect in our economic life. From all I can learn from Mr. Patenaude's arguments on the tariff is that we should prevent almost in their entirety the importation of foreign made goods — indeed prevention to such an extent reading his speeches that all factories presently in existence will have an opportunity of functioning to their fullest extent. If all of these factories did function to their fullest extent and thus employ their full complement to help what could be done with their output. The country could not absorb the output. The result would be a tremendous surplus of manufactured goods which would mean at the best a temporary expansion in manufacturing and then a very serious lessening of output of even a stoppage of output and thus the unemployment situation would very shortly be rendered doubly worse. We must have a solid foundation on which to build. Without that foundation no lasting success can possibly be attained. The kind of tariffs we want in this country are moderate tariffs — not high tariffs.

As I have stated Canada has progressed very considerably during the last four years. That progress of course is not recognized by my political opponents. They have been extremely careful to advance their arguments along party lines. They have not submitted any statistics showing lack of progress but have picked out some special case here or some particular industry there which in isolated instances may not have been as successful as might have been desired. Anybody can do this. In a country like Canada there are always factors which may not be entirely agreeable to some people or to some particular industry. The same holds goods in any country of the world. They have based their entire arguments on isolated cases — not as they should be based on general conditions. The specific arguments which they have used in an endeavour to prove that the country as a whole has not advanced under the Liberal Government or to use Mr. Patenaude's own words — that the country has been stagnating — or to use Mr. Cahan's words —

that the country is being led to the pit of destruction — they have emphasized these points that migration from the country was excessive and immigration was light — that the Liberals have ruined industries by reason of changes made in the tariff — that while they would do something about the railways they do not say what that something is. But what Mr. Meighen says and Mr. Patenaude also and Mr. Patenaude's obedient follower Mr. Cahan is — that provided we apply the Meighen brand of tariff or the Patenaude brand of tariff that anything which may be wrong in this country will speedily be corrected.

I do not propose to examine any of these points so emphasized by the gentlemen in question in a light manner. I propose on the contrary placing them before the electorate in a fair and equitable way and to allow the electorate to come to their own decision. Let me therefore take up these points separately. First of all the question of migration and immigration.

Migration and immigration :

In this respect the point made by Mr. Patenaude is that the very flower of our people have been forced to cross the border and Mr. Meighen says that migration to the United States has been excessive. I for one do not deny for a moment that our flow of population to the United States has always been most disappointing. It is most regrettable but to blame that flow on lack of progress in this country is not correct or to attribute it to the fault of government is unreasonable. There has always been considerable flow of our population in recent years — in one instance in particular that flow to an extent has increased but on account of easily explainable reasons. But what neither Mr. Meighen nor Mr. Patenaude tell the electorate is that in past years when the Liberal Government was not in office that there also was a serious flow. They each present their own side of the case but carefully conceal from the electorate all the facts. What are those facts? Incidentally it should be mentioned that if the tariff is to cure the flow, the tariff has never in the past stopped the flow. As the flow has existed for many years let me ask why when the Conservative Party was in power did they not apply that remedy. It might even be argued although I do not use the argument that while for years we have had tariffs against foreign goods the fact of having that tariff has not prevented the flow in question.

Now what are the actual figures in this respect. These figures are taken from the statistics of immigration in the United States Department of Labour. Remember the year of the United States ends 30 June in each year. In the following years these are the persons which the United States Department of Immigration say went to the United States.

1910-1914 inc. Conservative years	329,316	
1915-1919 inc. Conservative years	379,399	
1920-1921 inc. Conservative years	162,342	
Total 12 Conservative years		871,057
1922-1923 in part Conservative and in part Liberal		163,821
1924 — Departures	200,690	
Less returned	43,775	156,815
1925 — Departures	100,895	
Less returned	9,141	91,754

It should be remembered that our fiscal year ends 31 March — consequently it is impossible to make our year and that of the United States identically coincide.

Now what do we learn from these figures? In the 12 years of Conservative Rule Departures were at the rate of 72,000 per annum. In the next two years at the rate of 82,000 per annum — in 1924, 156,000 — in 1925 91,000 — in short for the 14 years running from 1910 to 1923 inclusive our so-called departures for the United States while extremely regrettable were of considerable moment but all the years were more or less the same. The year 1924 showed a very decided increase. The year 1925 the number of departure came back to substantially though not quite normal. We therefore have as the outstanding year which requires explanation the year 1924.

What are the reasons for these existing departures in 1924. They are these. You will remember that the United States entered the war three years after Canada. During that period United States was manufacturing war supplies at an enormous rate and at the very highest figures. The United States then entered the war and still continued the expenditure of vast sums of money entailing still more manufacturing. As a result when the war ended vast sums of money were in the United States capable of being expended. On the other hand we

in Canada having come through a great war had drained our financial resources very severely. The relative position therefore in the United States and Canada was that the former had vast sums of money to expend in new construction and in new ventures. We in Canada had to go very slow — we could not expend in capital amounts and otherwise very much. A boom then started in the United States — one of the greatest booms in expenditure that the world has ever seen — great building programmes and great expansion of industrial activities commenced with the result that wages for skilled and unskilled labour rose to unprecedented heights. As I have stated we in Canada were having to go slow — we had not the money to spend. What therefore happened? Our skilled and unskilled labour naturally were attracted at the rate of wages in the United States which were two or three times that which were paid in Canada and they went to the United States to receive these wages. But there is another factor which is entirely forgotten. This great boom in the United States created an enormous demand for labour of all kinds. Almost concurrently with the commencement of this boom the United States placed on its statutes what is known as its quota law which prevented coming from Europe and elsewhere immigrants except in limited numbers but that quota law was not made to apply to Canada consequently the demand for labour skilled and unskilled in the United States was greater than the supply. That supply owing to the quota law could not be filled by immigration and what might be called a vacuum was created because the quota law did not apply to Canada. The only place where labour could be attracted from was that country — hence Canadians crossed the line in large numbers to take advantage of the abnormally high wages then being paid in the United States. The boom in the United States I have referred to is now about over and Canadians are returning to this country in large numbers.

The situation I have just referred to is not an unusual situation. Precisely the same situation has taken place in other countries. Large expenditures of capital have always attracted immigrants in large numbers. After the Civil War in the United States a boom took place and immigration poured into that country. You have only to look back to our own experience in 1900-10 when we were spending vast sums of money building railways when our immigration increased by leaps and bounds.

The point I want to make at this moment is this — that immigration attracted by means of large expenditures of capital in a country like Canada is not a solid immigration. A solid immigration is one to which is attached proper colonization — in other words people who will stay in Canada when they come here to live not as has been the case in the past merely temporarily for the purpose or later on with the object of entering the United States.

I should say however incidentally that I doubt the figures given by the United States Department of Labour respecting our migration to the States. Their figures do not agree with the Census Bureau — for example the Labour Department says from 1910 to 1920, 742,000 Canadians left for the United States. The Census Bureau says that in 1920 there were 78,000 fewer Canadian born in United States than were in 1910. While it must be admitted that all the 742,000 who went to the United States during the period in question might not have been native Canadian born nevertheless the spread between the two figures is so vast that one cannot think that the Labour Department figures are correct. What happened in 1910-1920 could just as easily happen from 1920-1930 and I would therefore say that those who are impressed by the figures indicating this great drift of population to the States should consider those figures with a cool mind and not be over influenced by them.

Turning to immigration in this respect my opponent Mr. Cahan in his speech at the Windsor Hall on the 8th instant speaks about the restrictions which the Liberal Government has placed on immigrants coming into this country. The reverse is the case. The Liberal Government has not placed restrictions on immigration. They have removed restrictions but they have adopted a policy of immigration which is the only suitable policy for this country. The Liberal Government believes that at present our cities are overcrowded and that our rural parts require to be built up. It believes that there must be a proper balance of population between the cities and the country in order that a market will be provided for those living in the urban centres as well as in the rural parts.

But let me treat this matter from the beginning. We are accused first of all of immigration being light and that the numbers should more nearly approach our pre-war period of immigration. Our pre-war period of immigration had certain

factors which do not exist in the country at the present time and which are not likely to exist again. In those times we had plenty of free land near the railways. Now while there is still plenty of free land, it is a distance from the railways — that near the railways costs to the immigrant a sum which is considerable. Our labour demands which in those days owing to very heavy railway construction were great are now absent. Then the immigrant was always assured of his pay on railway construction and he was able from those means to acquire the capital wherewith to start. The cost of transportation has vastly increased. Before the war transportation cost about \$30. per person — now it costs from \$85. to \$112 per person due largely to increased costs and very superior accommodation. Before the war money had some stability — now many foreign currencies when converted into Canadian Dollars shrink into an insignificant sum. Many as a matter of fact have no money to bring out at all. When the war came the stream of immigration was temporarily dammed up. When the war was over that dam was temporarily lifted and many who had contemplated coming just before the war came out. Then the stream dried up almost entirely. What caused this stream to dry up? The organization of the Immigration Department owing to war and other conditions practically broke down — it substantially went out of existence and further than that very drastic regulations were imposed by the then Conservative Government — not as Mr. Cahan says by the Liberal Government. One has only to look at the reports of the Immigration Department for the years 1921 and 1922 to realize how drastic were the regulations and how broken down the machinery. I could quote at considerable length from these reports — for example 1921 report dealing with immigration from the United States says that inspectors at border ports were keeping up their vigilance so that the requirements of our Law and regulations would be met. As a result of the drastic regulations then in effect out of over 69,000 persons who applied in the year 1919-1920 for admission from the United States nearly 20,000 were rejected. In the following year over 68,000 persons applied and over 20,000 were rejected. In the following year 1921-1922 nearly 48,000 persons applied and 18,500 or 39% rejected. Taking the year 1919-1920 of the 69,000 persons who applied nearly 20,000 or 50% were rejected on account of what was known as the non-continuous journey regulation that is to

say those of English, Scotch or Irish stock in the United States desiring to come to Canada were told at the border when they presented themselves as immigrants to our country that they could not be taken until they first returned to their country of origin and came by a continuous journey from that country. The same applied to thousands of other immigrants. That regulation the present Government cancelled on the 31 January 1923 as regards all farmers and farm labourers or domestic servants from any country and as regards citizens from the United States who procured work in Canada and as regards all British subjects.

