

CENSUS RETURNS FOR PROVINCE OF SASKATCHEWAN.

Mr. MARTIN (Regina). I would like to ask the hon. Minister of Agriculture (Mr. Burrell), if the census returns for Saskatchewan have yet been fully completed, and if so, has any detailed or official information been given to any one in that province?

Mr. BURRELL. I will look into that question. I would like the hon. gentleman to have put it in the form of a question on the order paper, as I do not quite gather the drift of it. We have had some correspondence, but I believe it has all been finished, and that the returns giving every detail have been compiled up to date. I am not aware of any subsequent alterations, but if the hon. gentleman will ask me for it I will get all the information from the department.

Mr. SPEAKER. I would draw the attention of the House to the fact that I have noticed during the present session a tendency to ask a great many questions which can only properly be asked, according to our rules, and the English rules, after they have been put on the notice paper. It is scarcely fair to expect that ministers of the Crown shall be prepared on the spur of the moment, without previous notice, to answer any question that may be asked. Therefore, I think it would be advisable if hon. members on both sides would observe that good rule as far as possible.

OFFICIAL REPORT OF DEBATES.

Mr. ETHIER. Mr. Speaker, I think it is only right that I should call your attention to the record contained in 'Hansard' of last night's vote. I see by the official report of the debates that the hon. member for Montreal, St. James (Mr. Lapointe), voted 'yea' on the amendment moved by the hon. member for Yamaska (Mr. Lamarche), while on the same page—5038—he is set down as being paired. In the list of pairs the name of Mr. Lapointe appears opposite that of Mr. Carrick. It is apparent that there is a mistake. I do not intend to blame anybody, but if the hon. member for Montreal, St. James, voted 'yea' he could not be paired with the hon. member for Rainy River and Thunder Bay (Mr. Carrick), so, I think, in the absence of my hon. friend from Montreal, St. James, that I should ask to have this corrected. There is another question. On the same page I see:

Amendment negatived, and Bill read the third time and passed.

For myself, I understood—and I think a great many other hon. members on this

Mr. SPEAKER.

side of the House, perhaps not on the other side, also understood—that the third reading of the Bill concerning the Keewatin boundary was passed on the same division as that of the amendment. Yet it appears in the 'Hansard' that the Bill was read a third time and passed. I understood it was passed on the same division as that of the amendment. I wished to record my vote, and had I understood the contrary I would have asked that the division be taken in order that hon. members who voted on the Bill might have had an opportunity of recording their votes, and thus showing their own ideas on the question.

Mr. SPEAKER. In reference to that, I think the question was asked whether it was the pleasure of the House to adopt the motion, and I did not hear any one request that it be adopted on the same division reversed. Therefore, I declared the motion carried.

Mr. BELAND. I made that request.

Mr. SPEAKER. It may have been made but in the confusion and excitement which usually prevail after the taking of a vote sometimes the Speaker cannot hear what is said, and I presume that this has been an example of it.

Mr. BELAND. Well, it ought to be corrected, Mr. Speaker.

Mr. SPEAKER. I do not think it can be corrected now, unless by moving a formal motion.

Mr. ETHIER. I hope that the record of the vote of my hon. friend from Montreal, St. James, will be corrected.

Mr. SPEAKER. I understand that the House takes no cognizance of pairs. That should be arranged between the whips and the 'Hansard' reporters.

Mr. MACLEAN (South York). The hon. gentleman (Mr. Ethier), will get satisfaction by the statement which he makes today.

CATTLE QUARANTINE AT BEAUCEVILLE.

Mr. BELAND. Mr. Speaker, I would like to inquire from the hon. Minister of Agriculture (Mr. Burrell), if he has received a copy of a resolution adopted by the Chamber of Commerce of Beauceville, in the district of Quebec, for the establishment of a quarantine for animals at that place. The reason I make the inquiry is that the letter which transmitted to me this resolution states that it was addressed to the Minister of Customs, and as it was

addressed the day before yesterday perhaps the minister has not yet received the copy.

Mr. BURRELL. I cannot recall the receiving of such a letter, but I will make inquiry in the department.

Mr. BELAND. I have a copy of it, and if the minister does not receive it to-day or to-morrow I shall be very glad to send it to him.

WAYS AND MEANS—THE BUDGET.

Hon. W. T. WHITE (Minister of Finance) moved that the House go into Committee of Ways and Means. He said: Mr. Speaker, for the first time it becomes my privilege to present the annual statement of the financial affairs of the Dominion commonly known as the budget speech, and I trust, Sir, that standing as I do in the place of so many distinguished and experienced predecessors, myself a new member of the House and with but a limited experience in office, it may not be deemed unfitting if I request a reasonable degree of indulgence in the discharge of the important and responsible duty which now devolves upon me. And, at the outset, I desire to congratulate the House and the country upon the abundant prosperity, which, under Providence, this great Dominion continues to enjoy in ever-increasing measure. In these congratulations, I am sure that all the members of this House, irrespective of party affiliations, will heartily join as loyal and patriotic Canadians rejoicing in the welfare of our common country. Under the circumstances of the present session, it is necessary in considering the finances of the Dominion, to cover three periods, namely,

the fiscal year 1910-11, the fiscal year 1911-12 and the fiscal year 1912-13. As the accounts for the year 1910-11 were not finally closed when the budget speech of 1911 was delivered by my predecessor on April 4 last, an estimate of the result was placed before the House. Since then the accounts have been completed and issued and have been made public for some time, so that a review need not be of an extensive character. The fiscal year 1911-12 nominally closes on the 31st of March, but an extension of at least a month is necessary to complete the payments for the services of that year. It will be some time after that before the accounts are finally closed, and the ultimate outcome is a matter of estimate, based upon experience and a knowledge of the characteristics of the various services for the period yet to elapse. The estimates for the fiscal year 1912-13 have been placed before the House and supplementary estimates have yet to be brought down. It will be obvious that with regard to a year not yet begun there can be no such reasonable certainty of approximate calculation as exists in the case of the current year. Reviewing now more particularly the several periods under consideration, and beginning with the year 1910-11, it will be found that the general financial results for that year did not materially differ from the anticipations of the last budget speech. Dealing, in the first place with what is known as Consolidated Fund, or what might be regarded as the ordinary revenue and ordinary expenditure of the country, it will be found that the actual revenue for 1910-11 amounted to \$177,780,409.78 against an estimate of \$117,500,000 and the expenditure to \$87,774,198.32 against an estimate of \$87,000,500. The following tabulated statement shows the result:

REVENUE AND EXPENDITURE—CONSOLIDATED FUND, 1910-11.

	Actual.	Estimated.	Greater than Estimated.	Less than Estimated.
Revenue..	\$117,780,409 78	\$117,500,000	\$280,409 78	
Expenditure..	87,774,198 32	87,000,000	774,198 32	
Surplus..	30,006,211 46	30,500,000	\$493,788 54

I should like to point out to the House that the revenue for the year 1910-11 was a record figure, and it may assist us to some extent to appreciate the increase in the revenue in recent years to say that this revenue of \$117,780,409.78 is more than double the revenue received in 1901-02.

The difference between the ordinary revenue and ordinary expenditure—\$30,006,211.46

was available for what have been known as Capital and Special charges.

The expenditure of \$87,774,198.32 is more than double that of the year 1899-1900. The sources from which the revenue of the year was derived and the amount from each respectively, and their comparison with the preceding year were as follows:

	1909-10.	1910-11.	Increase.
Customs..	\$ 60,156,133 98	\$ 72,965,394 46	\$12,809,260 48
Excise..	15,253,352 65	16,869,837 36	1,616,484 71
Post Office..	7,958,547 72	9,146,952 47	1,188,404 75
Railways..	9,647,550 69	10,249,391 94	601,841 25
Miscellaneous..	8,488,125 89	8,548,833 55	60,707 66
Total..	\$101,503,710 93	\$117,780,409 78	\$16,276,698 85

It will appear from this that of the total consolidated revenue fund 62 per cent was derived from customs and 14 per cent from excise, that is to say these two services accounted for over three-fourths of the revenue. In the case of customs the increase over the previous year was at the rate of over 21½ per cent. Excise and post-office revenue increased at the rate of 10½ per cent and 15 per cent respectively. On the total revenue the rate of increase was 16 per cent. The increase in the customs revenue of course arose from the increased importations for the year.

The total imports entered for consumption in 1910-11 were \$461,951,318. The amount of increase over the previous year was \$86,118,302. The average rate of duty on these imports, both dutiable and free, was 16·145 per cent. The average rate of duty on dutiable goods entered for consumption in 1910-11 was 25·797 per cent. I may say that very little change has taken place in these average rates in recent years.

The revenues from excise are mainly derived from spirits, tobacco and malt. In the case of each of these there was an appreciable increase over the revenues derived in 1909-10. Although the total consumption has increased to some extent it does not appear that the per capita consumption has increased materially.

With regard to post-office and railways the revenue shows a substantial increase due, to the general increase in business throughout the country.

We turn now to the expenditure for the year. On account of consolidated fund it reached the sum of \$87,774,198·32. That was an increase of \$8,362,451·20 over the expenditure for the previous fiscal year. This is a fairly large increase but I think it only fair to say that in 1910-11 there were included in consolidated fund expenditure certain items which in preceding years had been made a charge against capital. These items were: militia, \$1,372,405·09; Dominion lands, \$976,024·94. To these may be added expenditure upon naval service, which was of a new character, and amounted to \$1,790,017·16. In addition to the expenditures which I have mentioned and which are called consolidated fund expenditures, that is the ordinary running expenditures of the country, there were very large and substantial outlays charged to capital and special accounts. In detail these were as follows:

National Transcontinental Ry.	\$23,487,986 19
Other railways, canals and public works	7,364,977 19
Railway subsidies	1,284,892 04
Bounties	1,597,663 48
Various miscellaneous items, including cost of loans	1,286,911 39
Total	\$35,022,430 29

Mr. WHITE (Leeds)

I do not propose to criticise any of these amounts that have been charged to special account, but I wish to make the observation—and I am glad to learn that my predecessor was finally led to come to the same conclusion—that bounties in my judgment should have been charged to consolidated fund expenditure.

There is another item to which exception might be taken, but I do not take exception to it now because, to be frank, I am not quite clear in my own mind with regard to it, that is the item of railway subsidies. I am aware that not only with the late government, but with preceding governments, there has been a practice of charging to special accounts, in the nature of capital accounts, railway subsidies, I suppose upon the theory that these subsidies are a benefit to railways and railways benefit the country for years to come, and that consequently railway subsidies might be looked upon as, in a sense, a contribution to what might be deemed national assets. There is very much to be said for that view and there is a clear distinction not only in private but in company and, I believe, in national finance between capital expenditure and ordinary expenditure. I believe that sometimes that has been disputed, but I think it can hardly be seriously disputed. In national finance we have to expend very large sums of money upon great undertakings, such as government railways, canals and terminals, public buildings of a costly character for national use which may be truly designated and described as permanent assets, and which will remain for the benefit of the nation practically for all time, or at all events for a great number of years. Now it would seem to me very unreasonable that out of the revenues for the year we should expect to meet the expenditures upon national undertakings such as I have described, and, therefore, so far as my judgment goes it is proper that there should be a distinction observed between capital expenditure and consolidated fund expenditure. That distinction has been observed, I think, not only by the late government, but by practically every government since confederation. Coming back to the fiscal year under consideration it will be necessary in order to arrive at the net result of its operations to set off against the capital and special expenditures which I have mentioned amounting to \$35,022,430·29, the excess of revenue over running expenses, commonly called surplus, amounting as above stated to \$30,006,211·46, also the expenditure on account of the investments for sinking funds which represents an outlay for the purchase of securities

to be retained practically in our own hands. The expenditures for sinking fund are made from the consolidated fund account, and amount to the sum of \$1,203,416.40. Then there were sundry refunds to the amount of \$39,296.73, making a total of \$31,248,924.59. Now deducting this amount from the total capital and special expenditures, which I have given of \$35,022,430.29, it will be found that the net debt of the Dominion was increased as the result of the year's operations, that is to say the operations of the year 1910-11, by the sum of \$3,773,505.70. I must say that I regard that from the financial standpoint as a satisfactory condition: it shows how the very large capital and special expenditures were substantially met by the revenues of the year. The increase of debt, namely, \$3,773,505.70 is certainly not large. It may be properly described, I think, as comparatively small. I come now to the revenues for the year 1911-12. Nominally the year will end on the 31st March current, but under the provisions of the law a period of three months is allowed for finally closing up the year's business, which period, I understand, has been gradually cut down in practice to about a month, so that it will be over two months before the books are finally closed. I will, however, endeavour to give an estimate, or to indicate my anticipations, with regard to the outcome of the year. Up to the end of February we received by way of revenue the sum of \$120,645,616.85. To this must be added the revenues of the current month, and also the revenues attributable to the current year, which will be received after the 31st March and during the period which I have mentioned, because it takes some time to finally close the accounts in a country of such large distances as we have. Now basing my estimate upon what was received for the corresponding period of last year, with a proportionate increase in keeping with the increases of the past few months, I anticipate that for the current fiscal year, when the books are finally closed, the revenue will reach a total of \$136,000,000.

Some hon. MEMBERS. Hear, hear.

Mr. WHITE (Leeds). I am very glad indeed to hear hon. gentlemen on both sides express their appreciation of this estimate of \$136,000,000. If the estimate is correct, and I believe it will be found to be substantially so, it is a matter of congratulation to both sides of this House and to the public, that the abounding revenues of this country have kept up as they have. As I say, we must drop party affiliations in connection with the budget and rejoice in the welfare of our common country. Up to the end of February 1912, there has been

an expenditure of \$77,145,824.97, an increase of \$6,557,953.20 over the corresponding expenditure at the end of February of last year. The supplementary estimates have been laid to-day on the table of the House, and taking them into account, and the requirements for the balance of the fiscal year, I think it will be found when the books are closed that the payments on account of the consolidated fund will approximate the sum of \$97,000,000. The estimated revenue for the current year, with which I am now dealing, being \$136,000,000, there will therefore be a surplus of consolidated fund revenue over consolidated fund expenditure of \$39,000,000 available for capital and special outlays; I am sure I can congratulate both the House and the country upon what is undoubtedly a record year for the Dominion. I do not know how to quite share that congratulation up, but as my right hon. friend (Mr. Borden) came into power on the 6th of October, and my right hon. friend the leader of the opposition was in power prior to that date, there is probably glory enough to go round, and it would be the judgment of Solomon that each be entitled to one-half, at all events to a part of the credit for the return which I am now presenting to the House.

Mr. BELAND. Let us say one-tenth.

Mr. WHITE (Leeds). Of course we must not forget that we must give due credit to Providence, to our great natural resources, to the rich fertility of this wonderful country, to our vast stretches of agricultural land, to our mines, our forests and our fisheries, and we must not overlook the people of this country and their character and energy, and enterprise and ability. Having done that, whatever glory may be left, whatever credit may be attributable in any measure to legislative agency, let us apportion, as I have suggested, let us divide it up half and half. The capital outlay for 1911-12 have been extensive on account of the large undertakings now being carried on. It is estimated that the capital and special outlays for the Transcontinental railway for the different railways, canals, and public works, for railway subsidies and for the various other items in this category will total \$34,000,000.

To this must be added whatever is paid to the credit of the Receiver General on trust account by way of implementing in cash the guarantees under the terms of the National Transcontinental Railway Act and the Act of this session in this regard. Assuming that amount to be in round figures \$5,000,000, the total will be increased to \$39,000,000.

Now let me say with regard to this large amount of \$5,000,000 which, as I say, will be paid into the credit of the Receiver

General in trust, that I considered very carefully whether we would be justified in deducting that from the consolidated revenue fund, that is to say, in paying it out from the running expenses of the year as distinguished from capital and special charges, and I came to the conclusion that it would not be quite fair to do so. True, it is in the nature of a loss, a loss that the country must pay; on the other hand, it may be regarded as analogous in some measure to a railway subsidy; and as I desire to be absolutely fair in the presentation of the budget, I came to the conclusion that it would be better to treat the \$5,000,000 as a special account, as if it were analogous, so to speak, to a railway subsidy. Therefore, I add the \$5,000,000 which will be paid to the credit of the Receiver General in trust, to the \$34,000,000 of capital and special expenditure which I have mentioned, and I reach a total of \$39,000,000. Now, taking the revenue of the year, which I have mentioned, and taking this capital and special expenditure of \$39,000,000 into consideration, on this basis the net outcome of the year would be a reduction of the debt by \$1,150,000, on the following computation:

Revenue..	\$136,000,000
Add sinking fund..	1,150,000
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	\$137,150,000
Consolidated Fund expenditure..	\$97,000,000
Capital and special expenditure..	39,000,000
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	136,000,000
Reduction of debt..	\$ 1,150,000

Now, Mr. Speaker, what does this mean? It means that out of the abounding revenues of this country, we shall provide for the ordinary current expenditures of the Dominion, for all those large capital outlays which I have mentioned, and which this growing country has required during the year for services of every kind, and at the same time that we shall be able to make a reduction of the public debt to the extent of \$1,150,000. That means, we have more than paid our way, and our surplus has been such that all capital and special charges have been extinguished. Now I am aware that exception may be taken to a statement of that kind. It may be said that the surplus is too large, that it is not proper that we should be able to pay off all the current expenses of the year, and at the same time take care of such a large capital expenditure as has been made during the past year. Personally I am in favour of a substantial surplus, and I give the House my reasons.

