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The second year of Union
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The Second Year *of* Union Government

ITS RECORD FOR 1919
THE FIRST YEAR OF PEACE



ADDRESS
of
THE HON. N. W. ROWELL

President of the Privy Council

at

PORT HOPE, ONT.

January 16, 1920



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The Second Year *of* Union Government

ITS RECORD FOR 1919

THE FIRST YEAR OF PEACE

" . . . I know it is said Union Government is unpopular. No Government could do its duty during the past two years and be popular with all classes and sections of the community. If Canada was to do her whole duty during the war it was essential that obligations and restrictions should be imposed upon the people in order that the Nation's energies should be directed to one supreme effort to achieve victory. . . . Union Government was put into power to do the things which the country needed to have done, but which no Party Government was willing to undertake and the question is not whether Union Government is popular, but whether Union Government has done right; has served the public interests. . . . And the result is that outside the boundaries of Canada the name of Canada never stood so high as it does today; and no country which took part in the war has suffered so little from the inevitable results which follow war. Canada has emerged from the war with her credit enhanced at home and abroad, and she faces a new year of peace with brighter prospects and a more assured future than in any year of Canadian history."

*Extract from address of
The Hon. N. W. Rowell at Port Hope, Ontario.
January 16, 1920.*

THE SECOND YEAR *of* UNION GOVERNMENT¹

ITS RECORD FOR 1919
THE FIRST YEAR OF PEACE

THE year 1919 opened with the peoples of Europe exhausted by war, physically unfit to energetically undertake the gigantic tasks of reconstruction, and without the necessary foodstuffs to restore their physical energies or the raw materials essential to the re-establishment of their industries on a sound basis. Everywhere there was an earnest longing for an early and satisfactory peace. On the other hand there was grave apprehension in all countries that the spirit of Bolshevism which dominated Russia might spread to the other countries and that the demobilization of the vast armies which had been enlisted and the millions engaged in war industries would produce such conditions of unemployment and industrial unrest that the year would prove more difficult and trying to all governments concerned than did the actual prosecution of the war.

The hopes for an early peace were doomed to disappointment. This greatly added to the social and industrial unrest in most of the countries engaged in the war, with the result that Europe has just closed one of the most trying years in her history, and millions in central Europe are still suffering indescribable hardships.

Canada, on the other hand, has passed through this critical year with less of suffering or hardship than was thought possible a year ago and with a larger measure of industrial peace and prosperity than any nation which entered the war in 1914.

In reviewing the work of the past year, it is fitting that we should recall the tasks which confronted the Government and the people of Canada at the beginning of the year 1919.

THE TREATY OF PEACE

One of the first duties of the Government was to assist in the negotiation of a Treaty of Peace which would preserve the fruits of victory and safeguard the world, so far as practicable, from a repetition of the horrors and devastation of the war just closed. The Treaty of Peace which has at last gone into effect is designed to accomplish these great purposes, and the influential part taken by the Canadian plenipotentiaries at the Peace Conference is now well known. Under the Treaty the position and status won for Canada by the valour of her sons on the field of battle is recognized

¹ Mr. Rowell dealt with the work of the Government for the year 1918 in an address delivered at Bowmanville, Ont., on December 17, 1918, entitled, "One Year of Union Government—What Canada's War Administration Accomplished."

In the present address Mr. Rowell deals with the work of the Government in 1919. "The First Year of Peace."

and accepted, not only by Great Britain and the other states of the Empire, but by the other nations of the world. Canada is more influential today in the Councils of the British Empire than at any period in her history and during the past year she has won a recognition and place among the other nations of the world such as she never enjoyed before. This is a matter for which every Canadian has just reason to be proud and grateful.

It is a matter of deep regret that the United States, with which we are so closely associated, was not a party to the ratification of the Treaty of Peace on January 10th, and that she was not represented today at the first meeting of the Council of the League of Nations. We still earnestly hope that the United States will ratify the Treaty and will become one of the great leaders in the League of Nations which she was so influential in bringing into being. But even if the United States should not ratify the Treaty or become a member of the League, the League will stand as the highest effort of constructive statesmanship to provide a peaceable method of settling international disputes and of avoiding a repetition of the horrors and misery occasioned by war. While the absence of the United States from its Councils will undoubtedly lessen its moral authority and weaken the force of its decisions, yet one is convinced that the public opinion of the world is behind the League, and if men of good will in all nations rally to its support and create and maintain the public opinion upon which in the last analysis it must depend for its success, the high hopes which the world, shocked by the crimes and losses of this war, entertained for its future, will not be disappointed. The inauguration of the League today should mark a new era in international relationships and in human progress. Canada as one of the charter members of the League enters the family of Nations to give her voice in support of the great principles of freedom, justice and ordered liberty, for which so many of her brave sons died.

DEMOBILIZATION AND REPATRIATION

ANOTHER great task which confronted the Government was the withdrawal of our troops from Europe; their transportation to Canada and their demobilization and re-establishment in civil life. This was a task in which Canada had no previous experience. It was a larger undertaking than had ever confronted the men of our race prior to the present war, and, while owing to conditions our men had to endure many hardships, demobilization has been accomplished with an expedition and an efficiency unsurpassed by any other country. I desire here to pay a special tribute to the work of General Mewburn, Minister of Militia, who has just retired from the Government, for the magnificent work he and the officers under him have done in connection with demobilization.

At the date of the signing of the Armistice we had 277,439 men overseas, of whom no fewer than 43,000 were sick or wounded and in hospitals in Great Britain and France. All these sick and wounded, with the exception of between 60 and 70, have been returned to Canada and all our troops, with the exception of about

1,000 who are engaged in closing up matters in Great Britain, have been returned and demobilized.