One has only to read in these reports the report of Mr. W. J. White, Superintendent of Agencies in the United States dealing with the entry of people from the United States into Canada. He concludes his report by saying:

"The report went from house to house and as it spread nothing was lost in the telling — it could not be overtaken — in fact therewhere there was an almost general impression that admission to Canada was so difficult as to be almost impossible."

I have spoken of the European organization. One has only to look at the report of Mr. Obed Smith the Superintendent in London when he tells us that the European including the Northern European and Continental Agencies had all been closed down and had not been reopened.

Another restriction was the landing money which was fixed at the high rate of \$250. for classes other than agriculturists and domestic servants. The money qualification was first put into force in 1919. It required every settler over 18 to possess \$25. and under that age \$12.50. In 1920 this was raised to \$50. and in 1921 to \$250. for all over 19 and \$125. for those under 18. From this it followed that in the case of a family coming out the head had to have \$250. plus \$125. for each member over 18 and \$50. for each member under 18 in all cases plus transportation money to destination. This meant for a family of 5, man and wife, one child over 18 and two over 5 that the head of the family had to have \$600. plus all transportation charges before he could land. The Liberal administration revoked that restriction against many classes of immigrants on the 9th May 1922.

Another restriction was the passport requirement which prohibited the landing of any person except a British subject or United States citizen or a person who had resided in the United

States for a year prior to entering Canada unless he was in possession of a valid passport issued by the Government of the country of which he was a citizen, vized by a British Diplomatic or Consular officer. This owing to th disturbed state of Europe made it impossible for many to comply with this provision. The present Government altered this restriction in May 1922 so that the vise of a Canadian Immigration Officer was sufficient making it far easier and less costly provision to fulfil. Further than that this provision meant that Canadian Officers were unab'le to examine immigrants before they left Europe.

It is no wonder that all these restrictions were interpreted by many that Canada did not want immigrants at all and that was the condition of affairs when the Liberal Government took office in 1922. It found as I have stated a broken down organization and a numbr of drastic restrictions. It therefore had to build up an entirely new organization, remove restrictions which were improper and enact new regulations which were in keeping with changed conditions.

Now what did the Liberal Government do in formulating this new policy as regards immigration. As I have stated it first of all had to consider a proper balance of population. It had to consider what labour was required in the country and what was not required. It had to consider what industries were overcrowded and what industries required to be encouraged. It therefore adopted as its main but not exclusive idea the occupational test which provided for the admission of the farmer, farm labourer, domestic servant and the wife and children of any personal legally domiciled in Canada regardless of occupation but this regulation was not applicable to the United States or to Great Britain, the inhabitants of which country are free to come.

How I have dealt with the reason why our rural population should be increased and I have given the figures showing how it has diminished. The present policy of immigration is not a spectacular policy. It means comparatively few each year — but it is believed — in fact it is known that those few who come are solid immigrants and will remain in the country and stay on the land and by building up our rural population in that manner it means that in a few years' time it will be able to absorb many more in the cities without increasing unemployment.

The Tariff :

I now come to the second point which Mr. Meighen and Mr. Patenaude so greatly emphasize as the cure all for the difficulties they claim the country is undergoing. I find in this respect very considerable difficulty in clearly understanding the declarations in this regard given by either of these two gentlemen. Mr. Meighen says that the tariff should be raised on a definitely and consistently protective basis. He has indicated in certain of his speeches that the tariff should be raised all round and again that the tariff should equal that of the United States. His present declarations are not in accord with the Conservative policy relating to the tariff while that party was in office from 1911 to 1922 as I will presently show. Mr. Patenaude on the other hand while somewhat more consistent in his utterances on this subject is also to some degree contradictory. Let me examine briefly what Mr. Patenaude says on this subject. In his speech at St. Laurent as reported in The Gazette he is reported as having said :

"I think for the good of the country every man who has established in this country an industry, store or a farm which he *exploits* for himself and for the benefit of the country has the right to claim the necessary protection which will permit him to continue to *exploit* his industry, store or farm without any foreign competition which ruins him."

And speaking at Hull on the 28th of September he said :

"That to overcome all the circumstances of the situation facing our country I would commence by making an economic inventory of the country so as to find out prior to readjusting the tariff what industries were profitable and which gave the greatest sum of prosperity to the country. I would then readjust the tariff in a manner that would give to each centre and to each region a reasonable measure of protection and which will permit those industries to develop."

And at Quebec he said that the Tariff Board proposed by the Liberal Government was simply an electoral move and was a Committee which the Minister of Finance would either pay attention to or else he would not.

And at the same meeting he said :

“The man who invests his capital and the man who learns a trade have alike the right to be protected so that they can live in this country without suffering from foreign competition and without having to suffer loss and unemployment. That is a common sense policy.”

And in the afternoon, at Quebec, he further said :

“I say that this country should be protected against all — against the world — against the south and the west and even the east — also if it is necessary to save our country and if it is necessary to re-establish prosperity in certain districts to abolish the British Preference I am willing to do so.”

And at his meeting at St. Denis, Montreal, he said :

“Our country is geographically divided and divided by the interests of different regions — further divided from the point of view of race — and because of all these difficulties we cannot bring the country to its full development without asking each part to make sacrifices one for another.”

And at his Jacques Cartier Meeting, 6th October, he said :

“A sound Canadian policy requires that you should no longer require foreign products to compete with the products of your own hands.”

And later on at the same Meeting he said :

“If you do not establish a sufficiently high wall of protection products manufactured in foreign countries will come in here and create ruinous competition against your manufacturers.”

Now what conclusions are we to draw from these various utterances of Mr. Patenaude. He first of all says that an industry which has been established should be exploited for the benefit of the person so establishing it — further that no foreign competition should be permitted — but he qualifies these statements by stating that first of all economic inventory should be taken and first ascertained what industries were profitable and which gave the greatest sum of prosperity to the country. He also deals with the question of regional tariffs. Taking this all

in all the point I make is this — that it is extremely difficult to ascertain just what Mr. Patenaude does mean unless we are to take the advertisement which appeared in the Montreal Star on the 8th of October which gave certain rates of tariff between the United States and Canada. If those are the rates he intends to put into effect then we know where we are and those rates show an enormous increase over the present rates. That advertisement issued by the Central Conservative Committee, 120 St. James Street, Montreal, with Mr. Patenaude's portrait at the lower left hand corner, says that the duty on potatoes should be increased from 35c. per 100 lbs. to 50c. per 100 lbs — on eggs, from 3c. a dozen to 8c. per dozen or an increase of over 150% — on butter he would increase the tariff 100% — on cheese about 75% — on woollens 72½% — on garments he would double the tariff from 21½% to 75%. On hose he would make it three times as high namely from 25 to 75 — and no blankets he would make it more than three times as high, namely from 22½% to 75%. In the same advertisement he goes on to compare the duties on certain agricultural products entering Canada from Australia and entering Australia from Canada. I cannot see the justification of comparison of agricultural products into Canada from Australia. Australia is many weeks by the sea and surely we should be able without legislative enactments to produce some things in this country without the benefit of a high tariff wall. One could very properly from Mr. Patenaude's speeches and the advertisement to which I have referred come to the conclusion that his viewpoint goes to prohibitive tariffs preventing the competition of all foreign made goods.

My opponent, Mr. Cahan, in his speech at the Windsor Hall on the 8th of October last, takes in my opinion a not unfair attitude in tariff matters. He says that we should have a scientific investigation and know the real facts — that some tariffs are high enough and that others may be too high and that some factories use a tariff to conduct profiteering and on the whole that the real facts should be listed. I cannot find myself in total disagreement with what Mr. Cahan says on tariff matters. Now what attitude have I taken on tariff matters and what is my viewpoint at the present time. Around that is largely centered the personal attacks which my opponent has made on me and indeed Mr. Patenaude has paid me the compliment of referring to me in many of his speeches.

I can easily explain my attitude both what it was and what it is. In short my attitude on tariff matters has always been the same. It is the same now. Had it particularly altered I would have no objections whatsoever in stating that I was in error because I think a man if he does find out that he has been wrong is nothing short of a fool in not admitting a mistake but I have not made a mistake as regards these tariff matters.

Let me carry you back in that respect to the very first utterance I made as regards the tariff namely at the meeting which nominated me for this Division on the 20th of October 1921 : I said this :

“ That the tariff should be framed with the assistance of such scientific or other board acting in collaboration with a Committee of Parliament with the object in view of providing the revenue required by the country, the maintenance of established legitimate industries, the encouragement of new industries, the promotion of trade with other countries consistent with these objects and with due regard to the economic rights of the consumer.”

I admit that since that time — now four years ago that I have learned much with respect to our country and with respect to its requirements. Any man who has failed to do that in the stress of four years of politics who has not broadened his vision does not deserve to be considered as a fit representative of the people. But that utterance which I first made as regards the tariff has been consistently followed down by me to this very day. In the 1921 election I declared time and again in favour of a Tariff Advisory Commission. In the very first speech I made in the House of Commons in March 1922 reading from my notes I used these terms :

“ To my mind the tariff is not a name only — it is not a dogma which cannot be changed — it is a policy which must be based on the requirements of the country. It should be calculated on a basis which will as nearly as is possible serve the needs of all — one which will build up and not destroy and above all should be framed for the needs of the nation and the development of the country.”

And in the following year in my speech on the budget in May 1923 quoting from Hansard I said :

“What we need is an Advisory Tariff Commission which will be a permanent body, which will look into the question of the tariff collate the necessary information and bring it forward to the Minister of Finance.”