In the first place, we are not certain that we shall always have the present prosperity. I trust we shall, and every hon.

gentleman in the House trusts we shall; and I see no reason whatever to suppose that there will be any change in the immediate future, or even for some years ahead, so far as I can foresee. I see no reason for believing that the present prosperity will not continue. But at the same time there is always the possibility, and, therefore, I think it well that the country should have such a revenue in excess of the current expenditure that we may take care to some extent, and even in large measure, of the capital expenditures which are necessary in the constructive period of a country such as this. Now if we had to borrow for all such capital expenditures the national debt of this country would be greatly increased, and if the national debt were greatly increased it would follow, it seems to me, that our national credit might be to some extent impaired. None of us, I am sure, would like to see that. Not only so, but if there should come, by any chance, in the distant future an adverse period, when times are not as prosperous as they are at present, it would be well indeed if we should have the credit of the country at the highest possible standard in order that we then might be able to borrow. Because I believe in national finance, that we should provide for capital expenditures in times not only of prosperity, but in times that are not prosperous, when money is cheap, when great national undertakings may be carried on by the use of the credit of the country, because that helps us to tide over a period of depression; and if the money is widely expended you have national assets, you have the national undertakings from the money obtained upon the strength of the credit.

Now coming to the fiscal year 1912-13, which begins on the 1st day of April next, at this date, of course, it is impossible to do more than state in general terms the prospects as to the revenues on the one hand and the expenditures on the other. With regard to the former, there appears to be every hope that during the fiscal year 1912-13 they will show an appreciable advance over the estimated amount of \$136,000,000, for the current fiscal year. As to the expenditures, the main estimates for 1912-13 have been before the House for some time. They amount to \$149,789,677.68, composed of \$104,119,304.86 for consolidated fund service and \$44,870,372.82 for capital outlay.

These expenditures will be increased, of course, by the supplementary estimates to be brought down. I expect to bring these down probably in the course of a couple of weeks. It is possible also, on the experience of the past, that further supplementary estimates may be brought down later in the year when parliament again meets,

but, of course, I have no certainty as to that. Between the total estimates for all services for 1912-13, therefore, and the anticipated revenue of the same year, there would be an appreciable, even a large, deficiency to be provided for. But it must be borne in mind there is a difference between estimated and actual expenditure. That is well illustrated in the case of the last fiscal year. Experience shows that of the total amount estimated, very considerable sums lapse. That is the experience of every year. In some years, of course there are more lapses than in others; variation takes place according to the closeness of the estimates and the ability to expend in the respective cases. For example, take the year 1911-12. The estimates already voted amount to \$156,079,538.73. These were the estimates of the late government partially adopted by this government last fall. If we add the supplementary estimates which I have to-day laid on the table amounting to \$2,600,000, we find the total—the appropriations for 1911-12—to amount to \$158,679,538.73. The anticipated expenditure for consolidated fund services and all capital and special outlays, is as I estimated, \$131,000,000, showing the very large amount of upwards of \$27,000,000 which will remain unexpended, and will lapse. Therefore, notwithstanding that the total amount of the main estimates for 1912-13 is \$149,789,688.68—which, I may say, is less by \$8,000,000 than the total appropriation for the present fiscal year and which we shall have to supplement by estimates this session and by further estimates, as I have said, in the coming fall—I feel confident that at the end of the present fiscal year the revenues of the country will have proven sufficient to meet not only the current expenditures, but to provide at least a part, and, I believe, a substantial part of that class of expenditures which have been known as capital or special expenditures and for which, so far as the capital expenditures at least are concerned, the government would be justified in borrowing.

It will be observed in connection with the estimates for the coming fiscal year that very liberal expenditures have been provided for. We are in the growing period of the nation and the government must do its part. The increase of our transportation facilities, improvements of and extensions to our canal and railway systems, the deepening of our harbours and waterways, the continuation of adequate terminals at our great ports—all these with other necessary minor public works are the proper subject of public expenditure; and I believe that for these purposes generous appropriations will be approved by the people of Canada. The greatest

problem we have to-day, in my judgment, is the problem of transportation—to give our people access to the markets of the world. We have to-day a congested situation in the west. There was a late harvest. The railways have been overtaxed. Hon. gentlemen representing the west and indeed hon. gentlemen on both sides of the House are anxious that we should provide more railway accommodation for the west, more spouts—to use a common expression—for the western traffic. The government is committed to the project of building the Hudson Bay railway. The Canadian Northern Railway Company is extending its transcontinental line to Vancouver. The Grand Trunk Pacific Railway Company, part of the National Transcontinental system, is pushing on to Prince Rupert. In time, we shall have the opening of the Panama canal. Questions will arise as to moving the wheat to the west and providing terminal facilities for that traffic. Great capital expenditures will be required to provide facilities both on the Atlantic and on the Pacific. We must provide adequate expenditures for all these purposes. And if, as I have said, the money is expended wisely and economically, I believe that any government of Canada at this stage of the country's development will have the hearty support of the people in making those expenditures.

Now, I have dealt with the three fiscal years with which it was necessary I should deal in presenting to the House the financial affairs of the Dominion. I come now to the question of the Dominion debt. The net debt of Canada, as at 31st of March, 1911, was \$340,042,052.03. This figure is arrived at by taking the gross debt which amounts to \$474,941,487.42 and deducting therefrom the assets amounting to \$134,899,435.39. These assets are as follows:

Sinking funds.....	\$ 11,196,825 90
Sundry investments.....	27,501,851 20
Province accounts.....	2,296,429 12
Miscellaneous and banking accounts.....	16,940,258 65
Specie reserve.....	74,472,977 17
Cash.....	2,491,073 35
Total.....	\$134,829,435 39

The estimated population of Canada on the 31st March, 1911, as revised by the census office was 7,158,000, that the debt per head at that date amounted to \$47.51.

The sinking funds in this list represent, of course, purchases made of our own securities in the market in connection with the sinking fund attached to the several loans. They are held by trustees for the Dominion. Personally, I believe not only in connection with municipal or provincial finance, but also in connection

with national finance, that a sinking fund should be attached to every loan. I know it may be said that the credit of the Dominion is high, the resources of the Dominion are so great, that we do not need a sinking fund. But my judgment, is that it would be an unwise policy not to attach a sinking fund to every loan. I believe my predecessor took the same view—I am not quite certain as to that—but if he did, I am glad to agree with him; for a sinking fund puts in process the liquidation, to a certain extent at all events, of every loan; the financial position is improving continually by reason of the sinking fund.

Just a word as to our specie reserve. The House will observe from this statement that on the 31st March, 1911, we held the large sum of \$74,472,977.17 in gold. That gold is held at the several offices of the Receiver General throughout Canada. In connection with our savings bank and our Post Office savings department, we are obliged by law to keep a reserve of 10 per cent. In connection with the note circulation of the Dominion—that is Dominion ones, twos, fours, and soon to be, five dollar bills and notes of the larger denominations we require by our legislation to keep gold reserves, not to the entire amount, however, outstanding, but for the first thirty million dollars of note circulation we require to keep 25 per cent in gold or in securities of the Dominion guaranteed as to principal and interest by the Imperial government. As a matter of fact that 25 per cent is held in gold. So that, we have \$22,500,000 of free money for which there is as security the credit of the Dominion. But against the \$7,500,000 which is not free money, which forms part of the \$30,000,000 and is all the outstanding circulation in excess of the \$30,000,000, we hold dollar for dollar in gold. The basis, therefore, substantially, of the Dominion note circulation is gold and in so far as the banks of Canada hold Dominion notes as part of their assets, the basis is also gold. It is just as if they had the gold instead of the Dominion notes. Under the Bank Act, we are required to keep at the several offices of the Receiver General notes for gold and gold for notes. The process is continually going on of exchanging gold which we receive from the banks for notes going out into circulation among the public and for what are known as 'legals' as between the banks in making their clearances. That process is going on all the time and the only reason I have adverted to it is not because I am not aware that most of the members of the House are entirely familiar with the facts, but that some may not have turned their minds upon it, may not have obtained the information, and they may be interested

to know that the basis of our calculation, in so far as the Dominion is concerned, is not to its credit, although its credit is high, but substantially gold.

Now, I come to the question of loans. It is probably within the knowledge of most members of the House that for some years past Canada has been passing through a period in which her loans, contracted at earlier dates, have been maturing and provision has had to be made from time to time for their renewal, or to meet the maturities. Under normal conditions this would not be a difficult task for a country with the high standing and credit in the markets of the world of Canada. A loan to which I desire briefly to refer was placed upon the market by my predecessor in November, 1908. The year 1908, succeeding as it did, the very trying year of 1907, was, I understand, a rather difficult year in which to finance, and instead of issuing the standard security of the Dominion, my predecessor, in November 1908, when a loan fell due issued, in order to meet this and some other obligations, a short date loan of £5,000,000. The rate of interest was 3½ per cent. It was effected in June, 1908, and was repayable on the 1st of May, 1912. In connection with that loan, an offer was made to the holders of conversion into 3 per cent inscribed stock due in 1938 and a portion amounting to £120,850 was so converted. A portion held in the sinking fund of another loan was cancelled and there remains a total of £4,681,870 12s. 4d., to be provided for on the 1st of May. For some time past, or ever since last fall, although it is usual to make provision not more than two or three months beforehand, we have been closely watching the London money market, expecting a favourable opportunity of making a flotation. The conditions at the end of 1911 were decidedly adverse. International complications were thought to be threatening last fall, and in consequence, there began a withdrawal of gold. In order to meet the situation, the Bank of England, following the practice adopted in cases of the kind, advanced the bank rate to 4 per cent. At the close of the year we had the Bank of England rate at 4 per cent, while the European situation was anything but reassuring. The market improved somewhat for a portion of the year, but the outlook was still unfavourable. We were in constant touch with our financial agents, the Bank of Montreal, and as soon as the Bank of England rate dropped, as it did recently to 3½ per cent, and especially in view of the fact that labour conditions looked rather threatening, we decided to make an issue for the purpose of refunding and taking up that £5,000,000 short loan, to which I have referred, upon maturity. Accordingly, we issued on the 24th of February

Mr. WHITE (Leeds).

last upon the London market, a prospectus. We had underwritten this loan at 98, that also being the issue price. I cannot help but congratulate the government and the country, especially in view of recent occurrences and their probable effect, at all events, upon the immediate future, that we were able to obtain under such unfavourable conditions such a good price, as 98 for our 3½ per cent standard security. This security, as I have indicated to the House, is what we call the 1930-50 security; that is, it matures in 1950, with the privilege reserved to the government to redeem it at any time after 1930.

Shortly after the loan had been underwritten and offered to the public, the strike of the miners broke out in Great Britain, and that strike, is still hanging gloomily over the entire economic and financial situation. My own opinion is (it is only an opinion) that it must be speedily adjusted, but nevertheless it will be some time before its effects disappear, so far as the financial world is concerned. Therefore, I feel particularly fortunate—although I claim no merit except in acting promptly upon the advice of our fiscal agents—I feel that we are particularly fortunate in having placed our loan at the time we did. So far as the market reception of the loan is concerned, the public took thirty-five per cent, and sixty-five per cent remained in the hands of the underwriters. Now, it is possible to draw an altogether improper conclusion from the amount of securities which are left in the hands of the underwriters. Of late years there has rather grown up a habit in Great Britain on the part of the public, of waiting, in some cases, at all events, until after the public issue, in the hope that a comparatively large amount may be left in the hands of the underwriters and with the expectation in consequence of obtaining the securities offered at a somewhat lower rate. I believe, in connection with the last six million pounds sterling loan of the Dominion (a very large loan issued some two or three years ago) forty-three per cent was taken by the public and the balance left with the underwriters, although shortly afterwards this security went to a premium. In this case, I believe our loan is at a slight discount to-day, which means, of course, that the price, having regard to conditions, was all that we could have hoped to obtain.

Mr. NESBITT. Will the minister state whether that 98 was net or not?

Mr. WHITE (Leeds). 98 was the price at which the securities were underwritten and offered to the public. From that 98 must be deducted, as has been the case in connection with all our loans, the expenses of underwriting and all the other expenses

connected with the issue which will, without doubt, be considerable. The question is often raised as to whether loans should be underwritten at all, and I have heard the query on more than one occasion as to whether undue commissions are not paid in connection with underwriting. Let me say to the House, as most hon. members know, underwriting is simply insurance. It is absolutely necessary that loans should be met when they become due, and as we must have the money for this maturity on May 1st, if we had to rely only on public subscription for this loan we could never be certain that the money would be available at that date. No man, I do not care who he is, can foretell the market. One man's opinion may be a little more valuable than that of another, but nobody can foretell whether the public will or will not take an issue of securities. Not only that, but conditions may intervene which may change the whole financial situation almost over night, and have a profound bearing upon the question of whether or not a loan will be taken by the public.

Mr. NESBITT. I do not at all question the action of the Finance Minister in that respect.

Mr. WHITE (Leeds). I am very glad to have the assurance of my hon. friend on that point. My own view is that underwriting—and I am glad my hon. friend (Mr. Nesbitt), agrees—is absolutely necessary in order that the money will be available at the time it is required. Now, it is no doubt within the knowledge and observation of the House, that high grade, low interest bearing securities are not in the favour they once were. A few years ago only, the standard security of the Dominion was a three per cent security, but now it is a three and a half per cent security. Hon. gentlemen know what a great fall has taken place in the price of English consols, which are certainly among the best, if not the very best, securities in the world. What has been the cause? Is it that the credit of Great Britain is less high than it was; is it that the credit of the Dominion of Canada is less high than it was a few years ago? What is the cause for the increase in interest which nations must now pay in order to obtain the money required by them? My own opinion is that good times have a great deal to do with it.

Mr. MACLEAN (South York). What about bonused stock?

Mr. WHITE (Leeds). We will come to that in a minute. Good times, the demand for money all over the world, the more general investment in industrial enterprises; these are the chief factors, I be-

lieve, in the increase in the rate of interest and in the fall that has taken place in the price of high-grade low interest bearing securities. Then, in addition to that, there is the matter referred to by my hon. friend from South York (Mr. Maclean), there are the opportunities for investment in many other fields, and notably, let us say, tramway companies, railway companies, electrical companies of various kinds, the bonds of which seem to, and as a matter of fact do, give first-class security at a higher rate of interest than can be obtained by investment in municipal, provincial, or government securities, while, at the same time, they afford a greater prospect for appreciation. I think too, that with the increase of wealth, people not only desire to obtain a higher rate of interest, but they are willing to take a little more risk. At all events, many factors enter into the situation; the demand for money, investment in railway and tramway and electrical companies, and other industrial companies; all these various undertakings and enterprises have entered into competition with the high-class securities of the world, and the result is that these high-class securities have fallen to a certain extent in price.

I shall deal now with one other matter, which has been frequently talked about, and which it is in the interest of the Dominion, should be discussed. It has been pointed out that the guaranteed securities; the securities of railway companies guaranteed by the Dominion, do not stand at as high a figure on the London market as they should, having regard to the price at which the Dominion's own securities stand. As I pointed out recently to the House, a guaranteed security never sells at quite as high a rate as a security which is a direct liability of the guarantor, and, notwithstanding that the guarantee of the Dominion in connection with these securities is unconditional and absolute, it cannot be expected that they will sell at as high a price as the securities of the Dominion, which constitute a direct obligation. In addition to that the Dominion securities are trustee investments, and the securities of a railway company guaranteed by the Dominion are not trustee investments. The result is that the securities of the Dominion are in demand by trustees, who control immense sums of money in the old world, whereas the same conditions do not apply with regard to the loans of railway companies guaranteed by the Dominion.

Mr. MACLEAN (South York). What is about the net difference in price?