WAR SERVICE GRATUITY

Our soldiers upon demobilization were given a War Service Gratuity proportionate to their length of service overseas as follows:

	3 years	2 years and under 3	1 year and under 2	Less than 1 year
Married.....	\$600	\$500	\$400	\$300
Single.....	420	350	280	210

The above amounts were paid to those members of the C.E.F. any part of whose service was overseas. Those members of the C.E.F. who did not leave Canada received gratuities as follows:

	3 years	2 years and under 3	1 year and under 2
Married.....	\$300	\$200	\$100
Single.....	210	140	70

The total amount paid out in War Service Gratuity by the Canadian Government up to December 13, 1919, was \$148,405,-030.78. It is estimated that about \$22,000,000 more will be required to complete payment to members of the C.E.F. and to Canadians who served in the Imperial forces, as recommended by the Special Committee on Soldiers' Civil Re-establishment, making a total of \$170,405,030 paid by Canada on account of War Service Gratuity.

During the year a demand was made upon the Government for an additional War Service Gratuity to all soldiers of \$2,000. This matter received not only the earnest consideration of the Government, but it was thoroughly investigated by a large and representative Committee composed of members of both sides of the House of Commons. Both the Committee and the Government reached the conclusion that the country would not be justified in paying an additional cash gratuity. The other recommendations of the Committee have been carried out or are now receiving the consideration of the Government.

PENSIONS

For the dependents of those who fell in battle and for those who are wholly or partially disabled as a result of service overseas, provision has been made for pensions under a Pension Act passed at the spring session of last year. The whole question of pensions was fully and thoroughly investigated by a Committee of the House of Commons and the Government had the benefit of the views and suggestions of members from both sides of the House. The Report of the Pensions Committee was accepted by the Government and legislation to carry it out was enacted. Under this law the pensions provided were higher than those provided in any other country up to that time, and are still substantially higher for widows and dependents than those now in force in any country, as the following comparative statement, furnished by the Pensions Board, illustrates:

Comparative Scale of Pensions

ANNUAL RATE AWARDED TO WIDOWS OF PRIVATES

Country	Widow only	Widow and 1 Child	Widow and 2 Children	Widow and 3 Children	Add. for each Subsequent Child
	\$	\$	\$	\$	\$
*Canada.....	576.00	756.00	876.00	972.00	96.00
United Kingdom..	253.06	464.01	558.91	634.74	75.92
New Zealand.....	379.60	632.66	759.19	885.72	126.53
Australia.....	253.06	379.60	474.50	537.75	63.26
South Africa.....	253.06	347.96	432.31	506.12	63.26
**United States.....	300.00	420.00	510.00	570.00
France.....	160.00	220.00	280.00	340.00	60.00
Italy.....	121.66	121.66	121.66	131.39	9.73
Germany.....	96.35	136.74	177.13	217.52	40.39

*The rates for Canada include a bonus for one year to take effect September 1st, 1919.

**No account has been taken of benefits accrued from voluntary insurances.

Comparative Scale of Pensions

ANNUAL RATE AWARDED TO PRIVATES TOTALLY DISABLED BY WAR SERVICES

Country	Pensioner Only	Pensioner and Wife	Pensioner Wife and 1 Child	Pensioner Wife and 2 Children	Pensioner Wife and 3 Children	Add. for Each Subs. Child	Allowance for Helplessness
	\$	\$	\$	\$	\$	\$	\$
*Canada...	720.00	900.00	1044.00	1164.00	1260.00	96.00	450.00
United Kingdom	506.13	632.66	727.56	803.48	879.42	75.92	253.06
New Zealand...	506.13	759.20	885.73	1012.26	1138.80	126.53	253.06
Australia..	379.60	569.40	695.93	790.74	854.01	63.26	126.53
South Africa..	379.60	506.13	601.12	685.36	759.20	63.26	442.86
**United States..	960.00	1080.00	1140.00	1200.00	240.00
France.....	480.00	480.00	540.00	600.00	660.00	60.00
Italy.....	243.33	291.99	318.75	345.51	372.27	26.76
Germany..	From \$175.20 to \$316.33 according to nature of disablement.						

From January 1st, 1919, the pension has been increased from 50% to 100% according to nature of disablement.

*The rates for Canada include a bonus for one year to take effect September 1st, 1919.

**U.S.A. permanent total disability case receives \$100.00 per month for life under new legislation passed in December 1919.

No account has been taken of benefits accrued from voluntary insurance.

Included in the amounts paid by Canada for Pensions, is a war bonus of 20%. It will be necessary that this matter should come up for review at the approaching session of Parliament. The total number of pensions granted up to October 31st last was 82,661, divided as follows: Disability pensions, 65,214; Dependents, 17,447.

These pensioners have 57,998 children and increased pensions are granted in respect of these children. Of the pensioners granted pensions for disability 27,803 are married, and additional pensions

are granted in respect of their wives. The total number therefore in respect of whom pensions were being paid on October 31st last was 168,462; this involves an annual charge of over \$27,000,000.

SOLDIERS' LAND SETTLEMENT

The Government also brought under review during the past year the question of settlement of soldiers on land. A most important Bill relating to the matter was passed through the House at the Spring session. Under this Bill a soldier may receive a loan up to \$7,500 for the purchase of land, livestock, implements and the erection of buildings. The Soldiers' Land Settlement Board also loans to settlers on Dominion Lands up to \$3,000, and may loan to settlers who already own land up to \$5,500 to discharge incumbrances on agricultural land and for equipment and improvements.