And in the speech I called for a development tariff.

From what I have said so far you will see that at all times have I desired that the tariff should be carefully inquired into on a scientific basis so as to study the needs of all legitimate and properly financed and efficiently managed industries and from 1921 to the next speech I refer to in 1924 I admit that I had learned a considerable amount as to what I thought were the requirements of the country.

No one with any intelligence at all living in the atmosphere of the House of Commons could fail to do so — no one could fail to appreciate the difficulties which existed in other parts of the country of which formerly I had not as complete a knowledge.

I now come to the address I made in the House of Commons on the 6th of March 1924. At that time I felt that the tariff as framed was not satisfactory. It was an old tariff — had been changed here and there thousands of times, schedules as regards particular industries were improperly drawn and I thought that the whole matter should be inquired into with care and precision before alterations were made again. I did not know whether tariffs were too high or whether tariffs were too low. All I thought and all that I still think is that none of us and given the matter all the consideration that this important question deserved. Consequently in the speech to which I have lastly made allusion I used these words quoting from my notes:

“I ask that the tariff be inquired into by those competent to do so and when so inquired into and with the advice so obtained be adjusted in a fair and equitable manner and when so adjusted be properly maintained.”

In other words I asked for a complete revision of the tariff with the help of proper experts and I said that until that revision had been made that it was inadvisable to make changes.

As all know changes were made in May 1924 and the ground I took relating to those changes was that it was better to leave matters at least temporarily alone until a full investigation could be made. But all people do not see eye to eye in this world. It takes a long time sometimes for opinions

to prevail and I was not able to persuade the Government to appoint a Tariff Advisory Board before it decided to make changes. I did not know if such changes would be good or for evil. I did not claim that I was endowed by a supernatural insight into the future as to be able to say whether industries would be seriously affected or not. Incidentally as it has turned out I do not think that industries have been seriously affected on the whole by the 1924 changes. To revert to my position at that time in April 1924 and that is the point and the whole point which my opponents make against me — as I have stated I had fought for a Tariff Advisory Board before changes were made and I had served notice accordingly on the Government. The Government did make the changes and consequently to be consistent in my attitude and as a Board had not been created up to that time I voted against the Government. And after that I emphasized time and again my idea on tariff matters. One has only to read my address made before the Canadian Club at Montreal on the 15th December last where I spoke of the tariff in these terms:

“That I for one believe is capable of adjustment, but it is only capable of adjustment provided we start from the ground up and analyze the tariff with the assistance of a properly constituted Board of Experts — a board which will be competent to properly determine the various conditions which surround manufacturing in this country — among such conditions should be mentioned the necessity of paying our workmen and clerks so employed sufficient salaries to enable them to maintain their standard of living as Canadians and to properly bring up and educate their children. There also needs to be considered whether an industry shows fair reason to justify operation in this country and in the case of any industry whether it is soundly financed and efficiently operated and managed. The rights of the consumer also require consideration because the tariff itself should not be made the reason for increasing the price of goods,” etc.

And again on the 15th February last I stated in the House of Commons:

“There is only one way and that is to have a scientific study and revision made by a properly constituted tariff board — a board which will be continually available for these purposes and for others arising therefrom.”

Now let me ask the people of Montreal if that attitude on

tariff matters has not been consistent from the first to the last. Let me ask them if I have diverged for one instant from the stand which I have originally taken. Let me ask them if there is anything they can see dishonourable in my conduct in this record. Was it dishonourable for me to take my whole political career into my own hands and for the sake of a principle to vote against my own party? Was it necessary having so voted against my own party to do as some desired me to do and to leave that party or was it more honourable to stay in my own party with the hope of being able to accomplish what I thought should be accomplished namely the appointment of a proper tariff board preparatory to a reasonable revision of the tariff?

In what manner have I broken a single promise or the word of a promise to my constituents? Some say I have broken that promise because I have entered the Government of a country. With what object in view have I entered that Government? I have not entered it for the question of pay because no pay attaches to my office. I have entered it for the purpose of giving the advice which I think should be given and the Prime Minister has asked me there for that purpose. He has not asked me to give up any opinions I may have had because he knows the one opinion I have is the broad opinion to see the country develop and prosper. As a matter of fact my point has been gained. The Government has appointed a proper Tariff Advisory Board and that is the point for which I have been fighting and that is the object which I perhaps on alone but to some extent at least have been instrumental in gaining.

But some will say my views on the tariff are not the same as those of my own party. They are the same. I have always detested the word "protection". It has implied to me weakness — it has meant to my mind that every industry, every person in this country lacked strength and had to hide behind acts of parliament, regulations and legislation to enable it or him to stand on his feet. That is why the Liberal Party does not look on tariff matters on a protective basis but they do look upon tariff matters in the light of a development basis and the tariff to me as I have explained to you tonight should be looked upon from a development viewpoint in every way. If a tariff is necessary to develop why certainly have a tariff which will develop fair and honest industries but if the sort of tariff which some want does not develop but on the contrary causes a baneful effect or retrogression why should we have such a tariff?

But in addition to that some say that Mr. King is parading from one end to the other of the Western Provinces in order to secure political support of the Progressives and is threatening to do away with the Tariff required for development purposes. He is doing nothing of the kind nor am I or any of his Ministers doing anything of the kind. If certain narrow-minded people desire to take advantage of three or four words uttered in the heat of debate by one of the Ministers of the present Government and I will name that Minister, the Honourable Charles Stewart and I will name those words so uttered so that there will be no question about what I mean—the words are well known enough — they have been contorted and used on every hustling by the Conservative and Patenaudeists — they are: “That the death knell of protection has been sounded” — let me say that if those who use those words knew Mr. Stewart as I knew him — If they knew the circumstances under which they were uttered—if they appreciated, if they are capable of appreciation at all, they can well understand why Mr. Stewart desires nothing greater than that which we all desire — namely to see the country develop and prosper and hence those words cannot be taken literally. The Prime Minister has not made one promise to the East and another to the West and he has never spoken about having free trade in this country. His utterances on various matters have been clear and distinct. He believes that we cannot have too high tariffs nor can we have too low tariffs:

He said at Richmond Hill his opening speech of the campaign on the 5th September last:

“One thing is certain that the industries of middle western Canada and the parts of Eastern Canada — in the main agricultural — it is impossible under a policy of *high protection* to hope to keep this country united and its population contented — contentment being the basis of all solvents of unity.

It is equally certain that manufacturers so largely developed in Central Canada and in parts of other Provinces both East and West — it is equally impossible to further unity or contentment under a policy of free trade.

Our tariff also must be a policy which will serve to unite the East and the West. We must make an effort to make a middle path between extremes. What we require is a common sense tariff — not a tariff based on any economic theory to be made prevail to the exclusion of all others, but a tariff based on our national requirements and which will have a due

regard not to the special interests of any one class or section of the country but to the general needs of all classes and of all parts."

And speaking at Quebec on the 24th September in reply to a question relating to German competition he said:

"That is one of the questions which this Tariff Board will have to take into consideration and study carefully having regard to any industry which is being adversely affected due to some abnormal condition in some part of the world. It will be the duty of this Board of Expert Advisers to see that that fact is brought to the attention of the Government and it will be the Government's duty in the legislation it proclaims to have regard to the advice and counsel that may be given to it."

And speaking at Winnipeg 2nd October 1925 he said discussing the tariff:

"There must be a fiscal policy for Canada as a whole and not for one part of Canada. Because all parts of Canada had to be considered in framing a tariff policy — no extreme view would be permitted to prevail."

There you have the Liberal policy on the tariff — a policy of moderation — not an extreme policy — a policy first of all founded on a proper report and a proper revision and I cannot for the life of me see how anybody in reason can object to a tariff prepared in that way.

In view of what I have told you do you not think that the position in which I am now placed will render me able to advise as to the preparation of a new tariff on fair and equitable grounds — equitable not to one particular part or one particular section of the country or to one particular industry to the disadvantage of another particular industry — but taking all industries into consideration so that at last we can build a solid foundation on which Canada can rear herself into a proper economic structure and not one based on theory selfishness or greed.

But I spoke to you a little time ago about the Conservative brand of tariff and I said it is extremely difficult from Mr. Meighen's utterances to understand just exactly what he means. Do you all know just what the tariff means and what is its effect?

The Tariff is nothing more and nothing less than a tax imposed usually on the value but sometimes on the quantity of

goods imported into Canada from other countries and collected through the Custom House. To illustrate this by a simple example — Canadian importer purchases in France \$100. worth of goods — the tariff or tax on these goods is 25% — the goods in Canada therefore cost \$100. cost price in France plus \$25. tariff or tax — the cost of goods landed in Canada is therefore \$125. The importer gets his goods — the Customs House gets the \$25. The importer then sells his goods to the consumer for \$125. plus his transportation plus his profit.

Now what has been the attitude of the Conservative Party on tariff matters in the past. Let me say first of all that the Customs Tariff today is the Fielding Tariff which was brought into effect in the year 1907. That Tariff took the place of another Tariff also made by Mr. Fielding in 1897 — the newer tariff in some cases raising and in other cases lowering the tariff duties on certain products. In other words there was a readjustment of duties. The tariff is divided into three descriptions — first, the Preferential Tariff which applies to goods imported from Great Britain and from other countries to which the Preferential Tariff has been made to apply. Secondly the Intermediate which is a special tariff made to apply to trade of certain countries with which it is desired to trade. The third the General Tariff which applies to all other countries.

Now to estimate the rise and fall of the average tariff duty collected one might consider these figures showing the average rates of duty collected to those imported.