Mr. WHITE (Leeds). Take, for example, the case of the Grand Trunk Paci-

fic, because it was with special regard to the Grand Trunk Pacific that I brought the matter to the attention of the House. The Grand Trunk Pacific securities are 3 per cents, and they are selling at, I think, from 80 to 82. That of course seems a very large discount from par. Our own securities which we have sold on the market at 98 are 3½ per cents. In order to make the comparison, therefore, we must put the Grand Trunk Pacifics on a 3½ per cent basis. For my own satisfaction, I had this calculation worked out, and I found that a rate of 82 on a 3 per cent security 50 years maturity, is about the equivalent of 94 on a 3½ per cent basis.

Mr. MACLEAN (Halifax). What is the rate of the Canadian Northern Ontario loan?

Mr. WHITE (Leeds). The Canadian Northern Ontario guaranteed by the Dominion, was issued at 93 on the London market, at a time when the Canadian Northern Alberta, which was guaranteed by the Dominion government, was quoted at 93½ to 94½, and there was in that amount, I should think, about one point of accrued interest so that the issue of Canadian Northern Ontario guaranteed by the Dominion was just about on a parity with the Canadian Northern Alberta guaranteed by the Dominion. If you have a quotation on the London market, we will say, of 93 or 94, for a guaranteed security, and if you have a quotation of, we will say, 100 for a Dominion security, if you offer to the public any considerable amount such as £5,000,000 or £7,000,000, you must reduce from the nominal quotation one or two points, that is obvious. With a nominal quotation at par, we will say 100 or 100½ or 101, there is usually a narrow market, but when you come to put on a large amount offered to the public you must reduce that quotation by one or two points. The Canadian Northern Ontario was put on to the public at about 93 and having regard to the quotation of the Canadian Northern Alberta guaranteed by the Dominion at the time, it seems to me that the figure, so far as the offer was concerned, was fair and reasonable.

Mr. MACLEAN (Halifax). Was the government guarantee of the Canadian Northern Ontario railway issue all made at one and the same time, that is the whole \$35,000,000?

Mr. WHITE (Leeds). Under the legislation of last year, the securities of the Canadian Northern Ontario Railway Company for the line of railway between Port Arthur and Montreal a total of 1,016 miles, securities to the amount of £7,000,000 were authorized to be issued by the railway.

Mr. WHITE (Leeds).

company bearing the guarantee of the Dominion government. The legislation provided for the execution of a trust mortgage in the usual form providing for the issue of the securities. It is usual in connection with a trust mortgage such as that to provide that the securities may be sold and the money paid in to the credit of the Receiver General of Canada to be paid out from time to time as progress certificates are presented, approved of the Railway Department for the purpose of meeting the expenditures on the line. Therefore, so far as the legislation is concerned, the Dominion's guarantee attached to the entire issue of £7,000,000.

Mr. MACLEAN (Halifax). My question was whether the government were justified in attaching their guarantee to the whole issue at one time and giving that large amount to the public. There was possibly a danger that that \$35,000,000 issue of bonds of one railway company guaranteed by Canada might hurt the general credit of the country for general purposes. I want to know if the minister does not think this should be done at different times?

Mr. WHITE (Leeds). My hon. friend does not quite understand the situation. The £7,000,000 bonds guaranteed loan of the Canadian Northern Ontario Railway Company was not placed upon the market by the Canadian Northern Railway Company. It was sold to a London house for a net figure of 90½. I need not now delay to show that if the amount of commission which usually runs from 2 per cent to 2½ per cent is added to the 90½ an issue price of 93 is reached.

Mr. MACLEAN (Halifax). I am not objecting to the amount realized. I think I am correct in stating that under the statute authorizing this guarantee, authority was given to the Minister of Finance to use his discretion as to whether or not he should attach the guarantee for the whole amount at one time or to different amounts at different times. There was, of course, a possibility of danger to other Canadian borrowers, in placing the whole amount on the market at one time.

Mr. WHITE (Leeds). My hon. friend, I think, has not read the trust mortgage as carefully as he should have done. If he will read the trust mortgage he will find that the securities belong to the railway company, and are to be sold in such amounts at such a premium or at such a discount and to such persons as the railway company may determine, subject only to the approval of the minister or the government. Bear in mind that these are the securities of the Canadian Northern Ontario Railway Company and that the Dom-

inion is guaranteed as against its guarantee also of the Canadian Northern Railway Company which is a different corporation. Now what is the position? Is it in the interest of the Canadian Northern Ontario Railway Company, to get the highest possible figure for their securities; the direct liability of the Canadian Northern Railway Company and the contingent liability is the liability of the Dominion.

Now, the negotiation for the sale of the securities is not with the Finance Minister but with the railway company, and without going into all the papers which have been asked for by my hon friend, and which will be brought down, let me say that the Canadian Northern Ontario Railway Company, desirous of having funds in hand to carry out without delay this great enterprise so much needed, especially by the west, of constructing a through line of 1,016 miles from Point Arthur to Montreal, in view of the international situation existing last fall which I have mentioned, and in view of the fact that they have borrowed large sums for construction already entered upon and other expenditures to a large amount in connection therewith, came to the conclusion that it was in their interest, in order to ensure that the money would be available for the construction of the line, to accept the offer which was made to them by a prominent and strong house in Great Britain to purchase the entire £7,000,000 of their securities guaranteed by the government, with payments to come in over a period of two years as they might be required for the construction of the line. Now, my hon. friend (Mr. Maclean) has called attention to the large amounts; let me point this out to him: If he had looked at the legislation under which this trust mortgage was executed he would have ascertained that the rate of issue is about \$35,000 per mile. Now, what does that mean? It means a very expensive, a very costly, construction. It means an expensive right of way, and expensive construction along the north shore. The Dominion guarantee on the prairie section of the Grand Trunk Pacific is \$13,000 per mile.

Mr. NESBITT. I am not objecting to that.

Mr. WHITE (Leeds). What I want to point out to my hon. friend is this: That for every mile of Canadian Northern Ontario railway line of construction, almost three times the amount would be required, as far as the government's guarantee securities are secured, as for one mile of the prairie section of the Grand Trunk Pacific. Now, the Canadian Northern Ontario Railway Company estimate that this year probably in the next few months, they will spend from \$15,000,000 to \$20,000,000 upon

this line, working at it at various points acquiring their right of way, and constructing their line. Let me ask my hon. friend if the judgment of the president of that company in selling his securities at the time he did has not been abundantly justified in view of the economic and financial situation as we see it in Great Britain to-day? It is of the utmost importance to this country that this line should be built. If that issue had not been made, if these securities had not been sold, the Canadian Northern Ontario Railway Company would have been delayed and hampered in its operations in building its line of 1,016 miles from Port Arthur to Montreal. It is in the interest not only of the province of Ontario, but of the Dominion of Canada as a whole, west and east, that this line should be built without any delay whatsoever. As a result of the sale of the securities by the president of the Canadian Northern Railway Company at the figure mentioned and on the terms which I have indicated, the money for the construction of this line is available from month to month as construction proceeds so that there will be no delay whatsoever; and I am sure from information in my office, which I am sure will satisfy my hon. friend, this line will in all probability be completed some time next year at the latest.

Mr. LALOR. Does the government retain any control in the amount actually expended per mile?

Mr. WHITE (Leeds). Let me explain that to my hon. friend. A contract is entered into for a certain standard of construction in connection with these lines, and when the guaranteed securities are sold, the money is paid into the credit of the Receiver General with certain banks. As construction proceeds, accounts are paid out not exceeding \$35,000 per mile, in this particular case from those proceeds upon certificates of expenditure approved by the Railway Department, through its engineers, so that in that sense the government does retain control. In other words it retains control of the funds until satisfied that the money has been expended for the purposes for which it was authorized.

I have gone quite a distance afield, and I must return to the question of our loans. On 1st October next there falls due a sum of £1,235,000 of the 4 per cent loan issued in December, 1907, for which care will be taken to provide on the date of maturity. It may be of interest to this House to know that only two loans will then remain to be provided for until 1930, or during the next 18 years. Of these two loans, one is a 4 per cent loan of 1878, guaranteed by the imperial government for £1,700,000, and a

3½ per cent loan of 1914-19, so called, of £6,000,000. The former is due on the 1st October, 1913, and the latter between 1914 and 1919, on the government giving three month's notice. I have thus indicated to the House the financial position of the Dominion so far as the maturing of loans is concerned and I must say it appears to me, as I am sure it does to the House, having regard to these maturities, to be satisfactory.

Now I come to another matter in which I bespeak the attention of the House as it deals with the Transcontinental railway, or at least the eastern division of that line, and I have thought it well when dealing with the liabilities of the Dominion and our future maturities, to advert briefly to this portion of the Transcontinental which is our chief national undertaking at the present time. The heavy cost of the eastern section of that railway, so greatly in excess of the estimate of the late government might prove, and I know it has proved to a certain extent, somewhat disturbing to the House and to the public. Up to the 31st March, 1911, there had been expended in cash upon this undertaking the sum of \$95,422,533.44. For the current year it is estimated that the outlay will amount to about \$22,500,000, so that at the end of the present fiscal year the Dominion will have expended nearly \$118,000,000. Now, in view of this large outlay, and I think probably that at least \$100,000,000 additional will be expended before completion, I have thought it advisable in the financial interest of the Dominion to present a statement of capital and special expenditures from 1904 onward, that being the first year of the expenditure on Transcontinental railway account, dividing them into outlays on the railway on the one hand and on the other the capital and special outlays for other purposes. Against these I have set the increase and decrease of debt for the respective years, and from the statement it will be found that from the year 1904 to the 31st March, 1911, Canada expended \$95,422,533.44 on National Transcontinental railway account. On other capital and special expenditures the outlay amounted to \$123,362,714.56, or a total capital and special expenditure of \$218,785,248. I am giving this statement not from any partisan standpoint, but in the interest of the Dominion, because I do not desire that there should be any disturbance or misgiving with regard to the very large amount of capital expended upon this road.

I have said that during these years, the total capital and special expenditure was \$218,785,248. During that period the increase of debt was \$78,435,063.16. If to these figures we add the estimated results of the operations of the year 1911-12, we have the following:

Mr. WHITE (Leeds).

Estimated outlay for Transcontinental Railway to 31st March, 1912.....	\$117,922,533 44
Other capital and special expenditures.....	134,862,714 56
Total estimated expenditure.....	\$252,785,248 00
Total estimated increased debt during the period from 1904 to 31st March, 1912.....	\$ 77,285,063 16

I desire to say, both to those of our own Dominion, and to those in Great Britain, if there be any, who have felt misgivings as to the very large amount of estimated expenditure upon the eastern section of the

National Transcontinental and the burden entailed upon the country in consequence, that I think it will be reassuring, completely reassuring, to know that, great as the cost has been, and will be, a large proportion of that cost for the past, has been and for the future, (if conditions continue as I believe may very well be expected), will be liquidated from the surpluses of consolidated revenue account and will not become a charge upon the future. I think we are all glad that we are able to make that statement. The following is the summary of the capital and special expenditure, to which I have referred:

CAPITAL AND SPECIAL EXPENDITURES.

Year.	National Transcontinental Railway.	Other than N.T.C. Railway.	Total.	Increase or Decrease of Debt.
	\$	\$	\$	\$
1904.....	6,249 40	16,635,965 53	16,642,214 93	— 739,270 27
1905.....	778,491 28	14,705,964 63	15,484,455 91	5,356,448 00
1906.....	1,841,269 95	14,195,730 82	16,037,000 77	818,811 15
1907.....	5,537,867 50	8,698,109 98	14,235,977 48	— 3,371,117 79
1908.....	18,910,253 58	17,026,974 70	35,937,228 28	14,288,999 88
1909.....	24,892,351 23	24,484,940 68	49,377,291 91	45,969,419 33
1910.....	19,968,064 31	16,015,962 27	35,984,026 58	12,338,267 16
1911.....	23,487,986 19	11,599,065 95	35,087,052 14	3,773,505 70
	95,422,533 44	123,362,714 56	218,785,248 00	82,545,451 22
				— 4,110,388 06
				78,435,063 16
1911-12 (Estimated).....	22,500,000 00	11,500,000 00	34,000,000 00	— 1,150,000 00
	117,922,533 44	134,862,714 56	252,785,248 00	77,285,063 16

I come now to the consideration of the trade of the Dominion. And I am sorry that I have occupied so long a time in this speech. But I must leave a part of the blame at least, with my hon. friend, the junior member for Halifax (Mr. Maclean) for introducing matters which, if not irrelevant, at least are of a kind that I would rather have dealt with some other day.

Mr. MACLEAN (Halifax). The hon. member for South York (Mr. Maclean) is the man to blame for that.

Mr. WHITE (Leeds). But the hon. gentleman (Mr. Maclean, Halifax), is such a genial member that I bear him no illwill, by reason of the interruption, especially as it is possible that the information I gave, may have been of service and of interest to the House. Now, as to the trade of the Dominion: According to the statistics our trade continues to show substantial increase. For the first ten months of the present fiscal year, our total trade was

\$711,199,802 as against \$634,431,075 for the corresponding period of the last fiscal year. The comparative figures for the past three years are as follows:

Year.	Total Imports into Canada.	Total Exports from Canada	Total Trade.
	\$	\$	\$
1909.....	309,756,608	261,512,159	571,268,767
1910.....	391,852,692	301,358,529	693,211,221
1911.....	472,247,540	297,196,365	769,443,905

It is interesting to note that the volume of our trade has just about doubled since 1900. A noticeable feature in connection with this expansion is that, while the imports have increased in that time by almost 150 per cent. the exports have increased by only about 55 per cent. In all the main lines of produce the exports

have increased except in the one principal item, 'animals and their products' which shows a decline, due, I have no doubt in large measure to the greatly increased demand of the home market. The following comparative figures will be of interest as showing the increase of our trade with the mother country in the last five years:

**TRADE WITH GREAT BRITAIN—
MERCHANDISE ONLY.**

Fiscal Year.	Imports for consumption from Great Britain.	Exports to Great Britain.	Aggregate Trade.
	\$	\$	
1908	94,417,314	134,477,124	228,894,438
1909.....	70,682,101	133,745,123	204,427,224
1910.....	95,336,427	149,630,488	244,966,915
1911.....	109,934,665	136,962,971	246,897,636
9 mos. ending Dec. 31, 1911.	85,046,132	126,733,235	211,779,367

Now, I wish to touch very briefly on the question of immigration.

Mr. LEMIEUX. May I ask if the hon. gentleman has the figures of trade with the United States. I do not wish to interrupt the hon. minister. If he will merely place the figures on 'Hansard,' that will be all I desire.

Mr. WHITE (Leeds). I have the figures here. They are as follows:

**TRADE WITH THE UNITED STATES—
MERCHANDISE ONLY.**

Fiscal Year.	Imports for consumption from United States.	Exports to United States.	Aggregate Trade.
	\$	\$	
1908.....	204,648,885	96,920,138	301,569,023
1909.....	170,056,178	91,022,387	261,078,565
1910.....	217,502,415	110,614,327	328,116,742
1911.....	274,844,858	112,208,676	387,053,534
9 mos. ending Dec. 31, 1911.	244,190,508	83,495,234	327,685,742

I was about to deal with immigration. The figures of immigration for the past three years are as follows:

Mr. WHITE (Leeds).

Year.	Great Britain and Ireland.	Other countries except United States.	United States.	Total.
	\$	\$	\$	\$
1908-09.	52,901	34,175	59,832	146,908
1909-10.	59,790	45,206	103,798	208,794
1910-11.	123,013	66,620	121,451	311,084
Total ..	235,704	146,001	285,081	666,786

I am sure it will be gratifying to us all to have this stream of immigration flowing into this country. I think we depend for our continued prosperity in this country upon continuous immigration of the right sort and upon a continuous flow of British money. Therefore, we should use every effort, as we do now, to promote the flow of immigration into Canada, and also to enhance the credit of this country in the money markets of the world, that these two great forces, joined with the enterprise, energy and character of the Canadian people, may develop the great natural resources of this country.

Now, it will also be gratifying to observe that of this immigration 235,000 are of our own kinsmen from Great Britain and Ireland. I have no doubt that the immigration from other countries is, much of it, desirable; it comes of the hardy races, they are men who will take hold here and become part of our Canadian citizenship, and assist in our development. I believe myself in the absorptive and assimilating power of a country such as Canada, and I have no fear that these men, coming as they do from hardy races—though I believe in a selected immigration—will make good citizens and good Canadians. In regard to the United States, 235,081 immigrants came in during the last three years from the republic to the south, and 111,706 came in during the ten months of the present fiscal year. In my belief these are most excellent settlers. They are intelligent men, they are experienced farmers, they have capital, they have enterprise, they have character. They know what to do, they go at once to work, and they are good farmers, and add greatly to the productivity of our country. It is gratifying to me that we have such a stream of these settlers coming from the great republic to the south. They are men who have sold their higher priced farms in that country, and have come here to acquire lower priced lands, though equally good, if not better, and who will do their part in the development of our great west.