Every precaution is taken by the Board to ensure that men who are unsuited for farming should not settle on the farms and that the men who do take up farming should have a reasonable prospect of making such occupation a success. Up to December 13th, 1919, the last date for which figures are available, 44,278 had made application for qualification certificates as being eligible to apply for allowances for agricultural purposes. Of this number 33,496 have been approved and 18,309 loans have been provided amounting to \$54,701,858.00.

The work of the Board is carried on in all the Provinces of Canada and in no country at war has such an extensive Land Settlement Scheme been carried out, or anything like such great progress been made, in the settlement of the soldier on the land.

RE-EDUCATION AND RE-TRAINING

In addition to the foregoing, the Government has recognized its responsibility to see that the men, who were disabled from pursuing their former occupations as a result of military service, receive not only free medical and hospital service but re-education and re-training to fit them for some other useful occupation, and one of the most important phases of governmental activity during the past year has been the work of the Department of Soldiers' Civil Re-Establishment. During the period of re-education and re-training, the ex-soldier is in receipt of pay and allowances substantially on the same scale as while serving in the army. This provision for re-education applies also to all young men who enlisted under eighteen years of age. The services of these lads, who were under no compulsion to serve their country, is thus being recognized. Over 40,000 applications, including both classes, have already been approved for re-education or re-training; 34,240 applicants have already entered upon their course and nearly 9,000 have already graduated. Parliament voted last session for the work of the Department of Soldiers' Civil Re-establishment, approximately \$33,000,000. This is quite apart from the sum of \$40,000,000 voted at the autumn session.

EMPLOYMENT OF RETURNED MEN

One of the most important branches of the work of the Department of Soldiers' Civil Re-establishment has been assisting in securing employment for returned soldiers. This work is carried on in co-operation with the Department of Labour. During the past year the Department of Labour has, in co-operation with the Provincial Governments, secured the establishment of a system of Labour Exchanges in all the Provinces of Canada. At the present time there are 92 of these Labour Exchanges, and representatives of the Department of Soldiers' Civil Re-establishment work in co-operation with these Exchanges, and up to December 31st last over 111,000 positions had been found for returned men; or 86.7% of all who applied had been placed in employment.

Moreover, under a law enacted by the present Parliament, the Civil Service Commission in making appointments to the public service, gives preference to returned soldiers, provided such applicants possess the minimum qualifications. According to official figures just compiled, more than 24,000 returned men had been given positions in the Government service up to December 31st, 1919.

FEDERAL UNEMPLOYMENT FUND

It is recognized that the greatest service the State can render to a returned soldier is to assist him to secure a position where he can be absolutely self-reliant and depend upon himself for his own future. Provision, however, has been made to deal with necessitous cases of unavoidable unemployment. At the autumn session Parliament placed at the disposal of the Government the sum of \$40,000,000 to be available, so far as required, for this and the other phases of re-establishment work set out in the Committee Report. This money, so far as required, is now to be disbursed by the Patriotic Fund, under General Ross as Director, to meet the cases of absolute need.

It is difficult to compare what Canada has done for her returned soldiers with that done by other countries, because in no two countries are the provisions identical; but taking all together, war service gratuity, pensions, land settlement, re-education and re-training, providing employment, and unemployment fund, no nation at war has equalled Canada in the provisions she has made for the returned men or the dependents of those who have fallen—and no soldiers ever deserved better treatment at the hands of their country.

DEMobilization OF WAR INDUSTRIES

ANOTHER task which faced the Government at the opening of the year was to ensure that so far as practicable there should be no unnecessary unemployment and suffering in Canada due to the demobilization of our war industries. The prompt action of the Government in deciding to proceed with certain important public works, in giving orders to our steel and other manufacturing plants for necessary rails and equipment for

our railways, and in giving credits to certain European countries for the purchase of food and articles of Canadian manufacture, stimulated the whole industrial situation at a critical time, inspired confidence in employers and employees and very materially contributed to the great industrial prosperity which Canada has enjoyed during the past year.

INDUSTRIAL CONDITIONS AND LABOUR PROBLEMS

AS already intimated the close of the war was followed by grave unrest among the workers in every land. In this unrest Canada shared. The workers in Canada, as elsewhere, had made a magnificent contribution to the success of Canadian arms, both by their service overseas and their work in Canada, and they justly demanded that in the new and better day which should follow the war the conditions under which the worker lives and toils should be substantially improved. The triumph of Bolshevism in Russia and propaganda which the Bolsheviki were carrying on in other countries contributed to this unrest. The Government was confronted, therefore, as has been the Government of every country at war, with two great obligations: (1) to secure the establishment of social justice and better conditions for the industrial toiler; and (2) to defeat the plans of the Bolshevik agitator who was working to overthrow constituted authority and substitute therefor a Soviet form of Government. These questions have received, at the hands of the Government, the most earnest consideration.

LABOUR CLAUSES OF THE PEACE TREATY

As is now well known, the Canadian plenipotentiaries took an influential part in the final settlement of the labour clauses of the Peace Treaty. In those clauses are set forth the principles which, when applied, should result in the establishment of a large measure of social justice and in greatly improving the social and industrial position of the workers. On the recommendation of the Government the Parliament of Canada unanimously approved the Treaty of Peace containing the labour clauses. The Treaty went into effect on Saturday last and the Government of Canada will discharge the obligations assumed under this Treaty, both in spirit and in letter.

THE INDUSTRIAL COMMISSION

In order to obtain as accurate a knowledge as possible of industrial conditions through Canada and of the views of industrial and labour leaders as to the best methods to improve these conditions, the Government in the month of April last appointed an Industrial Commission composed of representatives of employers, employees, and the public, under Judge Mathers, as Chairman, to investigate industrial conditions throughout Canada and to recommend such measures as the Commission deemed to be in the public interest to improve these conditions.