1908	Liberal	26.7
1911	Liberal	25.9
1912	In part Liberal	
	In part Conservative	26.1
1916	Conservative	27.2
1921	Conservative	20.6
1922	Conservative	24.5
1923	Liberal	24.9
1924	Liberal	22.9
1925	Liberal	23.3

Now from this schedule can you see very many changes? When the Liberals left office in 1912 the average rate of duty was 26.1% — that had been reduced in 1921 by the Conservatives to 20.6%. When the Liberals came into office in 1922

the average rate was 24.5% —at present it is 23.3%. Now has any very violent changes under any particular Government taken place?

Now the Liberal Party came into power in 1896. At the time of that election there was precisely the same cry as there is at the present time — that the Libera's were going to reduce the tariff and ruin the country.

Nothing of the sort has happened as everybody knows. The country has never been as prosperous as it was from 1896 to 1911 but the point I want to make is this hat Mr. Fielding brought in a new Tariff in 1897 and another new tariff in 1907 — the latter is the tariff as we have it today with as I have stated very manly alterations — some for the good or some perhaps for the bad.

Now what was the attitude of the Conservative Party, during the time the Liberals were in power from 1896 to 1911. To study their attitude will give you some indication of what that party intended to do as regards tariff matters when it was returned to power. In that respect one only has to look at the debates on the tariff as shown by the various budget speeches. Let us take some examples.

On the 18th March 1901 Mr Borden the then Leader of the Conservative Party moved an amendment to the budget.

As I have stated the Liberals brought in the first Fielding tariff in 1897. On the 18th March 1901 Mr. R. L. Borden the then Leader of the Conservative Party moved an amendment to the budget — thus voicing his want of confidence in the tariff policy of the then Liberal Administration.

This resolution was in part as follows:

“That in the opinion of this House the welfare of this country requires a pronounced policy of adequate protection and encouragement at all times to labour, agricultural, manufacturing, mining and other industrial interests of Canada.”

And to the Budget of 1902, Mr. Borden moved in amendment a resolution reading substantially in these terms:

“That the House regards the operation of the present Tariff as unsatisfactory and is of opinion that this country requires a declared policy of such adequate protection to its labour, agricultural products, manufactures and industries, as well at all times secure the Canadian market for Canadians.” Etc.

And in 1904 Mr. Borden still persisting in his policy of protection again moved an amendment to the Budget — which stated that no readjustment of the tariff could be regarded as satisfactory which did not provide such protection to our labour, agricultural products, etc., as would secure the Canadian market for the Canadian people.

One would imagine that after these persistent declarations on the part of the Conservative Party while in opposition that when they came into power they would carry out the policies as embodied in these resolutions and consequently increase the tariff so as they stated to secure the Canadian market for Canadians.

Nothing of the sort occurred. The Conservative Party came into power in 1912. Sir Thomas White was their Minister of Finance. His first Budget Speech 13th March 1912 was awaited as would be expected with great interest. In view of the previous declarations of his leader Mr. Borden expressing as they did entire dissatisfaction with the tariff in force one would naturally have expected immediate alterations to better the terrible results which he said were resulting from it. What did he say as shown on page 5010 Hansard 1912:

“Now I come to the question of the Tariff. In view of the legislation of this session providing for the creation of a Tariff Commission whose duties it will be to obtain and submit for the information of the government evidence and data from which the questions of customs duty may be considered with greater certainty of knowledge than has been possible in the past we have no tariff changes to propose at the present session.

There have been of course many requests for such changes and much could doubtless be said in favour of legislation with regard to certain articles and commodities either by way of a reduction or increase in tariff rates but in our judgment there is no case of such urgency as may not without hardship await the consideration of the Commission. The inadvisability also of lightly interfering with the tariff in times of such prosperity as we now enjoy must be patent to all.”

But let us continue. What happened the next session 1913. We surely should have been certain of a raise to give the adequate protection of which the then Prime Minister Mr. Borden had cried for years while in opposition.

Nothing of the sort took place — in fact quite the contrary. Sir Thomas White however made this extraordinary declaration—

extraordinary in view of the previous promises and declarations of his Leader:

“ Having regard to the prevailing prosperity of the Dominion as disclosed by the trade statistics which I have presented to the House and the fact that there is always a delicate adoption of business to the rates of the tariff, there is I believe a general consensus of opinion that anything in the nature of extension revision of the tariff is not called for by existing conditions and would be contrary to public interest.”

In other words the Conservative Party crawled and accepted by word, letter and deed the Fielding tariff of the Liberal Party.

But even more extraordinary than that were the occurrences of this session for instead of raises there were substantial reductions.

The duty on cement was reduced under all tariffs — and 8 3-4 cents a barrel under the general — or nearly 20%.

Type casting and typesetting machines were placed on the free list.

Traction ditching machines which had a duty of 27½% were placed on the free list — reduction 27½%.

Glassware and other scientific apparatus for laboratory work in hospitals placed on the free list.

Miners rescue appliances — places on the free list.

Sugar duties were decreased under the general tariff by nearly 17 cents per hundred pounds.

Certain cotton sewing thread was placed on the free list.

Now let us turn to 1914 and see what Sir Thomas White then said as to tariffs:

“ The evils of a high protective tariff are too well known to make it necessary to discuss them here.”

He carried his declarations into practice no doubt with the approval of his Leader and Mr. Meighen who was of the Conservative Party at the time. What did he do by this Budget?

He refused to continue the bounties on pig-iron and steel billets.

He refused to increase the duties on pig-iron and billet steel.

He reduced the duties on harvesters, reapers, binders and movers from $17\frac{1}{2}\%$ to $12\frac{1}{2}\%$ or by 5% — and this amidst the most lusty cheers from the members of the Conservative Party.

You will remember that the war then intervened. I will pass over that period to 1919 in which further substantial reductions were made in the duties on agricultural implements.

Cultivators, harrows, horse rakes, seed-drills, manure spreaders and weeders reduced by $12\frac{1}{2}\%$ from $27\frac{1}{2}\%$ to 15% .

Ploughs and parts thereof, windmills and parts thereof, portable engines and traction engines for farm purposes, horse power and threshing machines, separators and appliances therefor — all reduced by 10% or from $27\frac{1}{2}\%$ to $18\frac{1}{2}\%$.

Hay loaders and a large variety of other agricultural implements — farm waggons etc., by $12\frac{1}{2}\%$ or from $32\frac{1}{2}\%$ to 20% .

He estimated these reductions would mean an immediate loss in revenue of \$17,000,000 perhaps to \$25,000,000. He went on to say to partially off set this loss and close the gap of the deficit in revenue he proposed a heavy increase in the income tax.

We must remember at this time that the Progressive Party was looming up largely on the horizon — and the Conservatives had in view an election in the near future. So the pledges and promises which they made while in opposition as regards high protection and the preservation of the Canadian market for Canadians was not as good a battle-cry as they thought it had been some years earlier.

In 1920 Sir Henry Drayton became Minister of Finance and in the debate on the Budget of that year we find a change of heart in the Conservative Party regards their previously high protective policy.

They then cast their eyes to the west towards the setting sun. In this debate Sir Henry Drayton declared the tariff policy of the Government in these terms.

“ Our policy calls for a through 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 an 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, and
- (f) To safeguard the interests of the Canadian people in the existing world struggle for commercial and industrial supremacy.

As a means of raising revenue the tariff should be so adjusted as to place the chief burden upon those best able to bear it. Articles of luxury should be heavily taxed through the imposition of customs and excise rates. Food commodities and other necessities of life not produced or manufactured in Canada should, if taxed at all bear only such imposts as are necessary for revenue purposes. Those produced in Canada should be subjected to such customs duties only as may be necessary in the general national interest to be determined after strict investigation from time to time.

Apart from the question of revenue the tariff should have regard to the maintenance stability and prosperity of Canadian enterprise in the development of all our natural resources in lands, forest, mines, fisheries as well as our agricultural and manufacturing industries.

And he continued :

“ For the purpose of encouraging the fullest development of our natural resources the tariff should be so adjusted as to permit machinery and the implements of production to be purchased at prices that will compare equitably with those paid in other countries for similar articles.”

No one can deny that Sir Henry Drayton's declaration as to the tariff policies of the Conservative Party had undergone a very great change seeing that an election was in view and western support desired in that election. Indeed he states :

We want a tariff for revenue, a tariff to develop to the fullest extent our natural resources, to promote and increase trade with the mother country and last but not least such a tariff as will permit machinery and implements of production to be purchased at lower prices.

But the most extraordinary declarations with regard to the then tariff policy of the Conservative Party was the contribution which Mr. Meighen, then the Prime Minister, made to that subject in his speech on the Budget, he said :

"So I say we cannot have any immoderate or high tariff for the reason that it tends to exclude that healthy element (fair conditions, namely foreign competition, secondly we have in Canada a territory of wide extent. We have a portion of Canada newer than the other portion — a more predominating agricultural country newer to manufacturers and agricultural development and consequently the advantages of tariff do not accrue as yet."

As I have said, Mr. Meighen at that time was keeping his eye upon the Prairie West. He continued:

"Upon account of these two reasons we must always have in this country nothing more than a moderate tariff under any conditions whatsoever. That will be the purpose of the revision under the principles clearly set out and enumerated by the Minister of Finance to which we adhere. On that policy I appeal to hon. gentlemen who have something great or small at stake in this Dominion — yes I appeal to citizens men and women who have nothing of this world's goods at stake whose only concern is the well being of their native land."

It should be noted that while tariff revision had been promised by both Sir Thomas White and by Sir Henry Drayton that no revision ever took place.