Now in connection with immigration, let me say that while in the west the land has

been the lure, and of course is the great attraction to the home seeker, at the same time I am glad to say that it is the policy of this government to encourage immigration to the other provinces of Canada. My hon. friend the Minister of the Interior (Mr. Rogers), has been taking the matter up with the several provincial governments with a view of bringing in desirable immigrants suited to the purposes of each province. There is much to be done in the way of intensive farming in the eastern provinces, much to be done in the way of dairy farming, much to be done in the way of fruit farming. In addition to all that, one of the great needs of the farmers of this country is intelligent help on the farms of the east, because we know that the east has been drained to a large extent to build up the west. An intelligent immigration policy directed to supplying as far as possible the great needs of eastern farmers, to procure for them the help which they require on their farms, will be a great boon to them, and I think will be much appreciated.

Now, I have some statistics here as to railway mileage, as to our chartered banks, their deposits and discounts, as indicating the prosperity and advance of the country during the past two years:

RAILWAY MILEAGE.

The railway mileage reported in operation on the 30th June, 1911, was 25,400, or about double what it was in 1889, and an increase of 669 miles over the previous year. The statistics of the Railway Department indicate further nearly 1,600 miles of railway in actual operation on the 30th June, but officially regarded as still under construction. In addition, the department says it may be fairly assumed that 2,500 miles were surveyed and located, or in process of being surveyed, on the 30th June last.

For the year ended 30th June, 1911, the volume of freight traffic showed an increase of 7.2 per cent over the previous year.

BANK STATISTICS.

As evidencing the remarkable progress of the country over decades the following statistics with regard to chartered banks may be of interest to the House and the country.

Deposits by the Public in Chartered Banks.

On 30th June, 1881..	\$ 83,666,139
“ “ 1891..	142,633,216
“ “ 1901..	315,775,429
“ “ 1911..	874,672,408
On 31st January, 1912..	913,784,136

Discounts of the Chartered Banks of Canada.

On 30th June, 1881..	\$134,113,252
“ “ 1891..	202,692,481
“ “ 1901..	318,240,549
“ “ 1911..	786,743,770
On 31st January, 1912..	851,027,845

Paid-up Capital Chartered Banks.

June 30, 1881..	\$ 59,384,987
“ “ 1891..	60,742,365
“ “ 1901..	67,095,718
“ “ 1911..	101,065,306

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 question of customs duties 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 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.

Mr. MACDONALD. Do I understand that my hon. friend does not mean to propose any resolutions in regard to the tariff bounties on iron and steel?

Mr. WHITE (Leeds). My hon. friend understands correctly that it is not my intention to propose any resolutions in regard to the tariff or bounties. Now I shall advert briefly to the matter of the reciprocity proposals. The economic and political feature of the past year was the rejection by the Canadian people of the reciprocity agreement negotiated with the United States by the late government. This subject has been so fully discussed, not only in Canada, but in Great Britain, and the United States, that I shall content myself by saying that the causes for rejection were both economic and national. In a period of the greatest prosperity our people were naturally loth to enter upon an experiment the alleged advantages of which appeared to them to say the least dubious. With the great growth and development of Canada under the policy of protection to the farmer as well as the manufacturer, the people came to fully realize the advantages of their home market and of our interprovincial trade built up at enormous cost of energy and capital on lines rendered necessary by the economic conditions under which the country has developed during so many years of growth and progress. That they also feared the loss of their fiscal independence was clearly apparent. The rejection implied no hostility on their part to the great republic to the south. On the contrary I believe the re-

lations between the two countries will continue in the future as in the past to be of the most friendly and neighbourly character.

It will, as I have said before, be gratifying to all that the material prosperity with which we have been so highly favoured still continues to be our portion. Despite the serious vicissitudes through which the western wheat crop has passed and the unusual heat experienced in the province of Ontario during the past summer, the field crops of Canada show a bountiful yield and with the high prices prevailing for practically all its products the great basic industry of agriculture continues in a flourishing condition. Almost every department of trade and commerce shows expansion. Our mines are wonderfully productive. Our coast fisheries, notably the Atlantic, have enjoyed a good catch and high prices. Our manufacturers are thriving and new industries are springing up throughout the whole Dominion. Railway construction, especially in the west, proceeds apace, preparing a way for settlement in districts not yet opened up and for trade with other markets than we now enjoy. Our increased bank deposits, clearings and circulation, the amount of public and private building evidenced in municipal and business structures, extensions to manufacturing plants and residences in almost every part of the country, all attest that the general prosperity of Canada at the present time is very great.

Our Dominion continues to be the land of hope and promise to the home seeker. During the last year, as before shown, our immigration from Europe and the United States reached an average of nearly a thousand a day, bringing their capital, their intelligence and their energy to assist in the great task of developing the resources of Canada and building up her nationality. Much has been said in the past with which I am in accord as to the selection of immigration as far as possible with an eye to the quality and character of our future citizenship. Notwithstanding the large stream of immigration, labour conditions are good and extreme poverty, from any reason other than incapacity or direct misfortune, is hardly known.

Under the favourable conditions which I have described, and with every prospect for their continuance, the future of Canada looks bright indeed. In the enjoyment of peace, plenty and prosperity her energetic, loyal and patriotic people look forward with hope and expectation to an ever great and greater future.

Mr. A. K. MACLEAN (Halifax). Mr. Speaker, it was but natural of course,

Mr. WHITE (Leeds).

though perhaps unnecessary, that my hon. friend the Minister of Finance (Mr. White), should beg the indulgence of the House and of his fellow members in submitting for the first time his budget to parliament, a task performed for years by a long line of eminent predecessors. Notwithstanding the many hurricanes which the heat of political discussion sometimes generates, there is always an agreeable measure of political comradeship in this House which generously recognizes an honest effort on the part of a public man to perform a public duty devolving upon him. I am sure, therefore, that hon. gentlemen on this side of the House, as well as hon. gentlemen opposite, will join with me in congratulating the Minister of Finance upon the lucidity, moderation and fairness with which he has presented the budget this afternoon. We, on this side of the House, proffer these congratulations most sincerely and cordially, although it has happened, and will happen in the future, that upon many subjects which come before this House for consideration we cannot see eye to eye with the Minister of Finance.

The remarks delivered this afternoon by the hon. gentleman did not contain very much of a controversial nature, relating largely, as they did, to a presentment of financial and fiscal data for which, to a large degree if not wholly the hon. Minister is not responsible. It was only natural that we, on this side of the House, should heartily join with the Minister of Finance in congratulating ourselves and Canada upon the prosperous condition of the country and its finances. The delivery of the budget this afternoon was rendered comparatively easy. I venture to say, by reason of the splendid financial statement that the Minister was able to present to the House. He was but, after all, describing the harvest planted by others. The statistics furnished this afternoon regarding our revenue particularly are most satisfactory. One of the primary functions of a government is to find ways and means whereby to procure revenue to carry on the many public services of the state in the least burdensome manner possible. In this country since confederation we have obtained our revenue by excise taxation and by import duty exactions, and, judging from the results during the past fifteen years at least, it has been entirely successful. The fiscal policy of the late government has been very severely criticised in the past by hon. gentlemen opposite, but I submit to them, that, judging from the results from the standpoint of revenue, its value is indisputable and perhaps indicates that we have reached a point when

with profit to the country and its people there might come a diminution in taxation.

It is hardly necessary, Sir, that I should devote any considerable time to the financial statements of the three fiscal periods referred to by the hon. gentleman this afternoon; at least it is hardly necessary that I should devote much time to the financial statement of the year ending March 31, 1911. When Mr. Fielding presented his budget for that fiscal year on the 4th April, he was able only to estimate the expenditure and revenue. He did estimate the revenue at \$117,500,000 and the expenditure on consolidated fund account at \$87,000,000, leaving an estimated surplus for the year of \$30,500,000. As the Minister of Finance intimated to us this afternoon, and which knowledge came previously to us from the public accounts, the revenue appears to be \$117,780,000, a slight increase over the estimate of Mr. Fielding, while the expenditure was slightly over the estimate, amounting to \$87,774,198.32 and leaving a surplus for the fiscal year 1910-11, as stated by the Minister of Finance, of \$30,006,211.46. This is gratifying to the country and to those of us at least upon this side of the House. The Minister of Finance also congratulated the country upon the financial statement for the fiscal year ending March 31, 1912. The late Minister of Finance, in his last budget, while not estimating in figures the probable revenue and expenditure, predicted such a substantial revenue as would meet all income and capital expenditures. His estimate for that period has been verified in the statement which has been given us by the Minister of Finance this afternoon, and we find that the revenue has been sufficient for the year 1911-12 to meet all expenditures chargeable to consolidated fund account, to meet every dollar expended on capital account representing over \$25,000,000, I think, and to provide for a reduction of debt to the extent of \$1,150,000.

It was with pleasure that we on this side of the House heard the announcement this afternoon, from the Finance Minister, of a magnificent surplus of thirty-nine million dollars on the financial operations for the year 1912. It is further gratifying to us on this side of the House to know that the last year of the administration of the financial affairs of this country by the Hon. Mr. Fielding, ended with such success as did every other fiscal year while he occupied the office of Finance Minister. I trust I do not offend the susceptibilities of the Minister of Finance when I say that in all fairness the Liberal party may claim credit for the major portion if not the whole of the success of the financial operations for the year ending 31st of March, 1912. There is also this to be observed, that during the fiscal year now about end-

ing, there were unusual expenditures in connection with consolidated fund account. In the first place there was a very considerable expenditure in connection with the decennial census, while other payments were made out of the consolidated fund on account of bounties, Dominion lands, militia and other items, which in years past, were charged to capital account. In order to impress upon the House and the country the splendid record of the late government, so far as surpluses are concerned, I shall give in the following tabulated statement, the surpluses for each financial year since 1897, they are as follows:

ANNUAL SURPLUS UNDER THE LIBERAL GOVERNMENT.

1897-98..	\$ 1,722,712.23
1898-99..	4,837,749.00
1899-00..	8,054,714.51
1900-01..	5,648,333.29
1901-02..	7,291,398.06
1902-03..	14,345,166.17
1903-04..	15,056,984.12
1905-06 (9 months)	12,898,719.12
1906-07..	16,427,167.20
1907-08..	19,413,054.22
1908-09..	1,029,131.81
1909-10..	22,091,963.81
1910-11..	30,006,211.46
1911-12 (Estimated)	39,000,000.00

Altogether, the surpluses from 1897 down to the end of the fiscal year 1911-12 aggregate nearly \$200,000,000. Thus, it will be seen that the Finance Minister of the late government was ever since 1897, able to show a gradually increasing annual surplus, ranging from one and three-quarter millions to thirty-nine million dollars for the present year. This two hundred million dollars of surplus, was available for the reduction of additions to the public debt on capital expenditure. To put it in another way, from 1907 to 1912 capital expenditures were made to the extent of \$250,000,000, while the net debt of Canada increased by seventy-nine million dollars to the end of 1911. Were it not for these successive large surpluses contained in the budgets of Mr. Fielding, together with the surplus for this year, the increase of the public debt would have been about \$270,000,000 instead of seventy-seven millions as it now is. I would also remind the House of the fact that only on six occasions in the financial history of this country, have there been actual reductions of the debt, namely, in 1871 when Sir Francis Hincks was the Minister of Finance, and when the reduction was \$503,000; in 1872, when Sir Leonard Tilley was Minister of Finance, when the reduction was \$1,734,129. These were the two occasions in which there was reduction of debt, under Conservative administration, but in the years 1900, 1903, 1904 and 1907 under a Liberal administration, there were reductions of the debt amounting to \$15,112,128.

If to this the reduction for this year is added, then we find that under the administration of the Minister of Finance in the late government, there was a total debt reduction of approximately sixteen and a half million dollars which is another fact of which hon. gentlemen on this side of the House naturally feel proud. It might possibly be of interest, were I to give some facts in connection with the financial and material development of the country during the time the late government were charged with the responsibility of administering our public affairs, and I may say that I shall quote from the latest available statistics for the year 1911, the statistics for the present financial year not being yet available. The population of Canada has grown from 5,141,508 in 1897, to 7,207,122 in 1911, due largely to the vigorous immigration policy of the Liberal Government which was so severely criticised by the Conservatives when they were in opposition but which was so highly approved by the Minister of Finance this afternoon, and which we were delighted to hear it was the intention of the government to continue in the future. In 1897 our revenue was \$40,555,000 and in 1911 it was \$117,780,000.

This increase of revenue was obtainable without any increase in the rate of taxation, but rather after a slight reduction.

In 1897 our net debt was \$261,538,000. In 1911, it was \$340,143,000. While the debt per capita in 1897 was \$50.87, in 1911 it was only \$47.21, and in the financial year ending March 31, 1912, there will be a further diminution in the net debt per capita of this country.

Our import trade grew from \$137,950,000 in 1897 to \$290,000,000 in 1911, and our total trade expanded from \$257,168,000 in 1897 to \$769,440,000 in 1911. For the year ending November, 1911, it amounted to \$817,000,000. It will be of interest also to notice that our total export trade to the United Kingdom in 1911 was \$136,000,000. In the United Kingdom our products meet with world-wide competition and our export trade to the United Kingdom alone last year was practically equal to our total export trade in 1897, which was, in round figures, \$137,000,000.

Inasmuch as our export trade is an accurate barometer of our real productive and industrial strength, because it is in that trade that we meet the world's competition, it would perhaps be not uninteresting to give to the House a summary of the development of the increase of our chief items of export trade. The comparison is graphically shown in the following table:—

Fiscal Year.	Great Britain.	United States.	Other Countries.	Total.
	\$	\$	\$	\$
Exports of Agricultural Produce—				
1897.....	13,507,342	2,419,814	2,055,490	17,982,646
1911.....	61,393,720	10,385,705	10,821,859	82,601,284
Exports of Manufactures—				
1897.....	3,617,128	3,213,677	2,691,209	9,522,014
1911.....	6,973,820	16,524,005	11,785,293	35,283,118
Exports of Fisheries—				
1897.....	4,366,081	2,998,655	2,949,587	10,314,323
1911.....	4,435,981	4,980,741	6,258,912	15,675,544
The Mines—				
1897.....	354,769	10,533,581	410,565	11,463,256
1911.....	6,726,015	33,129,505	2,932,041	42,787,561
The Forest—				
1897.....	14,059,585	15,435,759	1,643,385	31,258,729
1911.....	11,965,131	28,785,427	4,688,499	45,439,057
Animals and their Produce—				
1897.....	33,600,891	5,081,811	562,550	39,245,252
1911.....	40,636,575	10,063,544	1,544,055	52,244,174

I wish to point out to hon. gentlemen this further fact that of our total export trade of \$290,000,000 in 1911, \$238,000,000 was the products of the farm, the mine, the forest and the sea. It will thus be seen how essential it is to our material development to have a sufficient market for the expanding natural markets of this country.

Mr. MACLEAN (Halifax).

Hon. gentlemen on this side of the House review with gratification these facts which record the development of Canada during that period of time when they were charged with the responsibility of administering the affairs of the country. I submit that it discloses a record which, when viewed dispassionately and without prejudice, is one of which we on this side of

the House may and do feel justly proud, and one which the country, I believe, will also regard as commendable. It may become more impressive when reviewed in the future comparatively with the financial and national development which will take place in this country under the ægis of the present government.

At six o'clock, House took recess.

After Recess

House resumed at eight o'clock.

Mr. MACLEAN (Halifax). At six o'clock I was observing that the record of the late government, during the period of fifteen years in which they were charged with the responsibility of administering the affairs of this country, was one of which Liberals justly and properly felt proud, and one which would be considered by the country generally as commendable. The advent of the Liberal party into power in 1896 was the occasion for dismal, doleful prophecies of chapters of financial and industrial stagnation in this country, and the arrest of the national development. History and experience, I submit, have disproven these prophecies of hon. gentlemen opposite and I would like to remind hon. gentlemen that although the electorate of this country have dismissed the late government and placed upon the treasury benches hon. gentlemen opposite, yet that in an important and critical period of the country's history, the late ministry did much for everything of national interest, and during its régime of power inaugurated and carried out well measured and courageous policies and calculated to accelerate the development of Canada and to help her to achieve that which is her manifest destiny.