INDUSTRIAL CONFERENCE

After this Commission had presented its report, the Government summoned an Industrial Conference at Ottawa, composed of chosen representatives of both employers and workers, as well as representatives of the public and of the Federal and Provincial Governments to consider the recommendations of the report. The result of this Conference was a substantial measure of agreement on many important questions affecting industry and the workers, and on others a frank and clear statement of the respective positions of the employers and workers. The result of the work of this Conference was so satisfactory that the Government hopes that further conferences will prove equally beneficial.

INTERNATIONAL LABOUR CONFERENCE AT WASHINGTON

This Conference was followed in the month of October by the International Labour Conference at Washington, called under the terms of the Peace Treaty, at which representatives of forty nations met together to consider labour conditions and industrial problems. This Conference reached many very important decisions affecting labour conditions throughout the world and now that the Peace Treaty has gone into effect, the Governments concerned will be called upon to take action with reference to these decisions. The place of Canada at this Conference is shown by the fact that she was chosen as one of the twelve nations entitled to nominate a representative on the Governing Body of the International Labour Organization and a representative of Canadian labour was chosen as one of the six labour representatives on this Governing Body.

The part which the Canadian representatives took in settling labour clauses of the Peace Treaty, the work of the Industrial Commission, the deliberations of the Industrial Conference, and finally the work and decisions of the International Labour Conference at Washington, mark the greatest advance in any year of Canadian history in the promotion of social justice, in the establishment of better relations between employers and workers and in bringing nearer the new and better social and industrial order which should follow the sacrifices of the great war.

MAINTENANCE OF CONSTITUTED AUTHORITY

THE Government has recognized the paramount obligation to maintain law and order and constituted authority within the limits of its jurisdiction, and has done so successfully. In no country of the world are law and order and constituted authority more respected than in Canada today.

SOCIAL LEGISLATION

THE past year will stand out as the most conspicuous in our history in the enactment of social legislation for the benefit of the whole people.

HEALTH

The first and most important measure has been the Act Establishing the Department of Health. The examinations made by the military medical authorities in connection with the Military

technical education throughout Canada. The sum of \$10,000,000 has been set apart for this purpose and grants are made only on condition that the Provinces shall expend an equal amount.

PROHIBITION

At the spring session the Government endeavoured to secure the passage of a Bill validating the orders-in-council prohibiting the importation and interprovincial trade in intoxicating liquor during the war and for the period of one year thereafter. Although the House of Commons passed this Bill by a large majority, it was defeated by the action of the Senate and all the efforts of the Government to secure its adoption were unavailing. At the autumn session the Government introduced and secured the passage of two Bills, (1) providing that the importation of liquor into any Province for beverage purposes should be absolutely prohibited in case the legislature of such Province asks that a vote should be taken on the question and the majority of the electors vote in favour of the prohibition of such importation; and (2) to improve the provisions for the enforcement of the Act known as the Doherty Act. As the Prime Minister has already said: "It required all the influence of the Government to secure the adoption of these Bills by both the Houses of Parliament, and they became law because of the serious and earnest efforts put forth by the Government to secure their adoption." Under the legislation passed at the last session of Parliament any Province can absolutely prevent the importation of liquor into its territory for beverage purposes.

In the Orders-in-Council and in the legislation enacted last session, the Government has given to Canada the most advanced temperance legislation in our history.

CIVIL SERVICE REFORM AND ELIMINATION OF PATRONAGE

ONE of the most important measures of the Government during the past year was that relating to Civil Service Reform and the re-classification of the whole service on the basis of merit. No more important Act dealing with the Civil Service has been passed by any Parliament. Today, in the whole Civil Service of Canada, numbering approximately 55,000, patronage has been entirely eliminated, both in appointments and promotions. When the work is completed it should result, not only in the elimination of the grave abuses which are inseparably associated with the patronage system, but also in a very substantial increase in efficiency in the service.

The effects of the patronage system and urgent need for a re-organization and re-classification of the public service is well illustrated by the Printing Bureau. The report of the Civil Service Commission on the Printing Bureau showed that there were in the Bureau over 400 more employees than were required for the proper handling of the work, that many employees were no longer fit for the work in which they were supposed to be engaged, and that the

work could be efficiently carried on with an annual saving to the country of more than half a million dollars. The Government took action at once upon this report, secured the necessary legislation and the re-organization of the Printing Bureau is now being carried out. It is not expected that similar reductions can be made in all the other departments as apparently the Printing Bureau was more seriously overloaded with unnecessary employees than the other branches; but the Government has ample evidence to convince it of the urgency of re-organization in other branches as well. There was strong opposition in the House to the passage of the re-classification Bill, but the Government pressed it through.

Since the Civil Service Commission has commenced to apply the re-classification to the Service, opposition has developed within the Service to this re-classification. Undoubtedly in so gigantic a work mistakes and apparent injustices will occur, but the Act provides the machinery whereby all these matters may be reviewed by the Commission, errors corrected and injustices removed. The Civil Service Commission has reported to the Government that many of the differences arise out of an effort on the part of the members of the Service to insist on securing a classification which would provide a salary much above the value of the work now being done by these Civil Servants. The Act protects all such in the enjoyment of their present salaries and in the increases which under the old Act they would have been entitled to receive. The new classification will cover new appointments to the Service; but just as the Government did not yield to opposition in the House in carrying through this great legislative reform, so the Government must stand behind the Civil Service Commission in the application of the legislation adopted by Parliament for the re-classification of the Service. If the legislation is fairly applied and once gets into practical operation, it should result, from the point of view of an efficient Civil Servant, in (1) better pay for the service rendered; (2) promotion on merit; (3) security of tenure. To the public it should result in greater efficiency in the Government Service and a substantial reduction in public expenditure by the gradual elimination of unnecessary and inefficient employees.