What happened after that? As every body knows the Conservative Party went down to a crushing defeat in 1921. They did not return one single member from the three Prairie Provinces — not one member from the Province of Quebec — not

a member from the Province of Nova Scotia or from Prince Edward Island. As a result of the election in 1921 which as I have noted was far from satisfactory for the Conservatives they cast around for something new to bring before the people. In tariff matters they had already as I have described performed the right about face in Parliament but this political somersault did them no good in the election of 1921. That Party through Mr. Meighen and Mr. Patenaude now comes forward and says in effect our tariff policy while in office was all wrong — we want higher tariffs all round. But do not forget that they said exactly the same thing while they were in opposition in 1896 to 1911 and when they went into power notwithstanding their protestations and lamentations they reduced the tariff far more than did the Liberal Party in the course of their administration. What therefore is the electorate to believe? Is it to believe the protestations made by Mr. Patenaude and the Conservatives or is it to believe what the Liberal Party say and the Liberal Party says it will revise the tariff on moderate lines with the assistance of a properly constituted Advisory Commission and in such a manner as is best suited to the development of the country as a whole. There is the choice for the people on tariff matters but I for one think that the tariff issue interjected as it is continually interjected into political matters is only so interjected for the purpose of obscuring, hiding or covering up the real position of the country.

I now turn to the period of the Liberal Administration which took office on the 31st December 1921. In that connection the chief charge levelled against the administration is that it reduced the tariff. It did reduce the tariff in minor instances but the reductions in no way were as extensive, as drastic or as sweeping as those made by the Conservative Party.

The reductions in the tariff which the Liberal Party made were of minor importance compared with those which the Conservative Party had in previous years. The reductions were to a great extent confined to the duties on instruments of production used in the basic industries of agriculture, mining, lumbering and fishing, such as harvesters, reapers, binders, ploughs, waggons, spraying machines, incubators for hatching, milk cans and milking machines, etc., for the agricultural industry — ore crushers and coal washing machinery, etc., for the mining and quarrying industry — saw-mill machinery, logging machin-

ery, etc., for the lumbering industry — manillarope, etc., for the fishing industry. In many cases the reduction in duties on these articles under one or more classes of the tariff was of no importance because as for example no harvesting machinery is imported from Great Britain hence the reduction in duty under the Preferential Tariff was of no importance — under another class of the tariff it was of some effect.

In addition to the reduction in duties on the articles themselves there were certain reductions on the materials entering into the manufacture of these articles such as iron and steel, cotton, paint, etc.

Besides these reductions in the duties on the implements of production which I have referred to there were also reductions in duties on certain articles imported from Great Britain and entering into the cost of living such as flannels, yarns, under-clothing, stockings, ribbons, collars and cuffs, tea, etc.

The sales tax which at the time was six per cent was reduced all round to five per cent and in addition was entirely removed from practically all the articles affected by the reductions and in addition entirely removed or greatly reduced on a long list of foods which entered into daily consumption.

The object of these reductions in duties and removal of or reduction in sales tax was an earnest attempt to reduce the cost of production in the basic industries of farming, mining, lumbering and fishing — it being believed and quite correctly so that unless these industries were prosperous other industries could not be prosperous either — and to reduce the cost of living in the home. This reduction in living costs may not be felt at once nor may be the reduction in the cost of production — the effect may take a little time to be felt but it can be properly claimed that the effort was there.

As against this it is claimed that the reduction of the duties I have referred to removed so much protection from the manufacturer in Canada of the goods affected by the reduction that the manufacturer has not been able to make profits — and Meighen has stated all over the country that as the result of this policy over two thousand factories have been obliged to close. I will examine both of these claims.

First the claim of the manufacturer. The manufacturers principally affected by the reduction in duties on what have been called the implements or production — were the manu-

facturers of agricultural implements, paints, cottons and steel. The reductions in question came into effect 11 April 1924. If the manufacturing concerns affected were injured to any appreciable extent their earnings would have been materially decreased. If their earnings had been materially decreased, then their diminished prosperity should certainly have shown itself by this time in market value of the price of their shares. The price at which the shares of any company is selling being at most times a very good barometer as to whether the Company in question is successfully conducted or not. The question therefore to determine is whether the market value of the shares of the companies affected by the reductions have improved or declined. I will therefore take leading companies in the industries in question.

Agricultural Implement Industry. — The Massey-Harris Company which is the largest of its kind in Canada — its shares could be purchased at the commencement of the year for \$20 per share — they are now selling around \$64 per share — or three times their price on 1st January 1925. It would therefore appear that that industry had not been injured but improved.

The Steel Industry. — Steel Company of Canada — share price May 1924 — Preferred \$102. Common \$74. Price May 1925 — Preferred \$108. Common \$87. These shares show an increase in value also.

The Paint Industry. — Sherwin-Williams Co. — share price May 1924 — Preferred \$100. Common \$105. Price May 1925 — Preferred \$110. Common \$127.

One can take other Companies relating to the industrial life of the country. I have quoted these previously in the course of these remarks but do not take my quotations as final — look for yourselves to the financial pages of any of the paper — Montreal Star and Montreal Gazette — the Financial Times — The Financial Post and many others and see for yourselves whether industry has been unfairly prejudiced by reason of the changes made by the Liberals in the Tariff.

There may be some isolated cases. If there are, I for one will say that those isolated cases are taken up and very carefully inquired into. That promise I have no hesitation in making.

Now let me turn to the second statement made as regards these tariff changes by Mr. Meighen namely — that as a result of them \$2,000 factories have closed. No more absurd or ill-founded statement has ever been made in the public life of the country. He bases his figures on the report of R. G. Dun & Co. I have that report before me. It is entitled "Canadian failures for fifty-two years." That statement gives the manufacturing failures for the years 1922, 1923 and 1924 as follows :

1922..	857
1923..	792
1924..	625
Total 3 years..	2,174

It will be noticed at once that failures instead of being on the increase have very substantially decreased. Those for 1924 being 232 less than those for 1922. It therefore be concluded from these figures that instead of hurting industry the policies of the Liberal Government had actually improved them.

No tariff changes were made by the Liberal Government till the end of May 1922 and it is therefore absurd to claim that the 1922 failures were the result of those changes which were trifling in any event — indeed it is far more proper to claim that the 1922 failures were the result of Conservative policies previous to that date. The 1923 failures instead of increasing were 135 less which does not look as if the tariff changes injured industry. Likewise in 1924 they were 167 less than 1923 — again an improvement.

But the point where Mr. Meighen is totally incorrect and even misleading in his assertion that these failures were the result of reductions in the tariff is this. These failures were from all causes. One of the causes from which factories close is from competition. That competition may be either from interior causes that is from other industries in the country or from exterior causes that is from industries outside the country. Now tariff reductions increase competition from exterior

sources. The question therefore is how many factories closed from competition from exterior sources. I have found it impossible to obtain that information from R. G. Dun & Co. and consequently Mr. Meighen could not have had the information either. But I have the information showing how many of the 625 failures in 1924 were from competition from all sources and the number is 68. In 1924 therefore of the 625 failures 68 were from competition — how many from tariff competition it is impossible to say.

As a result therefore of the facts I have detailed the only conclusion one can reach from Mr. Meighen's reasoning is that he has no information whatever and no valid cause for stating that 2,000 factories closed by reason of the tariff changes of the Liberal Government. A very few may be inconvenienced temporarily but there is reason to believe that their condition now also is improving.

I now revert to the present contentions of the opposing parties. As I have stated Mr. Meighen says and Mr. Patenaude also that the great issue before the people at the present time is the tariff question and states that there must be all round higher tariffs — and Mr. Patenaude would indicate that the tariff should be raised in some cases three times as high as it is today.

To me it is regrettable that this issue is made the subject of debate at every election. If it were not debated so much then perhaps common-sense ideas might prevail and this question adjusted by the application of ordinary business principles. But instead of business methods employed the cry of "tariff" is made the subject of innumerable speeches — a weapon for party warfare — the object of encouraging strife between the two great sections of this country — with the result that the business and the development of the country are kept in a constant state of turmoil and uncertainty and made subject to the ambitions of political parties. That process has been going on for years with results that are not beneficial either to the unity of this nation or to the stability of enterprise.

We can look at this subject any way we please — we can analyze the statements given on both sides — we can dissect the arguments which are annually brought forward — we can call the tariff by any old name which may sound pleasing to our political sense — and having done all this provided we are at all fair and use ordinary common-sense — will come to

the conclusion that the kind of tariff we want is the one which is best suited to the needs of and which will cause the greatest development to the country as a whole.

It is inconceivable to me that any one can arrive at any other conclusion. With me it is not a question of all round higher tariff as Mr. Meighen says—or of all round lower tariffs as Mr. Forke may contend — but of fair and equitable tariffs applied in a way which will develop industries of the kind which are beneficial to the country and which at the same time will impose as little a burden as possible on the masses of the people. The question which I want to see answered are — what measure of tariff should be imposed — how this composition should be applied — and what will be the effect of that imposition and application. It is not with me a political but a business question and on these broad lines I will advise the Government. In giving that advice I intend to take into consideration present day conditions and not hark back to 1878 or 1896 or 1912 or to any other past times and policies — and further it is essential to take into consideration all parts of Canada and to erect a tariff structure suitable for the needs of Canada and not be governed by the tariff policies of other countries where conditions are totally different from those in this country. In other words it is a 1925 Canadian Tariff which this country requires.

But after all what is the Tariff? I have illustrated that before. It is nothing more and it is nothing less than a tax imposed usually on the value but sometimes on the quantity of goods imported into Canada from other countries and collected through the Customs House. You will ask why have this tariff if it raises the price of goods — and where is its necessity? The necessity is that the tariff produces a great part of the revenue with which to administer the country.

But you will again say this tariff raises the price of goods and by reason of that prevents competition. Why of course it does — no one can deny that but the revenue is essential to the country but at the same time it is quite apparent that a tariff even based on the revenue purposes — particularly as required by the country at the present time — must prevent competition from outside sources. There is no reason for argument in that at all. But in regard to this let me repeat in other words what I have said a moment ago — that it is a fair tariff we need suitable to 1925 conditions — one which allows fair and healthy competition but not one which prevents all

competition—and is it the latter kind of tariff which Mr. Meighen and Mr. Patenaude also if you can believe their assertions and advertisements propose to impose. They say impose a tariff tax and prevent all competition from abroad — build up our tariff walls so that nothing can get over them — throw out the present Liberal Government because it believes in fair tariffs and as a result in fair competition — elect me, says Mr. Meighen, and all competition from the outside will disappear. How can these gentlemen prevent competition from abroad? They can only prevent it by imposing prohibitive tariffs.