I now wish briefly to refer to matters which relate strictly to the fiscal period of 1912-13. In common with other hon. gentlemen, I was pleased to note that the Minister of Finance anticipates being able to announce at the end of that period, or when he delivers his next budget, a very satisfactory year financially, that he expects sufficient revenue to at least meet all charges upon the consolidated fund. I was rather inclined to think that the Minister of Finance did not speak too hopefully of the financial results of 1912-13. However, I trust for the good of the country that the financial results to be announced by him when delivering his next budget, will be such as we can congratulate him and the country upon. The main estimates presented to parliament for the next fiscal year contemplate an expenditure of \$104,919,000 on consolidated fund account, and \$44,789,000 upon capital expenditure, to which there must be added the amount to be contained in the supplementary esti-

mates which have not yet been presented to parliament. I regret very much that the Minister of Finance was unable this afternoon to announce, even approximately, what would be the amount of those estimates for the next fiscal year. I am not in a position, nor do I imagine is any other hon. gentleman, but the Minister of Finance himself and possibly the members of the government, to say what are likely to be the sums contained in the supplementary estimates. I would not be surprised if they total at least \$20,000,000 or \$25,000,000, and if they do, that will bring the total contemplated expenditure for the next fiscal year up to the sum of \$170,000,000 or \$175,000,000, which will be considerably in excess of the approximate expenditures of this year, which in round figures amounted to nearly \$100,000,000. I would submit that for a new and young ministry who a few months ago pretended bewilderment at the late government's expenditures, the proposed expenditures for the coming year invite surprise, if not astonishment. To use words which the Minister of Trade and Commerce frequently used when criticising the predecessor of the present Minister of Finance: 'That is going some.' I must admit that a large proportion of the expenditures contemplated for 1912-13 contain financial commitments of the late government, and accordingly it would be unfair to charge them wholly upon the present government. However, I wish to remind the Minister of Finance of some things, and to warn him of other things in connection with public expenditures. It is true that the public expenditures under the late government increased very considerably, and to such I do not think the country will, or did object. The Liberal party will not object to any liberal expenditure made by the present government, nor in fact to any expenditure, calculated to develop the country and improve the condition of our people. But, the Conservative party when in opposition protested in parliament and out of parliament against the rising expenditure. The Minister of Trade and Commerce, I remember particularly, fulminated against the growing expenditures which were made by the late government, and he often told parliament many dismal stories of what was going to happen in this country by reason of such increased expenditures. I might paraphrase some of the criticisms which he made of our expenditures. He often told the late government that they were marching to financial disaster by reason of their increased expenditure, that he trembled at the thought of the weight and magnitude of our obligations, that we were not making provision for the days when 'men's souls would be tried,' that we were heaping up ordinary and capital

expenditures and making no provision for the days of stress which he always saw falling upon us, and that we ought to set our sails against the breakers which were looming ahead. In all of these criticisms he had the endorsement of his party, and I wonder this evening if the Minister of Trade and Commerce is dreaming such dreams now. Is he seeing such visions at the present time when he contemplates the increased expenditure proposed by the government for the next fiscal year, or does it happen that peace and power give a different colouring to his outlook? I would like to place on record some statements by the Minister of Trade and Commerce condemnatory of our expenditures in the past, and I do submit, that if hon. gentlemen opposite were sincere in their protests against the expenditures made by the late government, surely they should implement the position they then took and make some reduction in those expenditures, or at least give parliament and the country reasons for their not doing it. If the present Minister of Finance wishes to carry out the policy and the promises of his present colleagues in connection with public expenditures, he must pay some heed to the criticisms which were made against the expenditures of the late government in the past. Now will the Minister of Finance kindly listen to this statement by his present colleague the Minister of Trade and Commerce, who was the severest critic of the Minister of Finance in the last parliament? In 1909-10 that hon. gentleman spoke as follows:

The expenditure of this country in 1896 for all purposes was \$41,000,000; in 1897 the expenditure was \$43,000,000, a very slight addition; but in 1909 the expenditure has gone up to the enormous sum of \$133,000,000, a little more than three times the expenditure of 1896. It is altogether easy and just as futile as easy, to say that the expenditure increased because the country has grown. The country is growing and the country's expenditure must grow. But here is a growth in expenditure which exceeds all corresponding growth in population, or in any other way that you may mention. It is an inordinate increase in expenditure.

I wonder what the Minister of Trade and Commerce (Mr. Foster) would say this evening, were he speaking here, when he considers the fact that next year the Minister of Finance (Mr. White) proposes to make expenditures of from \$170,000,000 to \$175,000,000. Again, the Minister of Trade and Commerce said, in speaking of the amount of money expended by the Dominion from confederation up to 1897:

Four and a half million people in twelve and three-quarters years has handed over to this government 828 million dollars, or an average of 65 millions per year. Now, the Minister of Finance may make his divisions and calculations with regard to the net debt,

Mr. MACLEAN (Halifax).

and set forth how much it is per head. That proves nothing. The point is: 'What are you taking out of the taxpayer of the country? What are you taking out to-day?' \$11 to \$12 per head, whereas in 1896 we took out a little less than \$5.50 per head. This money you took out is money that comes from the man's earnings, it is so much abstracted from his capital. There ought to be no reason in the world for taking it, except that it is absolutely necessary that the aggregate of the people of the country should be governed, and that they should pay for it. Yet you have taken this immense amount of money, \$65,000,000 per year during the last twelve and three-quarter years, or a total of \$922,000,000, and in addition to that are the borrowings you have provided for.

I wonder what the Minister of Finance (Mr. White) would say to the Minister of Trade and Commerce if that hon. gentleman were to confront him with the criticism he levelled at the Minister of Finance in 1910. The hon. Minister of Finance (Mr. White) this afternoon takes a contrary position. He asserted that it was proper to take from the people more revenue than was required for consolidated fund expenditure, to take sufficient, not only to meet these expenditures, but also such expenditures as are made on capital account. The Minister of Trade and Commerce (Mr. Foster) persistently and insistently made this criticism of the late government, as did his friends throughout the country, and to some degree, I have no doubt, they made an impression upon the country. And I say that the Minister of Finance, in taking the position he took this afternoon, takes a view which is directly the opposite of that which the party with which he is associated to-day, took when in opposition. Let me quote again from the Minister of Trade and Commerce. In 1906 he spoke as follows:

Do gentlemen opposite ever stop to think of the years into which they are heading; of the tremendous responsibilities which they are soon to take up, and for ten years to continuously carry, whether this country be prosperous financially or whether it be in depression—do they know that they are marching into the teeth of a financial problem which should make every staid and shrewd financier almost tremble at the thought of the weight and magnitude of the obligations? But these gentlemen are perfectly lighthearted. They are making no preparation for the coming day which may try men's souls in the Dominion.

Again the Minister of Trade and Commerce, in 1905, speaking on the subject of taxation, said:

You can go up to a certain point with the taxation of your country, but when you go beyond that, you overburden the country. When you exceed that, you are spending the people's money unprofitably, and you are actually taking from their earnings capital

which, if not taken out, would be liable to produce itself ten, twenty, thirty—a hundred-fold. The axiom is as true as the gospel that every dollar of unnecessary expenditure you take from the people is so much extracted from their remuneration and productive capital, which otherwise they would employ in the constant processes of production and reproduction.

Such were the protests of the Minister of Trade and Commerce against taxation which then probably amounted to \$60,000,000 or \$70,000,000 per annum. What would the hon. gentleman say if he were criticising the present Minister of Finance regarding the taxation this year amounting to practically \$100,000,000? I wonder what he would say of the taxation next year, which I estimate will amount to probably \$120,000,000 from customs and excise.

Now, in order to show that the Conservative party, when in opposition, took a firm and pronounced stand against the increased expenditure of the government of that day and the amount of taxation taken from the people will hon. members opposite, and especially the Minister of Finance, listen to me while I read a portion of a campaign document which was widely circulated in this country in 1908? Possibly the Minister of Finance (Mr. White, Leeds) did not quite see eye to eye with that party in that year, but I am sure he will not object to my giving it to the House, and possibly it may convey to the hon. Minister a lesson respecting expenditure and taxation. This part of the document was headed 'Time for a Change.' A portion of it read as follows:—

TIME FOR A CHANGE.

Liberal-Conservatives do not claim that Canada can be administered without a reasonable increase in expenditures. As this country expands and develops, the demands for works and improvements multiply and must be reasonably met.

But with an increase of some 13 per cent in population, and granting a generous response to the call for improvement, no sane man can justify the headlong reckless rush of the past 12 years.

The immense taxation has been extracted from the earnings and savings of the toilers in such sums as stagger the thoughtful elector—27 millions in 1896 and 73 millions in 1908, and in these eleven years and nine months \$229,000,000 more than would have been taken on the basis of 1896.

And still both taxation and expenditure go up by leaps of millions yearly.

Is it not time to turn over a new leaf? Mr. Borden and the Liberal-Conservative party stand for moderate taxation—reasonable expenditure.

That was the policy of the Conservative party in the campaign of 1908. Year after year until their accession to power they repeated this portion of their political

gospel. I say that the country to-day might reasonably have expected an announcement from the Finance Minister something concerning a reduction in taxation and a reduction, or at least a halt, in expenditure. However, there was no such announcement; on the contrary there is information of increased expenditure if not increased taxation. In 1907, our customs and excise taxation amounted to \$73,000,000; in 1908, it was \$62,000,000; in 1909-10, it grew to \$91,075,000, in 1911 to \$89,000,000, and for 1912, I estimate it at \$100,000,000, and I should not be surprised if it reached the sum of \$120,000,000 next year. And still hon. gentlemen opposite seem to accept the situation quite contentedly, and we shall probably find no opposition on the part of the Minister of Trade and Commerce or any other gentleman opposite.

When I consider the high cost of living in this country, when one considers that it has increased so rapidly during the past few years, increasing even since the beginning of this year, I say we might have expected some intimation from the Minister of Finance that he proposed shortly to do something in the way of a diminution of taxation, in order if possible to bring about a reduction in the cost of living. Now I ask hon. gentlemen, were all their criticisms about expenses but partisan frothings, after all, and are they going to do that which they condemned in opposition? It looks that way. Everything indicates that. A bad start has been made. Let me issue to the Minister of Finance a warning that the party to which he belongs has a marvellous capacity for making large financial requests, that some of his colleagues are very expensive gentlemen indeed. They may have come in by the front door like the Minister of Finance, but while they had favours to seek, they apparently had requests to make. At least it looks that way to me, and I would like to give the minister some of the reasons which appear to me to support my fears.

Now the present government think it their duty to be interested in provincial affairs to an amazing degree, at least in those provinces having Conservative governments. Let us see how this has worked out up to date. It happened late last year that the general elections in the province of Prince Edward Island took place, and the Conservative party there looked to Ottawa for assistance for telegrams, for letters, for expenditures or promises of expenditures. The request was made for the establishment of a car-ferry service across the Northumberland Straits, a request was made that the Prince Edward Island Rail-

'way should be made as wide as the Canadian Pacific railway or other roads, in other words standardized, and the Prime Minister promised the same. I am not protesting against the expenditure, but what amazes me is the shocking wickedness of the Prime Minister of this country in making this promise at a time when the Prince Edward Island provincial elections were about to be held, and what is more shocking still to me, he made this promise, not to the government of Prince Edward Island, not to the Premier of Prince Edward Island, but to a member of this House supporting his government. Now who would have believed this of the Prime Minister of Canada, he who, in the past, was always so correct, so circumspect, and so proper in such things.

But more shocking still, this telegram was made public. I can hardly believe that the Prime Minister intended that this telegram should be kept secret, and its contents locked in the bosom of the recipient. I do really think that the Prime Minister thought that this would be made public, and it was. Now, I submit to the Finance Minister that this will cost the country something. It is not the proposed expenditure that I object to so much, as it is the intent to encourage requests for expenditure. I submit that the Minister of Finance hereafter, will do well to keep watch upon his leader in matters of expenditure.

Then last fall Sir James Whitney thought the time opportune to ask the people of Ontario to renew its confidence in his government. In his manifesto, he told the people of Ontario that, a Conservative party being in power at Ottawa, the provincial government would receive more generous financial aid for the many public services of that province. I think it was said, if not by Sir James Whitney, then by some friend of his government, that the Ontario government contemplated asking the federal government for the ordinary railway subsidy for the Ontario government railway. I dare say this will come. It will cost something to have my hon. friend the Minister of Railway and Canals, the old colleague of Sir James Whitney, in this government. The Minister of Railways will remember his provincial leader. I have no means of computing what it is going to cost this country to have the Minister of Railways here, but I have not the slightest hesitancy in saying that it will cost something at least.

But it is when we come to the province of Manitoba that we find political friendships do cost something. When the Minister of the Interior (Mr. Rogers) forsook his political fireside at Winnipeg, everybody in this country knew that it would cost Canada something. We know it now. We have an idea of what it has cost up to

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date. In round figures it is about \$2,175,000. That is what it has cost Canada to get the Minister of the Interior, and that is what Mr. Roblin gets by losing the Minister of the Interior. A pure gift, a gratuity, with absolutely no consideration whatever, is about to be awarded to the province of Manitoba. And worse still, it does not perturb the Minister of the Interior in the slightest degree. He was as calm, and placid and cool when he was assisting the other day in transferring this \$2,100,000 from Ottawa to Winnipeg, as he is when he places a contribution upon the offering plate in the sanctuary upon the first day of the week. He was so unperturbed, that I fear he is probably meditating another attack upon the treasury. It may be true that the government of Manitoba needed the money, perhaps they need more. But it is the costly colleagues of the Minister of Finance against which I wish to warn him. There is evident everywhere an intent to make financial attacks upon the federal treasury by the provincial governments favourable to the present ministry.

But a still greater danger is looming up before the Minister of Finance of which I wish now to give him warning. When that young, debonair statesman, Mr. McBride, leaves his capital on the Pacific coast, and crosses the mountains and prairies and comes to Ottawa to make his demand upon the Dominion treasury, he will prove a very costly political ally.

He was promised arbitration some years ago. He will insist on a substantial amount. If Manitoba, which elected a few Liberals, cost this country \$2,100,000, what will British Columbia be entitled to which did not elect a single Liberal member? That is a political and mathematical problem. I cannot figure it out. I do not know what the end will be.

Why, Mr. McBride, will say to the Minister of the Interior: My mountains are greater than yours, my coast line is greater than yours and the Minister of the Interior will say: Aye, aye. I say that he will cost the treasury of this country a great deal and if the Minister of Finance had been listening to me very carefully as I pointed out to him the costly colleagues and friends by whom he is surrounded he would have been thinking, when figuring in his own mind the possible cost of the friendship of the British Columbia government, of a few lines of the famous hymn of Cardinal Newman:

I do not wish to see the distant scene,
One step enough for me.

The hon. Minister of Labour (Mr. Crothers) was 'in extremis' during the last election, or at least some of his friends were. In his county or some near-by constituency

some friends of the Conservative party felt that the Dominion government should reimburse to them the losses that they suffered by reason of the failure of the Farmers' Bank. Immediately the Minister of Labour proceeds to make such people feel that they have a legitimate claim upon the treasury of the country for reimbursement of their losses. He promised them a commission of investigation. A commission has been appointed and I am sure that hon. gentlemen on this side of the House, and I think people generally in the country, will agree with me when I say that the appointment of such commission will be both useless, and mischievous and that it is to be regretted that the government ever appointed such a commission for such a purpose. The commission will cost something and, therefore, I say that the Minister of Labour is another expensive colleague. The hon. Minister of Militia and Defence (Mr. Hughes) is engaging in extraordinary expenditures in his department. He is arming the youth of the land. He has recently made the purchase, I believe, of twenty-four automobiles for the general staff and I suppose that next year he will be purchasing automobiles for the boy scouts and air ships for the generals. I warn the Minister of Finance that he must keep an eye on the Minister of Militia as well as his other colleagues.

There are one or two other instances which I might give to the Minister of Finance to indicate the marvellous capacity of his political friends to make requests for expenditures.

His leader, the right hon. Prime Minister (Mr. Borden) during the last election, made it one of the planks of his platform, that the government would liquidate the medical charges and the cost of medicine required by the shore fishermen of this country, and, by the way, that is one of the promises that we have not heard anything about being implemented by the government. The Prime Minister evidently has a capacity to promise, and I warn the Minister of Finance that his capacity of promising will yet prove costly. Again, the governments of Prince Edward Island and New Brunswick sent a delegation here approaching the government with the request to refund to such provinces a portion of the award to the Canadian government under the Washington Treaty amounting I think to about \$5,000,000. I do not know what portion these two provinces claim. I only mention this, as I do these other matters to indicate that the Minister of Finance is in company with political friends who are very free to promise and who will make serious inroads into the revenue of this country if permitted so to do. I do not

wonder that the Minister of Finance this afternoon was unable to speak glowingly in his estimates of revenues and expenditures for the fiscal year 1912-13.