It may be added that with regard to trained experts, commercial institutions are able to offer very much higher salaries than the Government, according to all past precedent, can afford to pay; and while under the re-classification there is a substantial advance in the salaries of many of such experts, in view of outside competition, the Government faces serious difficulty in retaining them in the Service

WAR PURCHASING COMMISSION

IN 1918 the Government extended the work of the War Purchasing Commission to cover the purchasing for all governmental departments, so as to eliminate patronage and ensure the best results in the purchase of Government supplies. The work of the Commission resulted in the elimination of patronage and in the saving of hundreds of thousands of dollars to the country.

In the spring session of last year the Government introduced a Bill to create a permanent purchasing commission to carry on and extend the work of the War Purchasing Commission. Such opposition, however, developed in the House to this Bill that the Government was compelled to withdraw it or unduly prolong the session. As the Prime Minister intimated at the time, the withdrawal did not indicate any change of policy on the part of the Government and the Purchasing Commission would be continued pending further action. This further action must be taken to make its work permanent.

Union Government is pledged to the elimination of patronage in the purchase of all Government supplies and so far as I can at present recall this is the only important pledge made by Union Government in 1917 which the Government so far has not redeemed. I hope it may be possible for the Government to redeem this pledge at an early date.

THE FRANCHISE ACT AND WOMAN SUFFRAGE

AS a result of the legislation of 1918 and 1919 the franchise has been extended to women on the same basis as to men, and women have been given the same right as men to sit in the House of Commons. These Acts double the electorate and constitute the largest extension of the franchise made by any Government in Canadian history. They broaden the basis upon which democratic government rests and ensure in the future that Parliament shall be representative, not of half the people, but of the whole people. The influence of women in the electorate should elevate the tone of public life and give increased emphasis in the nation's outlook and policy to those great moral and spiritual forces which are after all its greatest asset and the surest guarantee of its strength and stability.

By proclamation issued in August last, the War Times Election Act ceased to be in force and one of the important tasks now before Parliament is the enactment of a new franchise law. A general election cannot be held until such a law is enacted. The Government at its last session promised a Speaker's Committee to consider the question of proportional representation, and this question will undoubtedly require the serious consideration of Parliament.

FINANCE

FIVE years of war have left Canada with a debt of approximately \$2,000,000,000. In order to pay interest upon the National Debt, to provide for pensions for our soldiers, and other charges growing out of the war, as well as to maintain the public services in a reasonable degree of efficiency, Canada must raise annually in taxes considerably more than double the amount she was called upon to raise prior to the war. One of the most important and difficult tasks facing the Government is to raise the annual Budget and to so distribute this taxation as to ensure that the burden will fall upon those best able to bear it. The Government taxation proposals last year were among the most important measures submitted to Parliament.

THE TARIFF

The Union Government might have contended that it was not called upon to legislate on a controversial question like the tariff, but in response to a widespread demand that the Government should take action with respect to the tariff, the Government reduced the tariff taxation of the country in 1919 by an amount estimated at \$17,000,000. The changes involved the entire repeal of the British Preferential Tariff War Tax of 5% and a partial repeal of the Intermediate and General Tariff War Tax of 7½% imposed under the Revenue Act of 1915, so that the latter no longer applies to the following classes:—Foodstuffs, linen and cotton clothing, woollen clothing, boots and shoes, fur caps and fur clothing, hats, caps, hoods and bonnets, gloves, mitts, collars and cuffs, hides, skins, leather, harness and saddlery, agricultural implements, petroleum, oils, mining machinery and bituminous coal.

The tariff changes provide for a total reduction including the 7½% war duty under the General Tariff from 27½% to 15% on certain agricultural implements and from 27½% to 17½% on agricultural machinery. On hay-loaders, potato diggers, fodder or feed cutters, grain cutters, grain crushers, fanning mills, hay tedders, farm, road or field rollers, post-hole diggers, snaths and other agricultural implements, provision was made for a total reduction to 20% and a similar reduction on farm wagons.

Among other important changes the tariff also provided for reciprocity with the United States or any other country in the free entry of wheat, wheat flour and potatoes.

In addition the Government promised a thorough revision of the tariff after due investigation. While these tariff changes were not proposed as a thorough revision of the tariff, no tariff revision, put into effect within the past twenty years under either Liberal or Conservative Governments, has involved as extensive or important tariff reductions on agricultural implements and agricultural machinery.

As the new Finance Minister, Sir Henry Drayton, has already announced, preparations are now being made for the investigation which should precede a thorough revision of the tariff. One of the most important tasks before the Government of Canada is the completion of this investigation and the submission to the House of a revised tariff. That a careful and thorough tariff revision is necessary in the public interest few will deny, nor will many thoughtful men deny that in view of our financial obligations, our geographical position and our political affiliations, we must continue to raise large sums by tariff taxation; we must maintain industries essential to our national life and prosperity, but we must not permit a tariff which may be used to exploit the public for the sole benefit of its beneficiaries.

INCOME TAX

In order to meet the loss of revenue from reduced taxation attendant upon this reduction in the tariff, as well as to provide for the necessary needs of the country, the Income Tax was very

substantially increased last year, particularly as regards large incomes, where the tax was almost doubled. The present Income Tax is in all respects equal to the Income Tax in the United States.