There is the tariff issue — the Liberal Government is for fair and equitable tariffs which will develop the country to the advantage of all concerned — Mr. Meighen and Mr. Patenaude are out for just the reverse namely a prohibitive tariff which will prevent development.

However let us look more closely at this prohibitive tariff or high tariff idea and not be misled by the picture they are painting all over the country. Just what will such a tariff do? In what manner will it affect our mode of life and our various industries?

Will it increase our revenue? It cannot do that because the entry of foreign goods being prohibited the revenue from the Customs Tariff is bound to fall and as a result higher direct taxation will have to be resorted to.

Will it help the ordinary consumer? It cannot because it will raise the price of goods as Mr. Meighen himself admits and causes you to pay more. Take for example Mr. Patenaude's advertisement in The Montreal Star of the 8th of October. He says on woollens there is a tariff tax now of $27\frac{1}{2}\%$. He intends to make that tariff tax 100%. On blankets there is a tariff tax of $22\frac{1}{2}\%$. He says he will make that tariff tax 75%. And following all through the same idea it simply means that a greater tax will be levied on any foreign goods coming in which will mean that those manufactured in this country not subject to such a tax will increase the price of goods to just under the tariff tax imposed on the foreign article. I do not know if the ordinary shareholder or the ordinary man in the street can contemplate with equanimity any such proposal. I cannot see what advantage will be gained to the average worker even if he is employed by manufacturing Canadian goods and he has to pay out his wages for goods which will cost two, three or

four times more than they cost at the present time. Why certainly we must have reasonable tariffs. To develop fair industries. It will cost us something to have such reasonable tariffs but why go to extremes and say that for the benefit of a particular section or a particular group or any particular class that we must have exorbitant tariffs which will not do the vast majority in this country good but will do them harm.

Let us proceed. Will these Patenaude and Meighen brands of tariff help our great basic industries of agriculture, mining, forestry or fishing? How can they possibly do so? The producer of grain has to sell his products in the markets of the world. He cannot be protected. No amount of protection even if it were possible would assist him in the slightest degree.

Some talk about the home market consuming all of the farm produce. The home market in Canada for many years to come cannot be expected to consume but a very small part of what we produce in these lines. Canada is and will be for generations a great exporting country and the producer for export must be enabled to produce at a minimum cost. Further than that if the agricultural producer is taxed by means of high tariffs how can it be otherwise than that his protection will cost him more and what effect will that have? It will have the effect of his profits being less and his profits being less he can purchase less of manufactured goods even in our own country.

People talk about immigration — they talk about playing the game fairly — people all over this country have asked "Who do farmers leave the West?" The answer to that is given very well in an editorial which appeared in The Montreal Daily Star or in The Gazette I am not certain on the 23rd March 1923. This is what the editorial said :

"The whole future of this country is bound up with the prosperity of the West. It is even narrower than that. The immediate solvency of this country can only be preserved by insuring the agricultural prosperity of the West. We cannot wait for the West to develop industries and to grow into a community of diverse interests like the rest of the Dominion. That will be far too long fatally long to wait with a ruinous railway deficit draining away our life blood. We must make farming and grain growing pay in the West and we must do it soon.

It is not too much to say that if we cannot make the West prosper the East must presently find both its economic solvency and its political independence in very real peril."

And the editorial in question speaks along the same lines. And does not this editorial conclusively bear out what I said tonight namely that farming must be made profitable in the West as well as in other parts. How can that farming be made profitable? If you tax in an exorbitant way every single thing which the farmer uses it means that his profits in that way will be extinguished and he will leave the West.

But if we look further at an editorial in the Montreal Star of the 29th August 1925 entitled "THE REAL BULL MARKET IS ON THE FARMS" what does that advertisement state? It says among other things that :

"The cities prosperity comes from the farms. Use the Family Herald and Weekly Star, the most economical and powerful medium for the purpose."

Take another advertisement also appearing in The Montreal Star no earlier than the 3rd of October entitled "The Line of least resistance to business." It says :

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"Agriculture is the basic industry of Canada to a greater extent than in any other civilized country. Prosperity in Canada starts with the farmer, when the farms become prosperous business becomes good."

Well, how are we to take advantage of the real bull market. How are we to take advantage of the line of least resistance which the Family Herald and Weekly Star want us to take advantage of if we tax by means of high Patenaude tariffs or high Meighen tariffs or in any other kind of high tariffs those people who are producing that particular class of industry.

Can you tell me if high tariffs will assist our manufacturers of pulp and paper or those employed in our mining operations? Again their products must be sold in the markets of the world and yet we are asking them to pay much higher prices for goods which we sell them in Canada.

Now will this brand of tariff held immigration? Immigration depends very largely on the development of our natural resources. Look at the editorial in The Montreal Gazette 19th September. What does it say: Quoting from an address made by Mr. Beatty of the Canadian Pacific Railway:

"We have a country of great wealth — of known and unknown resources and we have neither the people nor the capital to realize upon it."

and this is the point which I wish to make :

“It must be dug out of the earth by the hand of man and unless we have many more producing units it must inevitably lag behind.”

How therefore will the taxing of the various commodities help those who dig out of the earth by the hand of man our natural resources in the very slightest degree. High tariffs perhaps will help immigration into the cities already for too overcrowded. It will cause perhaps greater construction of more factories already over industrialized and with what end? If the cities become more and more crowded — unemployment if existing now will become greater — and the production of vast quantities of goods which will be stocked up in warehouses with no place to sell them.

And will these high tariffs help our railways? How can they help our railways? Again look at the editorial I have referred to in the Gazette which says :

“Increased production through further colonization means much to the future of both systems. It means everything to the Canadian Nationals and to the public whose property the Canadian National is and we must take good the losses to the system.”

How can we increase our traffic in our railways by unduly high tariffs which will cause lesser production of our grains, our metals and our natural products! Any let us look at how it will affect our manufacturers. In that respect I am not saying that we should not have reasonable tariffs to develop manufactures which are useful to the country — which are properly financed — and which are efficiently managed — but I do deny that a high tariff will not assist these. A high tariff may mean the establishment of more factories — it will mean manufacturing behind a tariff wall which is certain to promote inefficiency. It will produce unfair profits and create numerous companies manufacturing second rate goods. These second class goods will compete with the manufacturer of first rate goods. Where then will the efficient manufacturer find himself landed. He will find himself in a position instead of receiving a fair profit on his efficiently manufactured goods that he will either have to reduce himself to the manufacturer of second rate goods or go out of existence that is how it will affect the manufacturer.

But leaving aside all these arguments a high tariff will split Canada from one end to the other in fragments and will make it impossible for this country to proceed in unity and concord. It will bring us back again to the days before the Confederation and will throw on the scrap heap all the efforts of men like Cartier and Macdonald at whose feet Mr. Patenaude says he is sitting.

Again I say that our tariff policy must be a fair tariff which will develop and not restrict and it must be a balance based on our national requirements. I have no use for extreme policies in any direction — I have for all policies of moderation.

No one can accuse me of not viewing matters in Canada with a fair and impartial viewpoint — no one can say that I am not friendly to the honest and competent manufacturer. No one can deny that I have made every possible attempt to unite opinion in this country and to appreciate the advantages derived by the whole country from the courage and enterprise of those who live in the West — and all that being the case I say to those who hear me tonight that I will not take the narrow and sectional viewpoint in this matter but on the contrary the broad national viewpoint because I am convinced that in the end that is the best of all.

I said a moment ago that I was placed where I am for the purpose of giving the government the best advice I am capable of giving on this and on other matters of national importance. I have told you in broad terms the advice I intend to give but in order that those broad terms may not be subject to a wrong construction let me give you in more specific terms what I mean as regards tariff policy.

We have had in Canada since 1907 substantially the same tariff. That is the tariff known as the Fielding Tariff. Since then many alterations have been made in the tariff schedules—since then the settlement of our population and many of the economic conditions of our country have entirely altered. No one can say that the tariff as now drawn conforms to present day requirements. In some instances it may be too high — in other instances it is possibly too low. There can be no question but that the tariff needs to be revised so as to make it conform to present day conditions. The former Conservative Government promised revision repeatedly although it was aware of these conditions and at the time had a sufficient majority in the House to do so — but it did nothing.

However what factors among others should we take into consideration in making this revision — should they not be these — and they are numerous:

10. That the development of industries from which the country derives a lasting or important benefit should be encouraged.

20. That while fair competition should be encouraged, consideration should be given to unfair competition resulting from different labour conditions — dumping — and depreciated currencies.

30. That industries should be efficiently managed and financed on sound principles.

To bring about such a tariff is not an easy matter. It is one which requires the most careful study and consideration. That study and consideration I have always held were necessary to be applied by experts and sound business advice. Precisely as I have said in 1921 and as I have continually since that time advised — namely by an Advisory Tariff Board to which is joined the necessary expert assistance — and if my four years work in parliament has accomplished nothing else I claim that my insistence in this regard has to some extent at least been instrumental in having appointed an Advisory Board for that very purpose by the present Government.

The Government believes that a proper revision cannot be made in the old fashioned way. We think that the conditions of industry in this country in which is included manufacturing have all to be considered. We think that those conditions have so changed that it is not now — as it was in the past — a question of competition between one industry and another — or between one factory and another — or between town and town or province and province — but competition in a world wide sense. We know that there are questions of proper costs, currencies, financing, taxation, transportation and a hundred other, all of which require careful study and consideration before a suitable tariff for this country can be created. We do not believe in the old hit and miss fashion of making tariffs where representation was made to a few Ministers of the Crown and they decided on what was right or wrong in this very complicated matter. We do not believe that party tactics or party

advantage should enter into consideration. Consequently to take all these important factors into consideration and to eliminate all questions of favoritism we think that the only way is to have the tariff prepared for submission to the government by a properly constituted Tariff Advisory Board which will have attached thereto a body of efficient experts and be authorized to employ such further expert advice and assistance as may be required for the purpose.