I cannot help but say that I regret the statement made by the Minister of Finance this afternoon respecting the National Transcontinental railway. I do not propose to discuss the cost of this railway. The Minister, however, spoke as if the late government were guilty of expenditures of money in this connection, which were decidedly open to criticism, and he apparently wished to reassure the public abroad that this expenditure, though improvident and unnecessarily excessive need cause no concern. I deny the right of any man in this country to say that the cost of the eastern section of the National Transcontinental railway from Winnipeg to Moncton is unnecessarily excessive. I say that no man who wishes to debate this matter fairly and honestly can make such a statement. The statement submitted to parliament by the hon. Minister of Railways and Canals (Mr. Cochrane) some few weeks ago, was a very unfair one, and when I mention to the House the fact that in that cost was included the first seven years' interest, I point out how manifestly unfair the statement was. The country expected that possibly and probably the National Transcontinental railway would be unable to earn interest during the first seven years, and believing it to be a work of great necessity, they were willing to pledge the additional credit of the country to the extent of paying the first seven years' interest.

It is absurd for any one to urge that the first seven years interest is a part of the cost of that railway. I challenge any hon. gentleman in this House to name a railway that originally was constructed up to the standard of the National Transcontinental railway and that was built for less money, bearing in mind the nature of the country traversed, labour conditions, and costs generally. The average capitalization of American railways to-day is about \$60,000 per mile which merely represents the present outstanding securities, but the history of seventy-five per cent of American railways is that they have passed through the receiver's hands not once but several times, and in many instances many series of securities were wiped out. Then again, it is worthy of note that the average capitalization of European railways is from \$175,000 to \$250,000 per mile. I resent the imputation frequently made by hon gentlemen opposite that the cost of this railway has been unduly and improperly augmented. No

railway that I know of was ever in its original construction up to the high standard of the Transcontinental, and when it is once completed it will require very little indeed for betterments. I was speaking the other day to a railway man of experience concerning that portion of the Transcontinental railway located in New Brunswick, the value of which the hon gentlemen opposite have cast doubt upon, and he assured me that he would be willing to take that section of the road over tomorrow and to pay interest upon the cost of construction.

I wish now to refer to a matter which, on the 21st day of September last carried joy to the hearts of hon. gentlemen opposite. For what reason I cannot understand, whenever the subject of the late election is mentioned in this House hon. gentlemen opposite are fond of saying: drop your talk about reciprocity, whereas one would assume that if in their judgment it was extremely unpopular in the country they would be very much interested in having us talk of it. The late election, in an unusual degree engaged the interest of the public and it terminated, in a change of ministry.

The real issue involved in that campaign was one of taxation and markets and was concreted in the form of a tariff convention made with the United States, subject to change by either party to the agreement at any time, and, that agreement related almost entirely to the interchange of natural products. The government of the day unable to secure parliamentary ratification of this agreement, and upon challenge from the opposition, submitted the issue to the people. Whether, in the election it was, or was not possible to avoid the intrusion of other issues, it is difficult to determine, but it is undeniably true that the introduction of other issues in the different provinces militated against a mature, thoughtful, and fair consideration of the issue, which both parties agreed for submission to the people. To that extent the result was indeterminate and unsatisfactory. Further, this tariff agreement with the United States, lent itself to the invocation of passions and prejudices, and influences which were not calculated to secure a reasoned judgment upon an international agreement. Interests in the United States, hostile to the competition of their Canadian neighbours in their own markets, transferred to this country their opposition, and by a strange irony of fate, on the other hand, ambiguous utterances by many prominent men in the United States, friendly to the agreement, also brought about consternation. Further when one considers how keenly and aggressively a new party in the province of Quebec, (then recently affianced to the Conservative party, but now about

to be divorced) captured the popular imagination in that province upon other issues; when one considers that undeniably racial and religious prejudices were raised in another great province, and that other extraneous issues in other provinces precluded in varying degrees a fair expression of public opinion, I say notwithstanding all these considerations, the Canadian people by a small vote, defeated the issue. However, the result of the election is, that the people of Canada are taken to have declared against this international agreement to revise concurrently with the United States the tariff of both countries. I do not take it that the people of Canada have pronounced against wider markets for the purchaser, and consumer alike in certain commodities. I take it that the people of Canada have not pronounced against economic conditions which would ensure wider opportunities for certain classes of producers to sell, and wider opportunities for certain classes of consumers to buy. The desire of men, as well as of nations, is to produce and to interchange trade, in order primarily to satisfy human necessities, and, in the second place, to accumulate national and individual reserves of wealth, which is the natural ambition of all peoples and countries.

Hon. gentlemen opposite are correct in saying that this agreement is dead because it was defeated, fairly or unfairly, but I say most sincerely that that agreement was at least pregnant with tremendous advantages to Canada and her people, and its essential features will be and are to-day a living issue in this country. The agreement was negated, it is true; one political party was disappointed, another was made happy, but I do say that if that agreement had been defeated by a more sober, fair, truthful and intelligent campaign directed against it, the verdict would have been received with more acceptance by a large section of the Canadian people who believed in it.

It was not an unnatural thing in the past to find Canadians seeking better and wider trade relations with the United States, a nearby country. The government of to-day when in opposition continuously taunted the then government with not obtaining reciprocity, particularly in natural products. I remember that when the French treaty was under discussion in 1909, almost every gentleman of prominence in the then opposition ranks, from you, Mr. Speaker, down, protested that it might be dangerous to put into force this French treaty as it might eventually prove an impediment in obtaining reciprocity with the United States.

I remember also that in 1910 when there was under discussion in this House the question of a revision of our tariff in

order to render it possible for the president of the United States to declare that the maximum features of the Payne-Aldrich tariff should not be imposed against this country, hon. gentlemen opposite, then in opposition, declared most stoutly that some form of reciprocal trade with the United States, in natural products especially, was absolutely essential to the development of Canada. It was secured, and our friends opposite said the measure was dangerous. The House will remember that Canada was the only country that was to receive any benefits under that particular trade agreement, at least it did not apply to any other country. I ask hon. gentlemen opposite was it all bad, or was it bad in parts? Will they undertake to eliminate or separate the good features from the bad, and obtain such an agreement from the United States, if it is obtainable, in any part? They object to formal trade agreements or conventions with countries, but I say there is a large section of the Canadian people to-day who desire larger markets than we now possess, and I ask hon. gentlemen opposite will they obtain for our people these wider markets, and if so, from whom will they get them? The Liberal party, I take it, believe in increasing as much as possible the markets for our productions, particularly our natural productions which must increase in tremendous proportions. It believed that by reciprocity we could obtain this without doing any violence to any interest in this country. We did not believe that it was dangerous to the national existence or the hegemony of the race to increase our trade with a country with whom we do one half of our total trade. I say that such ideas, with all due respect to the judgment rendered by the electorate, were but the figments of the feverish fancy of those who seek political power or those who seek restriction in trade for their own good alone. In the very nature of things trade north and south on this continent is inevitable. That is the case to-day but of course it will be limited for many years to come to certain classes of production. Communication between nations is as valuable and as desirable as communication between men. It is unfortunate that old and historical misunderstandings create in Canada and the United States an instinctive inclination towards separation or hostility, but is it wise? Will this view stand the test of time? What will be the judgment of the people of this country in years to come? In Canada, our fiscal policy is founded upon tariffs. It was but natural that in this country the tariff should be made the means of raising revenue. Any other form of taxation was almost impossible, at least it would not be popular. According to the

view of many, it is the most costly form of taxation, but after all I think I can fairly say that it was the most available and the most popular. That being our fiscal system in Canada it was only natural that into the tariff should creep the element that we denominate as protection, particularly in manufactured products. The Liberal party was not hostile to the industrial development of this country. There is no evidence to be found of that attitude in the fifteen years of administration given to this country by the Liberal party. The development of industries in Canada during the period of their administration is proof of this. True, some reductions were made in the tariff, reductions perhaps very much more substantial than most people recognize. There was a gradual diminution of, ending in the cessation of some bounties, as well as tariff reduction, but when these reductions were made there were compensations in the way of reductions of duty on raw material or otherwise. A revision of a tariff does not mean necessarily the extinction of a tariff. I repeat that there was no evidence of hostility against the industrial interests of this country in that agreement which was submitted to the electorate last year, but rather, on the contrary, there were tokens of carefulness to abstain from the inclusion of the products of manufacturers lest any danger by competition might befall our industrial life in competition with a much larger, stronger and older country. The offer of inclusion, I understand was made by the United States, but was refused on the grounds I have stated, and I deny what was apparently the conclusion of many manufacturing interests in this country, that in the recent election, restricted reciprocal trade mostly in the natural products with the United States meant danger to the industrial life of this country.

On the contrary Liberals believed it meant greater contentment among the producers of exportable surpluses of natural products, which include a majority of our population. They believed it meant the enhancement of the producing and purchasing power of that class, thus automatically working towards the development of our industrial life, and thus increasing the producing and purchasing power of the community. The government say that freer trade relations with the United States of any kind is impossible. There was not a single article mentioned in any one of the schedules which they did not object to, and I suppose, speaking frankly, that any form of reciprocity of tariff or trade arrangements which might be made with the United States would be objectionable to hon. gentlemen opposite. But I say the

problem to-day confronts them of finding for the producers of this country a market for their surplus products which are growing rapidly and for which a market must be found somewhere. The Minister of Finance said this afternoon that this agreement was defeated on national and economic grounds. I do not quite understand what he means by national grounds, but at any rate I do not propose discussing the point. It might be well, however, to inquire briefly if the economic reasons advanced by some people in Canada for opposing this agreement at the last election, obtain and find favour in all parts of the Dominion to-day. I wish to deal briefly with the question of markets prospectively for our surplus products, particularly in the western portion of Canada, and I want to inquire how far the interests present and future, of that section of Canada have been affected by the judgment expressed by the electorate of Canada last September. I suppose I might discuss some matters which relate chiefly to my own province. It would be a very easy matter for instance, to discuss the matter of our fish production in the maritime provinces, and as to how they might be affected by placing those products upon the free list in Canada and the United States. In my province the Conservative party stated that reciprocity in fish would be a bad thing for Nova Scotia. I deny the ability of any man to present a single intelligent argument in support of that contention. I deny even that it is arguable.

Mr. CURRIE. Does the hon. gentleman think that free coal would be a good thing for Nova Scotia?

Mr. MACLEAN (Halifax). That is another matter altogether. Free coal did not figure in any of the schedules to which I refer. Let me put to you in two or three words the position of the maritime provinces in so far as fish is concerned. I will take my own province as an illustration, a province which produces and exports several million dollars worth of fish products, and which does not import any. Then consider the condition of affairs in Canada and the United States generally. The United States imports about \$14,000,000 worth of fish annually, and exports about \$7,000 chiefly composed of canned salmon, and which come from the Pacific coast. She imported \$5,000,000 worth of fish from Canada, a great portion of which comes from the maritime provinces. Now can any hon. gentleman suggest to me the possibility that the removal of the tariff upon fish products in the United States and Canada could adversely affect the fishing interests of the province of Nova Scotia? Let no hon. gentleman believe that any section, or any county, in the province of

Nova Scotia declared against reciprocity on account of the belief that it would be disastrous to these interests. Hon. gentlemen opposite could not argue against it; they did not pretend to do so. They resorted to misrepresentation of the issue. They said: 'Reciprocity in fish was all right, but many things would happen.' They said for one thing, that the Island of Porto Rico was not a part of the United States, which was an obvious untruth. They said that the agreement surrendered our territorial waters to the American fishermen, which was absolutely incorrect. They said the agreement imperilled the fishing bounties granted to the Canadian fishermen, which was absolutely absurd. They said the agreement would result in the colony of Newfoundland, by legislation, preventing our fishermen from obtaining bait in the waters of that colony, which was absolutely impossible. And, upon these several false positions it is true, they caused a considerable portion of the electors of the province of Nova Scotia to believe that possibly the agreement in so far as fish was concerned was not in their interest. I wish now to discuss this matter from the view point of the western portion of Canada, and particularly the three prairie provinces. I would ask hon. gentlemen if they believe that everything is well in the provinces of Manitoba, Alberta, and Saskatchewan. A few evenings ago, the Minister of Finance said that the west was the commercial hope of Canada. The unusual prosperity we have enjoyed in Canada in recent years has been largely, if not wholly, due to the development of the three prairie provinces. The story of the west in the last few years shortly told, is simply two words: 'Immigration' and 'production.' The west grew and the industries of the east grew as a consequence. The western country produced at a low cost and with little capital, grain, the surplus of which, was exported out of the country, and thus helped to meet our indebtedness to other countries from whom we purchased. We have been inducing into that western country immigrants by the thousands, and the Minister of Finance this afternoon, said he hoped they would continue to come in the same numbers in the future. I want to present to the House some evidence of the growth and development which has occurred in these three provinces of recent years, and later to inquire how that future may be affected by the want of markets for their surplus production. That is only a fair question for me to put to the hon. gentlemen opposite, because only a few months ago, they were arguing that it was absolutely unsound to send our surplus natural products, into the United States. In order to lay down certain premises, from which I may later

draw a conclusion, respecting the development of the country, let me give the House a few figures respecting the population of the prairie provinces to show how it has grown, how its productions have grown, and to impress upon the government if I can, the serious problem of markets which confronts them in the three provinces referred to. The following is

the population of the three prairie provinces in the years 1901, 1906 and 1911, which I give to the House for the purpose of indicating the great increase of the farming population in these provinces. Just what proportion is rural I cannot tell. It will indicate however a great increase in the number of producers :

1.

POPULATION.

	Alberta.	Manitoba.	Sask.	Total.
April 1, 1901	73,022	255,211	91,279	419,022
" 1906	185,412	365,668	257,763	808,843
June 1, 1911	374,663	456,614	492,432	1,322,709

Now, I wish to give some figures respecting the increase in production and acreage of production in these provinces, not only

as a matter of interest to hon. members, but that it may be of record :

ACREAGE AND PRODUCTION OF OATS IN MANITOBA, SASKATCHEWAN AND ALBERTA.

Year.	MANITOBA.		SASKATCHEWAN.		ALBERTA.		TOTAL.	
	Acreage.	Production in bushels.	Acreage.	Production in bushels.	Acreage.	Production in bushels.	Acreage.	Production in bushels.
1895	482,658	22,555,733						
1900	529,108	8,814,312	96,173	1,604,561	77,616	2,625,581	702,897	13,044,454
1905	1,031,298	45,484,024	449,936	19,213,055	242,801	9,514,180	1,724,030	74,211,259
1910	1,486,436	42,647,766	2,082,607	63,315,295	492,589	12,158,530	4,061,632	105,963,061
1911	1,260,736	57,893,000	2,124,057	97,962,000	1,178,410	56,964,000	4,563,203	212,819,000

ACREAGE AND PRODUCTION OF WHEAT IN MANITOBA, SASKATCHEWAN AND ALBERTA.

1895	1,040,276	31,775,038						
1900	1,457,396	13,025,252	382,540	3,443,611	30,361	583,806	1,870,297	17,052,729
1905	2,643,588	53,761,416	1,130,084	26,107,286	107,527	2,306,524	3,881,199	82,175,226
1910	2,962,137	39,916,391	4,664,834	72,666,399	592,960	7,904,524	8,219,981	120,487,310
1911	2,979,734	64,275,000	4,704,660	97,665,000	1,616,899	36,143,000	9,301,293	194,533,000

Since 1906 there has been an average annual increase of 20 per cent in the total wheat yield of Manitoba, Saskatchewan and Alberta. In the same period there has been an average annual increase of 16 per cent in the acreage under wheat cultivation. Providing that this rate of increase is continued, the yield for 1915 will be in the neighbourhood of 403,383,628 bushels, and the acreage under cultivation 16,841,283 acres.

Now, hon. gentlemen opposite, I say, are confronted with this condition of affairs—that by 1915 or 1916, if the percentages of

past years continue, that country will be producing 400,000,000 bushels of wheat. I dare say that this will be accomplished or nearly so. It must be remembered that conditions in the west to-day compare more favourably, than in the western states of the United States in their earlier days, for rapid increase of production. Transportation is much more accessible for intending immigrants, and improved agricultural machinery enable the farmers to reclaim a greater acreage than was possible in any one season years ago. What will become of this surplus

production of wheat, is the question I submit to hon. gentlemen opposite? They talk as if Canada was about the only country in the world which produces a surplus of wheat and that the question of markets for Canadian grain was a trivial mat-

ter. Let me read to the House the names of countries which produce wheat, and oats and barley as well, in excess of their own needs, and some of which produce for export far more than Canada:

PRODUCTION OF WHEAT, OATS AND BARLEY IN VARIOUS COUNTRIES, 1911.