It is difficult to compare our income tax with the income tax in Great Britain where the only income tax levied is by the Imperial Government, whereas in Canada income taxes may be levied by the Federal, Provincial and Municipal Governments, and in some Provinces at least, are levied by all three. Comparing, however, our Federal Income Tax alone with that of Great Britain, our tax is substantially lower than the British on incomes of less than \$100,000, but the difference between the two steadily diminishes and at \$200,000 they are substantially the same. On incomes from \$200,000 up, the Canadian tax increases much more rapidly than the British, and at \$300,000 exceeds the British. From \$300,000 up, the increase in the Canadian scale over that of the British becomes even more noticeable. The following comparisons will illustrate the Canadian and British tax:

Income	Canadian Tax	British Tax
\$ 100,000	\$ 31,190.00	\$ 47,187.50
200,000	93,190.00	99,687.50
300,000	161,190.00	152,187.50
500,000	303,190.00	257,187.50
1,000,000	663,190.00	519,687.50

Not only has there been this great increase in the amount of the Income Tax, but the Department of Finance is steadily improving the machinery for its collection and tax evaders are being vigorously prosecuted in the courts.

BUSINESS PROFITS TAX

In addition, the Business Profits Tax, which is said to be the heaviest business profits taxation imposed in any country at war, was continued through the year, and the estimated revenue from this tax this year is \$35,000,000. During the present fiscal year, that is from April 1st, 1919, to date approximately \$30,000,000 has been received.

THE VICTORY LOAN OF 1919

The cost of demobilization, of providing credits, and capital expenditure, had to be met by national borrowings and as you are aware, the Government during 1919 asked the Canadian people to subscribe to a further Victory Loan. They responded magnificently and the total subscriptions received amounted to \$673,000,000 from nearly 800,000 persons.

While Canada has a huge financial burden to carry and while the exchange condition at the present time is very unsatisfactory, with the possible exception of the United States, no country which has taken part in the war can face the future with greater confidence and courage from the financial point of view, but as a Government

and people we must economize. Our urgent need is more production both from factory and farm, and thrift and economy instead of the present lavish and extravagant expenditure in which so many are indulging at the present time.

IMMIGRATION AND NATURALIZATION

UNDoubtedly following the war the tide of emigration will again set in toward the shores of Canada. The Government has recognized that the future of our country will in increasing measure depend upon the character of our citizenship, and in the new Immigration Act, passed at the spring session, the Government has taken power to prevent undesirable persons from entering Canada. Hereafter our settlers in Canada will be selected with much greater care than in the past.

The Government has also taken power to deport from Canada those persons whose aim it is to overthrow by force all constituted authority, or who disbelieve in and are opposed to organized Government.

Most important changes were also made in our Naturalization Laws last year. Not only does the Government recognize that greater care should be exercised in the admission of emigrants to our shores, but that the conditions which surround Naturalization should be made more strict, and that those who are false to their new allegiance should forfeit the right to citizenship. Canada does not desire that her citizens should owe any measure of allegiance to a foreign country.

TRADE CONDITIONS

DURING the year the Government has been called upon to take most important action respecting Canadian trade.

THE CANADIAN TRADE MISSION

More than four years of destructive conflict left the nations of Europe weak and impoverished and unable to provide for their own needs. This afforded Canada a splendid opportunity, not only to aid in the rehabilitation of Europe by providing the nations there with the articles they so greatly needed, but to develop our own foreign trade, assist in the employment of our own working men and help Canada bear the burdens of the war. The Government therefore established the Canadian Trade Mission in London under Mr. Lloyd Harris, and the people of Canada know what fine service Mr. Harris rendered, and what large practical benefits have resulted to Canada through this development of our foreign trade. The Government also established the Canadian Trade Commission at Ottawa, under Sir Charles Gordon, as Chairman, to co-operate with the Trade Mission in London. This body also has rendered fine service.

THE BOARD OF COMMERCE

In order that profiteering might be investigated and stopped, and those responsible therefor punished, the Government procured the establishment of a Board of Commerce and the enactment of

the Combines and Fair Prices Act. The activities of the Board have covered a wide range and it has been subjected to some criticism by those affected by its actions and decisions. Its general conclusions, however, must be re-assuring to all thoughtful Canadians. In the course of a statement issued in Winnipeg in December last, the Board states:

"The Board is pleased to be able to observe as a result of its preliminary survey of business conditions that despite high prices undoubtedly prevailing, profiteering, so-called, that is the taking of unjust profits, is not, in the Board's opinion as common, nor nearly as common as many have charged or claimed. Business is in the main sound and honest, and the Board has a confident hope that business men will be as the Board's right hand in the new imminent business of tracing and punishing those among them, who, according to the new business ethics of this era, have dishonoured their brethren."

The investigations of the Board of Commerce have shown, as thoughtful people everywhere already realized, that the present high cost of living from which so many people are suffering in Canada—though less in Canada than probably in any other country—is not due to local conditions or causes peculiar to Canada, but to the operation of great economic laws, world-wide in their sweep and from which there is no immediate prospect of escape. The world is suffering, on the one hand, from serious shortage of the commodities which the world needs, and, on the other hand, from an unprecedented inflation of currency, due to the enormous war expenditures. These two causes combined, both the inevitable results of the war, have produced the present abnormal conditions. There is only one way out, and that is in increased production of the commodities needed and the practice of thrift and economy, so that from the savings thus effected national obligations may be discharged and the inflation of the currency thus reduced.

BANKRUPTCY LAW

The year 1919 saw the passage of a Bankruptcy Law at the instance of the Government—a law which the business men of Canada have been urging for years without success.