Now a Board for this purpose requires to be composed of very competent and outstanding men. We believe that the personnel of the Board which will be appointed by the Government will command the confidence of all classes of industry.

To conclude this subject I have given you my views and the manner in which I believe they should be applied, and I believe when so applied and such a tariff constructed on national lines that enterprise of all kinds in this country will be stabilized and may look forward to real and lasting progress without this question being continually the subject of party warfare.

The Railways :

The Canadian National Railways consist of an amalgamated system in which is included what were formerly four distinct groups or systems. These groups were formerly known as:

1° The Canadian Government Railways in which was included the Intercolonial and its branches — the Prince Edward Island Railway — the National Transcontinental from Moncton to Winnipeg.

2° The Canadian Northern Railway.

3° The Grand Trunk Pacific Railway.

4° The Grand Trunk Railway System.

The whole system including the four I have referred to on the 31st December 1924 had a mileage of nearly 22 000 miles,

It would take considerable time to detail to this meeting the manner in which all these railways came under government ownership but what is most commonly heard is that the Liberals were incorrect in building the National Transcontinental Railroad from Moncton to Winnipeg. That may appear to be the

case at the present time but when the decision was reached it was reached only after representations had been made and pressure brought to bear by practically every Board of Trade in Canada from the Atlantic to the Pacific. Further, than that the people of Canada gave their assent and approval in the Elections of 1904 and 1908. We know now that perhaps the National Transcontinental should not have been built but that was not the opinion at the time of which I speak.

The Grand Trunk Pacific was undertaken by the Grand Trunk Railway under the strong advice of Mr. C. M. Hays, the then General Manager. Later on the Grand Trunk could not carry the load of that railway and it had to be taken over by the government.

The Canadian Northern which started from very small beginnings was at first well located in the Prairie Provinces. After the Conservatives came into power tremendous aid was granted to that railway which extended westerly from the Prairies through the Rocky Mountains to the Pacific Coast and easterly as far as Quebec City. Both governments granted this system and but up to 1911 the extent of government aid by way of cash or guarantees amounted to not more than \$66,000,000. After 1911, by way of subsidies, cash and guarantees there was issued by the Conservative Government the enormous sum of over \$337,000,000. Also the Provinces guaranteed the securities of this system to the extent of over \$80,000,000. and securities were issued to the public for a sum of over \$142,000,000. The Canadian Northern could not stand this load and it was taken over by the Conservative Government on behalf of the Dominion, it being paid the sum of \$10,000,000. in cash.

The Grand Trunk also taken over by the Conservative Government was taken over to complete the whole system. When taken over it was in an extremely run down condition.

At this point it would therefore be well to consider cash aid and guarantees given to the various roads from 1st January 1903 about the time when the Transcontinental was conceived to the 31st March 1922 the end of the then fiscal year of the Dominion in which the Conservative Government went out of office. Under Liberal Government from 1st January 1903 to 31st March 1912 the total cash and guarantees for period — \$288,387,007. Under Conservative Government 31st March 1912 to 31st March 1922 in cash and guarantees — \$1,056,276,615.

As these various systems which had been taken over by the Dominion had been built to be operated substantially as separate systems the question of consolidating these came up so that all could be physically operated as one system. Owing to the fact that they were built to be operated as separate systems there were hundreds of duplications in the way of parallel lines entailing separate bridges, stations, and etc., but in particular in order to weld the same into one system hundreds of connecting links were necessary. In addition a part of the system had been poorly and in some cases temporarily built and badly equipped. The whole situation was full of thousands of difficulties necessary to overcome. In that respect many contrast the National Railways with the Canadian Pacific. The latter road had never to be consolidated but was built as one system. The National was built in three or four systems. The Conservative Government commenced the process of consolidation re-equipping and restoration and spent vast sums of money. When it went out of power it had only commenced that operation — it was far from complete — in fact the only thing complete was the consolidation of executives and the name of the road. When the Liberal Government came into power it was obliged to continue that process. It went very slowly at first because it was searching for the best railway men it could find to complete the operation of consolidation and restoration. Its choice was Sir Henry Thorton who took charge about 1st December 1922.

Now the average man on the street will criticize the cost of our National system. It is reasonable owing to the vast sums involved that he should do so but in many respects he has not a direct knowledge of all the facts. No one can deny for a moment that the cost of our National Roads is enormous but without the initial cost to weld them into one system the final cost would be much greater.

While it is proper to make comparisons as to expenditures made as to the two Governments Liberal or Conservative that in my opinion has little to do with the cost. A fair and intelligent view of the situation must be taken. That view should be what has been accomplished as regards the railways themselves and to try and think out what is best to be done to relieve ourselves of this burden in the future.

It is fair to say that by reason of the consolidation, re-equipping and restoration the National Railways have in the past five years made considerable progress.

	Revenue before fixed charges	Deficit which in- cludes interest due the public and gov- ernment also
1920	D. \$26,812,420.	\$74,378,305
1921	D. 12,638,778.	72,662,278.
1922	S. 1,499,782.	58,696,912.
1923	S. 13,364,875	52,779,351
1924	S. 15,467,213	54,860,320.

Note : In this table D stands for deficit and S for surplus. The year referred to is the Railway year which ends 31 December — not the fiscal year which ends 31 March.

This table does not include capital and other expenditure but is a table of operations only.

The question may be properly asked as to what is the total cost of our railways by fiscal years ending 31st March in each year in new money — that is gross expenditure by way of cash charged consolidated fund and bonds issued to the public whether guaranteed by the Dominion or not less refundings. It is as follows :

<i>Conservative Rule</i>	<i>Liberal Rules</i>
1920 \$106,823,987.	1923 \$ 59,683,705.
1921 144,237,643.	1924 85,050,703.
1922 117,039,816.	1925 84,394,467.
Total \$368,101,446.	Total \$229,128,875.

Now Mr. Meighen tells us he would cut out capital expenditure. How can he do so until the process of consolidation and restoration is complete? Unfortunately until that is complete there will require to be some expenditure but I for one think that that expenditure must be limited to necessities and not to luxuries and to anything which approaches extravagance.

When however one speaks of outlay made by this government in capital expenditure and expenditure for betterments

and equipment it would be as well to make proper comparisons. These are the comparisons :

<i>Conservative administration</i>	<i>Liberal administration</i>
1920... ..\$ 76,153,901.	1923... ..\$ 17,265,855.
1921... ..83,439,789.	1924... ..63,672,053.
1922... ..53,923,327.	1925... ..61,140,527
Totals... ..\$213,517,017.	\$142,078,435.

Now the Liberal administration has taken the attitude that the railway business of the country should be operated quite distinctly from its other business and that while closely observing and controlling the expenditure as best it can it has desired to remove the railways as far as possible from politics. The Railways while owned by the people cannot ever be said to be out of politics. The expenditure has to be voted by parliament each year and in the voting of that expenditure it is proper that the representatives of the people should be entitled to have their say. But the Liberal Government has exercised all care after revising the amount of the estimated expenditure not to exercise political pressure on the management to direct where expenditure should be made — to do that would certainly give rise to party influence in the amount and place of expenditure which has always been the effort of the government to avoid. Not so with Mr. Meighen. He would tell the management how and where and to what extent expenditures should be made. He might be successful in his efforts. But the people of Canada have in this respect one of the two choices. The one to allow the management of the road to define what should be done under the control of parliament as to amount — that is the Liberal policy — and the other is to discharge the management as at present constituted and take it back to political control — that is to the Department of Railways and operate like the Intercolonial was operated in the old days — that will be the result of Mr. Meighen's policy.

The question of railway expenditure is causing and correctly so a great deal of thought on the part of the Canadian people. Some are against public ownership of railways but the majority do not appear to be so. The question is how is this expenditure to be lessened. There is not the slightest use in saying as some politicians have and do that it must be lessened. The question

is how can that be done. Various proposals have been placed before the people by various bodies of high repute. Certain of these proposals infer and in fact declare that the two great systems namely the National and Canadian Pacific should be amalgamated into one system on terms fair to the Canadian Pacific shareholders. There can be no question but that an amalgamation on these terms would effect great savings — and if we were certain that the amalgamated road could always be operated under ideal conditions and by an ideal management then perhaps such an amalgamation might be considered the best solution. But is it fair to say that ideal conditions of management and operation would be forever or even for a time be certain? On the contrary would not a huge concern of this description have in its hands enormous monopolistic powers and this would happen whether the amalgamation roads were under private or public management. Particularly if under public ownership such a concern in the hands of any political party would be able to wield an influence so great that it and not the people of the country would be the absolute masters.

Others say sell the railways. Even if that was agreed to by the people of Canada and I doubt if it would be by the majority — it is very doubtful if a purchaser could be found able or willing to pay or to guarantee any better return than they will give under the present management — and besides not to have control means the giving of some one else the control of the vast sums we have expended on these roads.

Looking at the situation from all angles it would appear that the two systems are better separate provided means are taken to eliminate certain conditions which are injurious to the people of Canada and to the Canadian Pacific also. Because it is manifestly unfair as regards the Canadian Pacific that the wealth of Canada should be placed at the disposal of the Nationals to encourage unfair competition with a corporation which is just as much a national enterprise although privately owned.

The words co-operation, co-ordination — and the term elimination of competition — used with respect to the railway situation sound plausible but on the whole do not contain much action or meaning either. Both of these roads are out for the business they can get and to ask them to co-operate or co-ordinate their efforts will not in ordinary business terms work out. How also while they are separated can competition be elimin-

ated? If the service to a certain place pays one line that line cannot be asked in reason to give up that service.