Country.	Wheat.	Oats.	Barley.
	Bush.	Bush.	Bush.
United States	658,567,000	792,917,000	142,871,000
Russia (E).....	629,300,000	866,801,000	436,496,000
British India	370,413,000
France.....	320,142,000	329,675,000	50,956,000
Canada.....	204,634,000	368,153,000	51,559,000
Hungary.....	192,691,000	90,616,000	75,898,000
Italy.....	192,397,000	38,561,000	10,880,000
Spain.....	156,640,000	31,996,000	89,802,000
Roumania.....	95,657,000	26,929,000	26,378,000
Prussia.....	86,265,000	317,884,000	71,703,000
Great Britain and Ireland.....	63,646,000	174,809,000	60,165,000
Japan.....	20,572,000	4,364,000	94,523,000
Algeria.....	17,821,000	12,865,000	23,612,000
Belgium.....	14,617,000	38,921,000	4,595,000
Tunis.....	6,625,000	2,685,000	7,340,000
Netherlands.....	5,648,000	17,426,000	3,664,000
Denmark.....	4,646,000	47,916,000	24,656,000
Switzerland.....	3,606,000	4,646,000	462,000
Luxemburg.....	641,000	3,259,000	69,000
Swe.....	69,196,000	15,335,000

Hon. gentlemen opposite argued during the last campaign that the object of the western farmer should be to sell more in the British market, they seemed to argue that the people of the United Kingdom could and would consume the total surplus wheat production of Canada. Let us see what that market consumes. The United Kingdom consumes about 200,000,000 or 210,000,000 bushels of wheat annually. For the eleven months of the year ending November, 1911, its imports of wheat from the leading countries of the world were as follows: From India, 28,000,000 bushels; from Russia, 27,000,000 bushels; from Argentina, 25,000,000 bushels; from Australia, 22,000,000 bushels; from Canada, 22,000,000 bushels, and from the United States 18,000,000 bushels. It is quite evident that Great Britain will in the future purchase wheat from all the countries from which she buys to-day so long as they have any to sell. For instance, it is an improbable thing that the United Kingdom will not import from Argentina, a country in which she enjoys a great volume of trade and in whose development she is financially interested to a very great extent. Considering the United Kingdom's consumption of wheat to-day, it is limited and not likely to increase. I ask hon. gentlemen opposite, what will

become of the surplus production of wheat in this country when it reaches, say three or four hundred million bushels? The Englishman is rather a determined character, and I do not think it possible that the Conservative party of Canada can force him to eat 400,000,000 bushels of wheat when he only requires 200,000,000. 'What we have we'll hold,' is one of the mottoes of the Britisher; but while he insists upon holding what he has, he will be just as strong in refusing to take what he does not want. It is impossible to expect that the United Kingdom can consume or will purchase any large proportion of the surplus wheat that this country will have in a few years. Our population, no matter how rapidly it grows, can consume only a small portion of our total production. Hon. gentlemen opposite said during the last election that our wheat must not be exported to the United States, and that it was a bad thing to have wheat trade run in that direction. If that were true, the United States could injure Canada instantly, simply by removing their duty upon Canadian wheat, thus allowing our wheat to flow into that country as demanded. According to hon. gentlemen opposite that would be disastrous to this country. How helpless we are to prevent this event if the United States simply re-

moved the duty upon wheat. Now, what has happened since September last? Do hon. gentlemen opposite entertain the same views that they did a few months ago?

I do not think so. It is only a few weeks ago now, that the Minister of Trade and Commerce, was compelled to ask the Inter-State Commerce Commission of the United States to fix a freight rate for wheat for export, later to fix a traffic rate for wheat for milling in bond, and later to fix a traffic rate for wheat exported to the United States for consumption. That hardly agrees with the position which hon. gentlemen opposite took a few months ago. If that direction of wheat trade is a necessity and is proper to-day, why was it so objectionable a few months ago? Hon. gentlemen opposite attribute this circumstance to what they call unusual conditions. Well, there were some unusual conditions. The harvest was late, it is true; and the railways were unable to handle the whole quantity of wheat available for export. It is true, the conditions are unusual. But the unusual conditions are, that western Canada is producing grain and other products at a rate which no other country in the world has done, and these unusual conditions I submit, will prevail in the future. I say it is an improbable thing that the Canadian railways for a great number of years to come, will be able to handle the surplus productions of the west, which will be available for export.

Now, hon. gentlemen opposite in the past taunted the Liberal party for not securing markets for the surplus productions of this western country. As I have said, the opportunity came and they attempted to secure the same. The west, the commercial hope of Canada, needed additional markets for its surplus productions, and the late government sought a remedy for this condition of affairs. Hon. gentlemen opposite opposed their efforts, with the result that this possible remedy has passed away from the Canadian west. I would like hon. gentlemen opposite to tell this House and this country how they are going to meet the necessities of the three western provinces for a market for their surplus productions, which are very great this year, and which will rapidly grow from year to year. Is it to be wondered that there is unrest in the west to-day? Can you expect them to be satisfied with a restricted purchasing market after refusing them the right to extend their selling markets? Is it any wonder they are restive under our tariff exactions? I think they have a substantial grievance. It calls for a remedy. Now, Sir, in the year 1910, the present Prime Minister, while speaking upon the address at the opening of parliament, discussed the similarity between the conditions in western Canada and the con-

ditions in the western States. He was referring to the matter of the recent visit of the present leader of the opposition to that western country, and was commenting upon the addresses which were made to him. The present Prime Minister said:

So I come for a moment to the visit of my right hon. friend the Prime Minister to the west. I observed that he was met in western Canada by some of these very problems to which I have alluded. One of the very first questions which he encountered in meeting various delegations and assemblages of the people in that country was that of the tariff, and I am bound to say that in some of the addresses which were presented to him, and in some of the speeches which were made to him by the spokesman of these various delegations, the Prime Minister found as I have no doubt, a very close and perhaps very interesting reminiscence of some speeches which he delivered in that great western country in the year 1894.

He continues:

Well, the farmers of the west were so much bewildered by what my right hon. friend said out there that they are coming down here 500 strong on the 16th of December to find out what it all means. When they arrive, I hope he will have something a little more definite to tell them than what he told them in his speech to which I have just alluded.

Speaking of his policy, he said at Saskatoon: It will aim, having in view the commonwealth of our common country, to go as far as may be justifiable towards the trade policy of England.

That is exactly what the west complains of. It complains that his policy has only been aiming for the past 15 years and up to the present has not hit anything—certainly not hit anything in the shape of what the right hon. gentleman submitted as his policy in 1894.

Well, I submit Sir, that under that agreement, which was the issue in the recent election, the then Prime Minister and his government did make an honest endeavour to obtain some additional markets and to meet the claims of these western provinces in some degree in the way of tariff concessions. The present Prime Minister will hear the western farmers. Again the Prime Minister says:

But the farmers of the west say something more. They say there ought to be lower duties on agricultural implements, that they are paying higher prices for Canadian implements than these implements are sold for abroad. I say the government is derelict in its duty in not having brought down to parliament direct and positive information on this subject, and I say that if the claims that are made are true there ought to be a remedy. And I want to know from the government whether they believe them to be true or not. If they say that they do not know, I ask why they have not taken means to know; if they say that these claims are not true, I ask upon what

evidence they base that assertion and what they propose to do in the premises.

Well, now, one would expect that the present Prime Minister after taunting the present leader of the opposition, and his party, thus, for not having obtained that which the west was then demanding, namely, markets, taunting the then government for not having something to say respecting the wishes of the farmer, respecting the cost of agricultural implements, one would expect, I say, from the Minister of Finance, speaking on the behalf of the government, to hear something on the matter of markets and tariffs, both of which are of such interest to the prairie provinces. One might have expected to hear from the government a statement to the effect that they had made some investigation as to whether agricultural implements manufactured in Canada were selling at higher rates in the Canadian west than in the American west, and if they found that to be the case that they were providing a remedy such as they said the present leader of the opposition should have found.

Hon. gentlemen, when they were in opposition, promised this country time and time again that they could find ample markets somewhere for our surplus products. They condemned the late government for not doing so. I have in my hand a campaign document of the Conservative party. I would just like to refer to it and when I have finished it I will conclude my remarks. This political document is entitled 'Where are the new markets?' That is a question that is quite apropos to be asked of the government today. That is a question that a great number of people in this country, and particularly in the west, are asking themselves:

The Liberals were to open up markets for farm produce in the United States and other countries. Have they done so?

Well, we tried to but failed. The government party opposed our efforts. Hon. gentlemen opposite now have their opportunity. Will they obtain markets in the United States or in any other country?

The British market is free as before, but no more so. The embargo against Canadian cattle remains, and will be harder to remove because of our freer quarantine relations with the United States.

Hon. gentlemen promised this country to obtain preferential rates in the British market. Will they do so? Will they undertake to obtain the removal of the embargo against Canadian cattle? A preference in the British market upon food products is a thing that I do not anticipate can be brought about by the present government nor do I believe it is likely ever

Mr. MACLEAN (Halifax).

to happen. As my hon. friend from Red Deer (Mr. Clark) remarked the other night, at the opening of the British House of Commons a few days ago the Prime Minister asked the leader of the opposition, Mr. Bonar Law, what had become of the usual amendment to the address respecting tariff reform. He asked him if tariff reform had gone on a long journey or if it was taking the rest cure. However, hon. gentlemen opposite have been promising this country for many years that they could obtain preferential treatment for Canadian products in the United Kingdom. It is up to these hon. gentlemen now to implement their promise and they boast constantly of their ability and intention to implement their promises. This pamphlet goes on to say:

The United States duty on our farm products is still prohibitive.

Are hon. gentlemen opposite going to obtain a reduction? Are they going to diminish the prohibition or will they remove the prohibition altogether? Then it says further:

The German market, which will take millions of our farm products, has been absolutely closed to Canada by the surtax added to the high tariff.

That difficulty has been removed. We will not trouble hon. gentlemen with that task. The statement goes on:

The West Indies have raised their duties against us in spite of our preference to them.

Within a few days there will meet in conference in Ottawa with members of the Canadian government delegates from the West Indies, and one of the purposes of that conference is the discussion of a preference tariff rate on Canadian exports in the British West Indies. I trust the conference will be successful and that when it has concluded they will be able to announce an arrangement by which Canada may export her products to the British West Indies under a preference tariff rate. But, I doubt very much whether it is possible of accomplishment. There are one or two matters which will develop Canadian trade with the British West Indies to a very much greater degree possibly than a tariff preference; I refer particularly to the improvement of transportation and reduction of cable rates. But, if we were to obtain increased markets in Australia and the British West Indies, as the Minister of Trade and Commerce (Mr. Foster) desires and hopes, it means ultimately very little, and by no means will it satisfy the demands of the Canadian people for increased markets.

I am sure that the country will be much disappointed to-day that in the first budget presented by the government to parlia-

ment and the country, there was not some intimation from the government or from the Minister of Finance that they were about to implement their promise to reduce public expenditures, and to reduce the rate of taxation. There will be great disappointment in the country that they did not announce what is to be the tariff policy of the government in the future.

Mr. EMMERSON. What is the date of the document from which the hon. gentleman quoted?

Mr. MACLEAN (Halifax). 1908. We shall soon learn, I assume, whether the government will practise in the future what they preached in the past, and we will soon be in a position to determine whether they can give to this country the many things they promised.

Mr. W. F. MACLEAN (South York). Mr. Speaker, I have listened with a good deal of interest to the new Minister of Finance (Mr. White) making his first deliverance in this House, and I have also listened with interest to the first deliverance of the new financial critic of the opposition (Mr. A. K. Maclean). I intend to take little notice of what either of them said, other than to compliment them on the way they presented their cases. But, I wish to say that while I agree largely with what has been said by the new Minister of Finance in regard to the financial condition of Canada, I was disappointed on account of the absence of any reference to a matter of the greatest importance.

In that speech there was no reference to the question of Canada's participation in Imperial defence, and that is a question which to my mind stands out away and beyond and above any question which has come before us for discussion this session. For some years past the British Empire has been in jeopardy; her supremacy has been threatened, and the British people are concerned as to the fate of that glorious empire in the great war which seems to be impending. That is the one and supreme question of the day for loyal Canadians as well as for all other British subjects, and hence it is that I regret a reference to it found no part in the speech of the Minister of Finance. The hon. gentleman told us that the progress of Canada depended on the rush of immigration and on the rush of money from Britain for purposes of development. England is the fountain-head of our money supply, and unless England is maintained supreme in her political power and in her commercial wealth, then England cannot supply the money for the development of the resources of the associated states of the empire. The financial requirements of Canada to-day are not millions but billions. Millions are required to complete our rail-

way systems, to increase railway accommodation in the Canadian west, to establish the great steamship lines that have become absolutely necessary in the interests of our trade, to build our ocean terminals, to develop our natural resources and to increase our expanding industrial enterprises. From the motherland alone can we obtain that money, and should that threatened war come to-day or to-morrow, and should Great Britain be compelled to spend vast sums for her defence, then will the supplies of money from the motherland to Canada be cut off and consequent disaster overtake our enterprises. The Grand Trunk Pacific, the Canadian Northern, the Canadian Pacific railway, our great steamship companies, our municipalities, our provinces, the Dominion itself, have to go to the London market to secure the money they need, and for our own self-preservation, if not in furtherance of the higher Imperial ideas which ought to actuate all British subjects, it is necessary for us to join in the maintenance of the supremacy of the British Empire. We were told to-day in the budget speech that for three successive years, we have had a surplus of \$30,000,000 a year, and would it be too much to ask of the people of Canada that they should donate five million or ten million dollars a year of that surplus for Imperial defence at this time of momentous crisis in the history of the empire? Would it be too much to ask Canada that she should vote ten million dollars a year to help maintain the supremacy of the British fleet, and also to maintain what I believe in, a Canadian navy in this country. If we borrowed five hundred million dollars from the old land (and we will have to borrow it within the next year or two) we could get that money at say, four per cent, and at four per cent the interest on five hundred million dollars would be twenty million dollars annually. Would it not be a wise step if we gave an additional two per cent., or say six per cent in all, on five hundred million dollars and contributed the extra two per cent. of \$10,000,000 a year in the shape of an insurance fund, to secure the maintenance of the British navy. I say that the best investment this country could enter on, would be to join in sharing the cost of maintaining the British navy, and by thus securing the supremacy of England, ensure for ourselves that supply of capital which is so essential to our national development. The disaster which might result from a great war in Europe, would stop that settlement which is now proceeding apace in the west; the market for grain might or might not be improved, but the lack of those supplies of money which we now get from England would cause a tie-up from one end of Canada to the other.

Bad times would be created in the United States, there would be bad times all the world over and if that is so if we have such a full treasury now, is it not on the line of good judgment and of prudence that we at least ought to come forward and contribute something towards the maintenance and security of the empire, and so help to maintain the security of our own country? If we are to remain on this continent and be a power we must have something in the way of sea power. We cannot be on the continent of North America unless we have sea power like every country in the past that has amounted to anything. The problems that are ahead of us are such that we ought to have sea power in order to maintain our position. All countries in the past that ever amounted to anything, that ever made a name in history, developed at some time a sea power and set aside large sums of their revenue for the maintenance of a navy as well as of an army. We in Canada have a magnificent sea position. We have a magnificent opportunity for sea power on the Atlantic, and we must be equal to it. We must protect it if we wish to enjoy it. We are also developing now a great sea outlook on the Pacific ocean, and if we are to realize the future we predict, we must do something in the way of establishing a sea power on the Pacific. We have been talking for years about our being descended from the French and English races and about the approach to America by way of the St. Lawrence and through the deeds of Englishmen and of Frenchmen. We have come to think a great deal of our history in connection with the Atlantic ocean and what might be called the Atlantic outlook. But there was a greater approach to America than either the English or the French and that was the Spanish approach by Mexico across the Isthmus, through South America and by the Pacific. The Spaniards went up the Pacific coast and got as far as California and British Columbia, and eventually we have inherited in British Columbia what they had. What is the prospect there? The outlook on the Pacific is the greatest that any country ever had before it and that outlook is now open to Canada. We are on the Pacific, we are on the Atlantic. We look at Europe on the Atlantic and at an older and greater continent, Asia, on the Pacific. A great maritime future is about to be created in connection with the Pacific. The Panama canal is almost completed and a great maritime development will occur in connection with the Pacific. What is to be our attitude in connection with that? Are we to sit idle? Are we to do nothing in the way of developing sea power, of helping to defend our Atlantic and Pacific coasts, and doing our share in maintaining a navy competent to defend the trade

Mr. MACLEAN (S. York)

of the whole empire including Canada? People in England are losing confidence in us and even now the taunt is being passed that Canada is sponging on the empire for her defence. The very country that is supplying us with these millions and millions of money for the development of our country is also supplying the money, the navy and the ships of war to defend our country. That should not be allowed to continue any longer. We should do something not only in the way of contributing towards the maintenance of the British navy, but in the way of maintaining a Canadian navy in this country. I know there has been objection in certain portions of this country to having a Canadian navy with the expense it would entail, but if we are to play the part that we ought to play on this continent, we ought to have a navy of our own, we ought to have naval schools, we ought to have naval colleges, and we ought to train our young men to man our own ships. If Canada is to become what she ought to be she ought to start a great ship-building industry on the Atlantic coast. We have the iron and the coal, and we require these great ships. To-day Canada could use three or four lines of the highest class of ship ever built for the conveyance of her commerce across the Atlantic, and a greater commerce is coming on the Pacific, a commerce of which Canada ought to be the centre. Every ship required in that trade, ought to be built in Canada out of Canadian iron by Canadian workmen and as a school for the creation of a Canadian commercial marine and of a great Canadian navy for defence purposes in association with the mother country.