PURCHASE OF WHEAT

The virtual collapse of European credit following the financial exhaustion of the war has changed the whole basis of International trade. The shortage in European countries of certain essential food products has compelled those countries to retain control of the price and distribution of these foodstuffs and consequently of the purchase of them. This Governmental control in Europe has rendered it necessary, in order that the Canadian farmer might market his products, for the Government of Canada to intervene and assist him in the financing and marketing. It was necessary, therefore, that the Government, during the year, adopt measures to provide for the marketing of the wheat of the farmers

of Canada, and this has been carried out with such a large measure of success that the farmers of the West, who are chiefly concerned in the matter, have, through their representative organizations, expressed their approval of the plan and policy of the Government and have asked for its continuance so long as Governmental control in Europe continues. The entire wheat crop produced by the Canadian farmer has been marketed through Governmental agencies.

FOREIGN TRADE

Canada never had larger opportunities for increasing her foreign trade than she has today, but in view of the complete suspension of international credit, it is necessary, if this trade is to be increased and placed on a permanent basis, that there should be close co-operation between those who produce articles for export and our financiers, and that both should at this time manifest faith, courage, energy and public spirit in promoting Canada's export trade; and that in their efforts they should be assured of the practical sympathy and energetic co-operation of the Government. At the present time the development of our export trade will add to the wealth of our own people, provide employment for our workers, assist Canada in the discharge of her war obligations, and at the same time greatly benefit the nations which are in need of our products.

TRANSPORTATION

RAILWAYS

WE all recognize that transportation is vital to the life and progress of the nation. The Government during the past year has been faced with grave transportation problems; and has grappled with them vigorously and courageously. In the early part of the year one of the most important railways in Canada, the Grand Trunk Pacific, notified the Government that owing to lack of funds at its disposal it could no longer continue to operate its line, and scores of towns and villages throughout Canada were threatened with a complete lack of transportation with consequent loss and suffering. The Government had to face the question whether they should continue to vote millions of dollars of the people's money to aid privately-owned railways which were unable to pay their own way, or whether the time had not come when these roads should be taken over for the benefit of the whole people and that any further monies expended should be for the benefit of the people of Canada. The Government decided on this latter course and also that the whole Government railway system should be placed under the best possible business management in order that Government ownership and operation of the national system of railways should have the best possible opportunity for success.

The Government during the year has passed no fewer than four measures of great importance touching the railway transportation:

1. The General Railway Act consolidating the Railway Law of Canada.

2. An Act incorporating the Canadian National Railways for the purpose of handling all Canadian Government Railways on a business basis.
3. An Act relating to the Grand Trunk Pacific Receivership.
4. An Act for the acquirement and taking over of the Grand Trunk Railway and its subsidiary companies, including the Grand Trunk Pacific.

As a result of these measures the Government expects to be in possession of a railway system 22,000 miles in extent, forming a great national system of railways owned and operated for the benefit of the whole people of Canada.

The terms of the agreement between the Government and the Grand Trunk Railway for the acquirement of the stock of that Company have now been settled and the Government must proceed with the arbitration under which this stock is to be acquired for the people of Canada. The Government will take steps to see that the case of the Government is so presented before the Arbitration Board that the rights and interests of the people of Canada will be absolutely protected and that the people of Canada will not be called upon to pay more than the stock of the railway is worth, having regard to all the obligations which the railway is bound to discharge. When this is accomplished, the further task remains of consolidating all the Government railway interests under one management composed of men of the widest experience and best business ability who shall be responsible for operating these railways on a business basis wholly free from patronage or political interference. It is only by pursuing such a course that the great Government system of railways can be placed in a position to compete on anything like equal terms with the Canadian Pacific Railway, and that public ownership of a National system of transportation can be made a success.

SHIPPING

The Government has not limited its activities in connection with transportation to railways alone, but has also devoted its attention to the building up of a Canadian Merchant Marine in connection with the Government system of railways. The Government has contracted for no fewer than 60 steel freight ships, ranging in net weight tonnage from lake size 3,750 tons to 10,500 tons, making a total net tonnage of 359,945. Twenty-three of these ships are already in commission and are aiding in providing transportation for Canadian products of the farm and of the factory. Ten of these ships are running to the West Indies and South America opening up new avenues of export trade for Canada, carrying full cargoes both ways. Before the war a very large portion of this trade was in the hands of Germany and since the war the United States has naturally been making strong efforts to capture it. Splendid opportunities exist for the development of Canadian trade and the Government Merchant Marine is aiding in the accomplishment of this purpose. Government ships are carrying lumber

from British Columbia to England and Australia; others are running to Newfoundland, Liverpool, Glasgow and London. When the ships now contracted for are complete, the Canadian Merchant Marine will be plying to and from the important ports of the world, developing Canadian trade and giving Canada a Government-owned and operated transportation system by rail and by water practically around the world. This system must be extended to include passenger ships as well as freighters.

HIGHWAYS

In order that the farmer may get his products from the farm to the market town or railway station, it is necessary that he should have good roads; and the Federal Government, during the past year, has enacted legislation setting apart \$20,000,000 to be expended under agreements with the Provinces for the development of good roads in the several Provinces. The Government grant covers 40% of the actual cost of the road to be constructed and one of the conditions of these grants is that the Province must expend the other 60%. Suitable provisions have been made also to ensure that the road construction shall be high grade and of a permanent character, and that the road, once constructed, shall be properly maintained. The programme plans for the work to be undertaken under the Highways Act in Ontario and Quebec during the next five years, have been filed with the Government and are up for approval. With respect to the other Provinces, tentative plans have been sent in and the matter has been discussed with the Provincial Highways Departments. It is expected that all these Provinces will have their plans approved in time for next season's work.

AERIAL NAVIGATION

The war has forced upon our attention the importance of aerial navigation and the Government has been called upon to give serious consideration to this problem. Legislation was passed last year under which an Air Board has been established to regulate and control aerial navigation in Canada. This Board has framed the necessary rules and regulations under which aerial navigation shall be carried on in Canada, and has been giving most careful consideration to the formulation of plans for the development and maintenance of aerial navigation in Canada.