But notwithstanding all this much can be done if the matter is taken seriously in hand. You will ask why has any proposal which may now be made — has not been taken in hand before this. There are reasons why that has been difficult — if not impossible.

As to the Nationals it has not been possible heretofore on account of the reason previously explained — that is that the various roads comprising the system had to be welded into one road before it was possible to do anything else. That process is now about complete and it is therefore now possible to contemplate the effect and control of that road where it was impossible before.

Earlier in these observations it was remarked that the four systems comprised in the Nationals had been built separately with the intention that at least three of them would be operated separately. That being the case they were intended to compete separately — and to compete separately they had to get to the same places or to nearby places by lines which were parallel or nearly parallel. As a result thousands of miles of unnecessary railways were built. Many of these could be abandoned where the two lines serve one place or locality the rails of one or either of them could be connected up and make the same set of rails serve both. This would mean far less in maintenance with no diminution to traffic but with profit to the traffic handled.

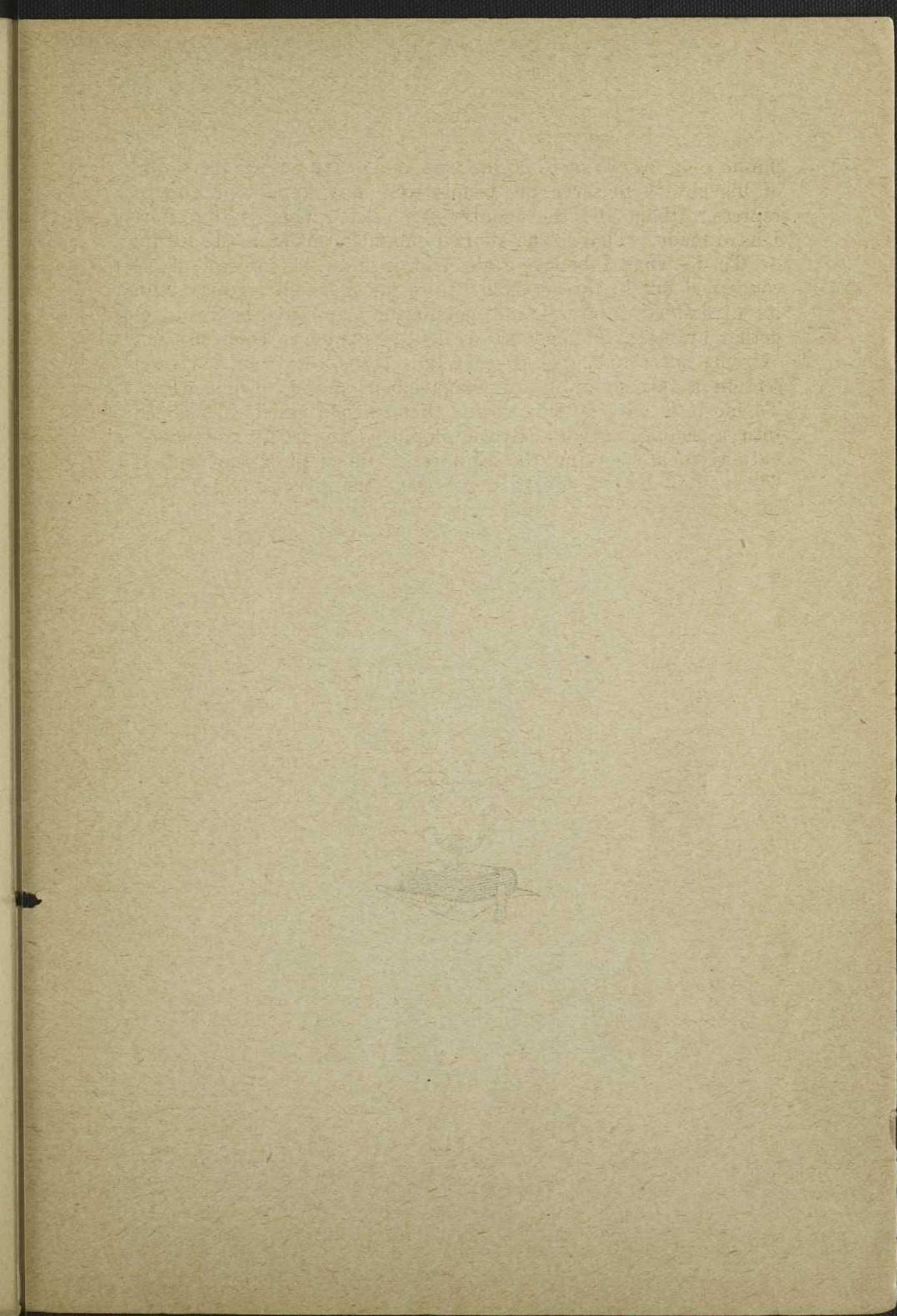
A matter of this description requires working out by competent railway men. What we suffer from is too great mileage for the traffic offering as well as for the population involved. It is essential to get back to normal conditions by doing away with lines which duplicate one another.

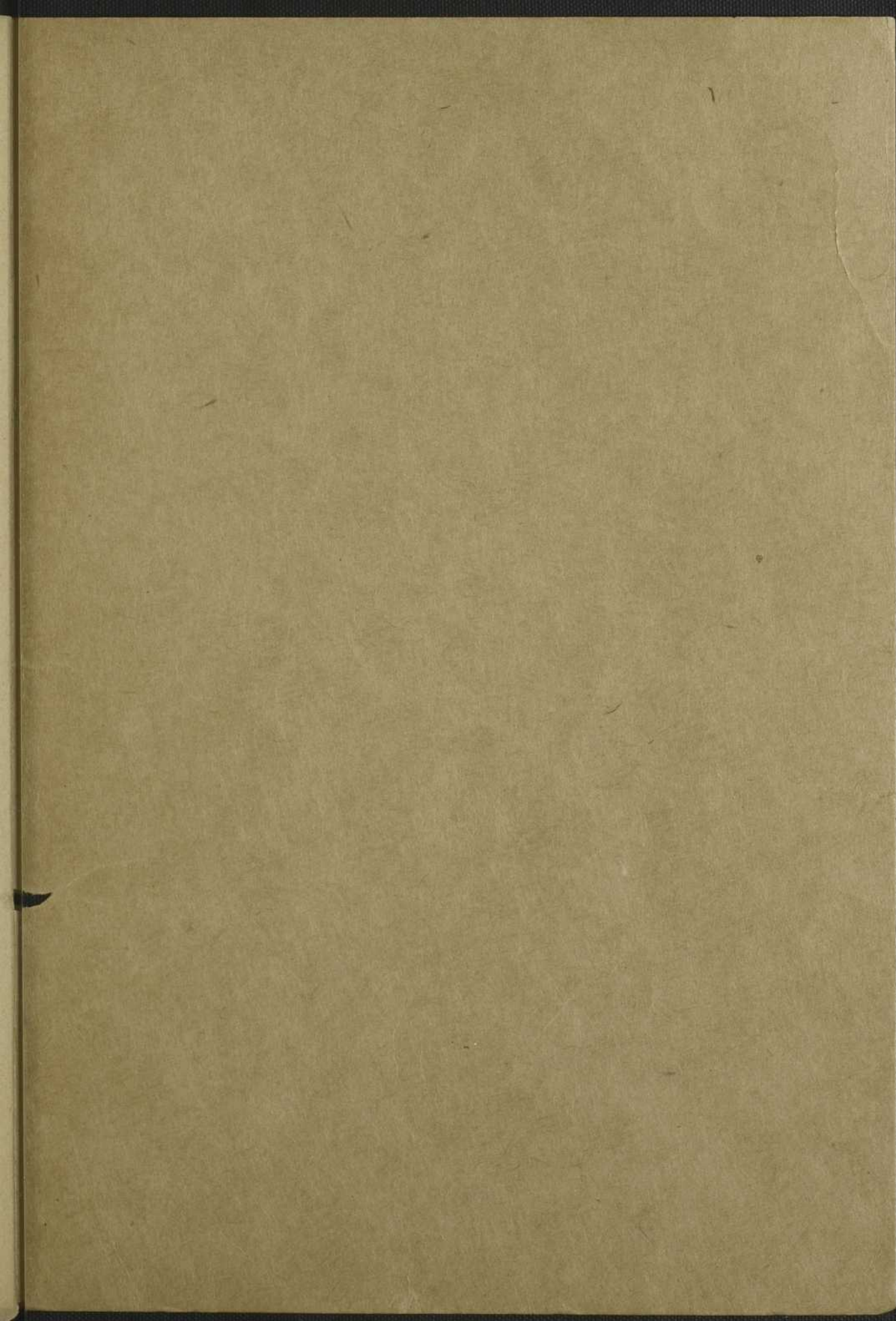
There is however another question which causes our railways to lose money and which is lost sight of by the average man. It is that our rates are lower than those of any other country. We cannot have low rates and have profits also. If we insist on such rates that the railways cannot pay then payment must be made in another form and that form is taxation.

That is the story I have to tell you this evening. I have attempted to tell it in a fair-minded way and in a manner which will enable you to judge the position of affairs and to decide from the information I have given you as the manner in which you yourselves should act. After all what can any

public man do except to do his best and to try within the limits of his ability to serve the people who have appointed him to represent them and the country generally. That is the effort I have made. That is the effort I intend to make in the future — To do what I believe right and just in the interest of all concerned but to forever hold before me that this country with its diversified interests and population can only be held together by means of moderate policies — policies which are not extreme but which give all that it is possible to each part and section a fair share in the management of our own country. To me it is only by this means that Canada can be developed into a strong nation. By developing Canada into a strong nation we are serving the Empire to the best of our ability. Those shall be my efforts and I leave the situation as I have so explained in your hands.







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