Mr. BELAND. That is besides the money voted for a contribution?

Mr. MACLEAN (South York). Besides the money in the way of contribution. That contribution ought to have started a year ago; it should start this year, and it should be an effective contribution.

People say that a navy is not required by a farming community like Canada. Any one who studies history will be convinced that the best security a nation can have is some kind of sea power or at least association with a country that has a great navy. That opportunity is open to us. England has a navy that defends everybody all the world over.

The time has come when we ought to contribute something and we ought to contribute it liberally. Trouble may come any day, trouble that may end in England losing her supremacy, and if she should lose her supremacy, what would come to us in this country? We might lose all our connection with the mother country, we might have to go in with the United States, which I would not like to

see, or we might have some European power assuming a supremacy over us—and we might have a foreign master. As to what Canadians hope for their country, that is not the thing they have been dreaming about, but in some way they have been allowed to go to sleep on this question, they have ignored the question and have declined to face it. They must face it, and must elect what they are going to do in the way of maintaining the British navy and of establishing some kind of navy of our own.

There is something else. We are connected with England in the matter of trade and of interests. She gives us all the money we require at present for our development, but we are connected with England in upholding her institutions as the best political institutions that are in the world to-day.

If England were losing her political supremacy, her political institutions would be in danger, and they would be in danger here in Canada; and, as I said before, the outcome might be, that our neighbours to the south might think that the best thing they could do would be to incorporate Canada. Now our institutions are very superior to theirs. The institutions in the United States to-day are on trial. They have not got the constitution that we have. They cannot deal with their political problems in the way that we can deal with them; and we would find ourselves losing our powers of self-government, losing the splendid system that we have, and in danger of having to adopt another system that was not suited to our country. So that I say from the monetary point of view, from the point of view of getting all the money that we require in this country from England, we ought to contribute liberally to the maintenance of the British navy, and we ought to do something in the way of creating a Canadian navy. We ought to do it now, and do it liberally; and if the word went out that Canada was behind the motherland and was prepared to contribute liberally for the defence of the empire, the peace of the world would be assured. Advantage is being taken of the fact that Canada has failed in doing her duty. If the declaration went out now that Canada was prepared to do her duty, and that a feature of the budget speech every year in this country was a contribution of, to my mind, of at least \$10,000,000 a year, there would be very little talk of war in the old land, the other sister states would be encouraged to do the same thing, and those powers that now think of putting an end to England's supremacy in trade and on the ocean, would reconsider their position, and would be prepared to admit that they could not interfere with that supremacy. Mr. Winston Churchill made a most excellent remark the other day, when he was dealing

with the British navy. He said: To England a navy is a necessity; to Germany it was a luxury. The same thing is true of Canada. We want some kind of sea power in this country, some kind of navy, if we are to maintain our position on the two oceans, and to build up that great trade that I hope is in store for us. There is a great land trade being developed in this country; we already see the first signs of it; it is overwhelming our railways, and they are not able to provide the needed accommodation. A greater trade on the ocean between Europe and Canada, and between Canada and Asia, is in sight, but our participation in that trade to the hoped for extent, will depend on the fact that we have maritime institutions, and that we develop and cultivate these institutions just as the motherland has developed them. I regard a navy and a contribution to the naval defence fund, as a necessity to Canada. Therefore, it is to me, a matter of regret that the budget statement made here to-day, contains no provision for dealing with these questions, more especially after the incidents of the last two or three years, after the statement that has been made in the Imperial House time after time, where the one question to-day is, how to settle the social problems that are pressing for consideration and how to maintain a navy in such a position so that England will not lose her supremacy and her leadership in trade. It is the question that presents itself every day in England, and every morning when they open the papers, the people there do not know the moment they will read that a great war has been precipitated. England to-day, while she has confidence in her ability to maintain her own defence, sees how serious the situation is, and the question presents itself every day to the people of the old land: 'Is a great war to break out, and is England to lose her supremacy? Is she to fight for her trade and for her life, and even for her colonies?' They do not come to us every day, and say: 'We are in trouble.' They never have yet come to us in that way; but we know that the navy of England is behind Canada. It is the British navy to-day that maintains the Dominion of Canada, and to that is due the fact that we are not under the jurisdiction of what is called the Monroe doctrine. If that is the case, and I say it is so, and if the people of the motherland do feel that their country is in jeopardy, that a great war threatens them, and threatens all Europe, I say that we are unworthy of calling ourselves British subjects, and unworthy of daily putting up a prayer in this House for the maintenance of the King's supremacy, if Canada does not come forward boldly and make a permanent and a large contribution toward the British navy.

and does not come forward and begin to develop a navy in this country. We have made a start towards a navy in this country, and when the right hon. gentleman who leads the opposition introduced a measure for that purpose I supported the proposal. A great many people in this country have not supported that policy, we have been divided about it, but we were divided in Canada on the National Policy for a good many years. Nevertheless once the two parties came to see that the National Policy was essential to the country that division of feeling disappeared. And once the two parties in this country came to see that the naval supremacy of England was as essential to us as to the empire there would be unanimity of sentiment in Canada in favour of maintaining a navy here, and in making a large and regular contribution towards the maintenance of the British navy. Speaking for the province from which I come I can only say there is a widespread feeling in favour of such an expenditure. We are not afraid of it, and we are not afraid of doing our share toward the maintenance of a navy. I believe the feeling in British Columbia is altogether in favour of a strong naval policy, and in favour of the creation of a navy by Canada not only for the protection of trade and the maintenance of naval defence, but as the beginning of a real fighting navy of our own. The people of the maritime provinces are in favour of such a policy; and I believe the people of the province of Quebec if the question were fairly put before them, would be in favour of doing their share in maintaining the British navy, and doing something themselves in the way of establishing a Canadian navy. They come of a maritime people like the rest of the population of this country. They are largely descended from the people of Brittany, they are seafaring folk like the people of our maritime provinces. They would not like to see their sons drafted off to the navy, but I say they are all prepared to share in contributions of men and of money in the direction of maintaining a navy in Canada and doing something for the defence of the empire. It is said, by way of criticism, that Canada would have no voice in the direction of an Imperial navy if she contributed toward it. There is something in that, but the situation will gradually adjust itself. We have this to begin with: That an alliance is made between the daughter states and the motherland for defence purposes, and we, at least, would have as much say in that alliance as Japan and England had when the former country made an arrangement with Great Britain for the purposes of joint defence.

Mr. MACLEAN (S. York).

We at least are a party to this joint arrangement, and out of that will gradually come some kind of unity, some kind of joint voice, some kind of say in connection with any great war that might arise in the future. The people of Canada are ready to-day to take part in maintaining the defence of this country. All they want is intelligent leadership on that policy, and I am not much in favour of the proposition that a question of that kind should be remitted to the people on a referendum. What is wanted on such a question is intelligent leadership by the leaders of the country and leadership in its parliament. Never will I be a party to a proposition that the question of the defence of this country, and our relations to the empire should be settled by a referendum to the people. That is a question of British responsible government which must be settled in parliament.

I trust this parliament will immediately take up this question of a contribution to the Imperial navy and of doing something to strengthening the navy that we have and make it a force able to assist in the defence of our own country and to join with the British navy in a great war if anything of that kind should come about. I am not speaking here, as I said, in favour of war, or of navies, but in favour of peace. And the thing that will assure the maintenance of peace is giving the nations of the world to know that not only has England the navy that she has and the money she is able to contribute for defence, but that she can command the money of the associated states Canada included, and the men of Canada, and the navy of Canada for her defence. If that goes abroad there will be no fear of war; on the contrary it will help to head off war. That being the case, the best investment this country could go into would be to make a regular and sufficient contribution for the Imperial navy out of these magnificent surpluses we have.

Mr. BELAND. Is the hon. gentleman (Mr. Maclean) conversant with the scheme proposed by the Montreal 'Star'?

Mr. MACLEAN (South York). I have seen something of it. I have read portions of it at times. But I am speaking for myself and declaring a conviction that has been steadily growing upon me. We all know what patriotism is, it is some kind of devotion to your own country. There may be a certain selfishness in that, and sometimes in patriotism there is something that you cannot always justify. But a new thing is coming to the British people all over the world and the only way in which I can express it is to speak of it as the Imperial Conscience. And the Imperial Conscience has in it not only the idea of patriotism but the idea of humanity and

brotherhood. And in it there is the belief that the greatest thing that can be done for humanity, brotherhood and progress is to keep a strong British navy which will be devoted not only to the defence of the empire but to the uplift of humanity at large. British institutions to-day, as I have said on the floor of this House, promise more for humanity than any other institutions on earth. And you cannot maintain these institutions and these ideas of brotherhood and humanity unless you have the big policeman and the big ship behind them. I am in favour of the big ship and the big policeman to maintain the peace of the world. That has been proven sound doctrine time and again. But we have not recognized it thus far; we have put it off, we have dallied with it. It was trifled with even in the last election; it is hardly being dealt with even now, though it is the question of supreme moment. And I have risen in my place to-night to direct the attention of this House to this question as one of the greatest before the Canadian people to-day. It transcends all other questions. If you consider the development of our country, I say it is a matter of money, and you must get that money from the people who are willing to lend it to us and who are lending it to us now. But if they lose their supremacy, their control of the sea, they can no longer assist us. Why, we should be financially bankrupt. There would be financial stringency throughout America. It is in the interests of the United States that a great war should be avoided, and the only way to avoid it, I say, is for Canada to let the mother country know that we are behind them and are willing to pay our share. We are a people now of seven millions, we shall soon be a people of ten millions, and, as I said, we look out on two oceans; we look out upon Europe and upon Asia, and we propose to trade with both. And it is my belief—it may be only a vision, but I believe it—that the centre of the great British empire will eventually be in North America. Then, if we have our navy, and if sea power does some day pass from the motherland, it can pass from the motherland to her greater daughter, this Canada which looks out on both the Atlantic and the Pacific. I say that is not a dream. Why, it is coming so fast that we can hardly follow it. The seat of the empire is coming to this northern half of the continent, and this northern half of the continent is qualified to be the seat of the empire. I read a most remarkable article in the 'Fortnightly Review,' not long ago. It described how North Western Europe had controlled the whole destinies of the world for the last 1,500 years—that little corner of Europe, including Great Britain, France,

Germany and the Scandinavian countries. And the writer showed that this was the result of geographic and cosmic reasons. One reason was that in that little corner of Europe, where political and commercial power is centred to-day, a man can work for his livelihood every day in the year, and not succumb, but can keep his vigour and energy; a man can work every day in the field in France, Germany or Great Britain, and so he builds up his country. In Spain, for instance, this was impossible; there was indolence there, and enervation, for climatic reasons. But the still greater reason was, that that corner of Europe commanded the seas of the world. The writer made this further remarkable generalization—that there was a similar north western corner in America that would occupy the same position in regard to the Pacific, and that was composed of British Columbia and the states of the American union, immediately to the south. This region, he said, would be the seat of a greater maritime power than even the one that exists to-day in northwestern Europe. Well, if that is our destiny, if we have on our Atlantic seaboard the hardy seafaring people that are there to-day, and if we develop the same kind of people on the Pacific, then as surely as the sun shall rise tomorrow morning, the supremacy of the sea will ultimately have its seat in Canada, on our two seaboard, if we are but true to ourselves, if we realise the importance of sea power and do something to maintain it. It is a destiny for Canada that few of us dream of. Yet, to my mind, it seems near at hand. And it would come rapidly, and we should help to assure its realisation if we but begin the good work that is waiting to be done. It will not do to put it off. That war may come in Europe any day; England may be jeopardized any day; her country may be invaded and even her navy be beaten at sea. She may not be able to fight at sea two great powers combined against her. She is trying to-day to maintain the two-power standard under the idea that some day she may be attacked.

Will we as Canadians, now a people of 7,000,000, soon to be 10,000,000, and with a future that no man can state in figures, are we to continue in this disgraceful position of refusing to do anything, the position of a poor relation towards a richer friend? It is discreditable to us, it must come to an end. A Canadian cannot hold up his head in England to-day, and say that he is justified in availing himself of all the privileges that the empire gives him. I saw a report of a conversation the other night, a Scotchman was coming down to Ottawa on the train, and he fell in with three or four men from Toronto, some of them were army officers. These men were talking about what they had done in South Africa, but the Scotchman

shut them right up by saying, 'We paid for it all.' That is not quite correct, but it comes near the truth. People in England who are poorer than we are, even those poor colliers who are on strike to-day, men who are not getting a dollar a day, some of them in wages, are helping their richer neighbours to pay for the defence of the Canadian people. I say that we Canadians cannot hold up our heads and talk of being loyal subjects of the Crown and of the empire. It is unworthy of us to continue in this position, it is a discreditable position to occupy; and I hope before this session closes we will have some kind of a declaration of policy, other than a suggestion that the matter will be referred to the people by a referendum. I say that out of that \$30,000,000 of surplus we have in our treasury to-day we should make a contribution of \$10,000,000 towards the defence of the empire, either by building a Dreadnought or by direct contribution. I would like to see a statement that the Canadian navy, such as it is, is to be strengthened, that we are to build ships in our own shipyards out of our own iron, ships of commerce and ships of war. I would like to see a statement go out that the finest naval schools in the world are to be established, one on the Atlantic and one on the Pacific. I read the other day in an American magazine that the greatest university in the United States to-day is their naval university for the training of their young men. There are more good men being trained in the naval college of the United States to-day, competent not only for defence but for useful citizenship, than in all their other colleges. I want naval colleges like that for this country, one on the Atlantic and one on the Pacific. I want to see the young men of the maritime provinces, on both sides of the Dominion, trained in naval schools, that they may be able to serve their country and serve the empire in time of need, trained to serve both in our commercial marine and on our warships, such as we have. I think there will be no difficulty in persuading the Canadian people to do this as a part of their duty to the empire, from this time onward. I wish to see that stigma now resting upon the Canadian people removed, I do not want to see the Canadian people depending for their defence any longer upon the workers of the old country. Our country could not stand for six months unless we had a fighting force ourselves, and had the ships and the weight of the empire behind us. They are talking now in the United States about raiding Mexico. Some day the talk will be about raiding Canada. But they will not talk of raiding us if we are prepared to do something to defend ourselves. The way to ensure our future and develop our

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country along the lines of safety is to ally ourselves with the old land for the purposes of naval defence. When we are in alliance with the old land, and when we contribute our share towards the creation of the British navy, we contribute something towards the creation of a navy of our own.

Now I leave this question before the House. I have no motion to present in the matter. But I do think that we ought to bring this question up now, in view of the great surplus we have this year, and the still greater surplus that we are likely to have next year, and from now onward. If we have got the money, and if the duty is upon us, I think the time has arrived when we should act the manly part, the patriotic part, and make a contribution that will raise us in the estimation of all mankind. If we refuse to do our duty we will no longer be able to boast of our national manhood, nor of our individual manhood. We will remain in the degrading position of being dependent on somebody else for our defence. For my part I am willing to contribute, and I know the people I represent in this House are willing to contribute their part. I believe my province is willing to contribute its part, and I have confidence that every other province will be willing to contribute its part toward the maintenance of the defence of the empire, towards the creating of some kind of a navy of our own, towards the establishment of naval colleges on our two ocean coasts. I am also in favour of spending liberally in creating a shipbuilding industry. It will be an easy matter to arrange for the transfer of some of the great shipyards of the mother country over to Canada. We have got the iron, and we have got the mechanics, and we have got the money to pay for the development of such a shipbuilding industry. All it wants is a determination of the people to do something, and all the people want is leadership, and an assertion of our manhood.

Mr. VERVILLE moved the adjournment of the debate.

Motion agreed to.

Mr. FOSTER moved the adjournment of the House.

Mr. GRAHAM. Will this debate continue to-morrow?

Mr. FOSTER. The debate will continue to-morrow, and the arrangement is to close it.

Motion agreed to, and House adjourned at 10.38 p.m.