Thus the year has been marked by great constructive measures dealing with transportation by rail, by road, by sea and by air.

DEFENCE

DURING the past year, the Government has been called upon to consider measures necessary for the preservation of internal order and for the re-organization of our defensive forces consequent upon the termination of the war. Important measures have been introduced and passed through Parliament providing: (a) For the enlargement of the jurisdiction and the permanent establishment of the Mounted Police as a Federal Police Force, and for the amalgamation of the Dominion Police

with the Mounted Police, so that hereafter there will be but one body of Federal Police throughout Canada. (b) For the re-organization of the permanent military force of Canada.

The Government has also been giving consideration to the question of a naval defence. The naval developments of the war and the rapid growth of our commerce and merchant marine rendered this absolutely necessary. A series of conferences have been held with Admiral Jellicoe who visited Canada on the invitation of the Government to discuss this important matter. The whole question is now receiving the earnest attention of the Government.

The place of the Air Service, in any system of defence either on land or sea has also received the attention of the Government and plans for a permanent Air Service are now under consideration.

These questions must be dealt with at an early date. Canada cannot continue to claim the status of a nation within the British Commonwealth and maintain her own self-respect without being prepared to assume the obligations inseparably associated with a national status.

PEACE TREATY AND CANADA'S STATUS

LET me conclude this review of the work of the Government during the past year by again drawing attention to the Treaty of Peace, and Canada's relation thereto. The year has marked a new era in our constitutional development within the British Commonwealth and in our relations with the other nations of the world. Owing to the efforts made by the Government, Canada secured:

1. Direct representation at the Peace Conference.
2. Membership in the League of Nations.
3. The right of election to the Council of the League and to the Governing Body of the International Labour Conference.
4. That the Treaty should be executed in respect to Canada by Canadian plenipotentiaries appointed by His Majesty on the advice of his Canadian Ministers.
5. That the Treaty should be submitted to the Canadian Parliament for approval before ratification.
6. That on final ratification of the Treaty by His Majesty he should act with respect to the Dominion of Canada on the advice of his Canadian Ministers.

In these efforts Canada had the support of Mr. Lloyd George and of the other self-governing Dominions and the rights secured for Canada were secured for the other Dominions as well. It is now manifest that the session of Parliament called to pass upon the Treaty of Peace and the new status of Canada as recognized in this Treaty was one of the most momentous in our history. It marked a great advance in the democratic control of foreign policy. By approving the League of Nations and Canada's participation therein it gave parliamentary sanction to a complete reversal in Canada's traditional attitude toward foreign affairs. It recognized that Canada could no longer be a spectator of world events but must be a participant therein and accept her share of responsibility for world peace.

The result illustrates the gradual development of the British Empire into what may now be more truly described as the British Commonwealth composed of several free, self-governing nations of equal status, though not yet of equal power, owing allegiance to a common Sovereign and bound together by a community of interest and of sentiment which are the sure foundations upon which the Empire rests. The great task remains of working out and establishing such methods of consultation and co-operation between the several nations of the British Commonwealth as will maintain our essential unity, while fully safeguarding our freedom and autonomy. This task will be the duty of an Imperial Conference to be called specially for the purpose.

THE ILLNESS OF THE PRIME MINISTER

ONE cannot close this review without paying a tribute to the outstanding work of the Prime Minister at the Peace Conference, a work of which we as Canadians should all be proud. Men, irrespective of Party, deeply regret his present serious illness due to overwork, and the incessant strain of the Premiership during these war years and all earnestly hope that the rest which he is now taking may result in his complete restoration to health.

CONCLUSION

IN the foregoing statement I have dealt with only the most important legislative and administrative measures of the past year. Scores of other measures legislative and administrative, rendered necessary by the transition of Canada from a war to a Peace basis have been adopted and put into effect by the Government, and in addition, the Government has carried on the ordinary routine administrative work which is characteristic of times of peace.

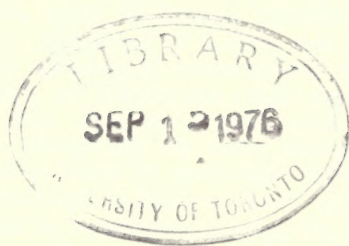
That Union Government has made mistakes no one will deny; that they have found it possible to do everything that they would have liked to do, no one will claim; but may I ask in what year of Canadian history has any Government presented or carried through so many measures of national importance and far-reaching significance? Does not the year 1919 represent the high-water mark of legislative achievement in Canadian history? Several of the most important measures were carried through in face of strenuous opposition and it was only by the persistent efforts of the Government that success was made possible.

I know it is said Union Government is unpopular. No Government could do its duty during the past two years and be popular with all classes and sections of the community. If Canada was to do her whole duty during the war, it was essential that obligations and restrictions should be imposed upon the people in order that the Nation's energies should be directed to one supreme effort to achieve victory. People do not like obligations or restrictions, and no Government that imposes them can be popular once the pressure of war necessity is removed. No Government which car-

ries out great reforms that curtail the rights and privileges hitherto enjoyed by large classes of the community can be continuously popular. Those who object to obligations imposed or who resent restrictions on their liberty of action, or who oppose the curtailment of rights and privileges hitherto enjoyed, are not likely to be strong advocates of the Government which is responsible for such legislation. Their hostility is to be expected; while those who favour the legislation are too often unappreciative or apathetic and remain silent. While practically all the Orders-in-Council passed under the War Measures Act have been repealed, many of those affected by them will still resent their enactment no matter how important in the national interest the enactment of these Orders-in-Council may have been. Two or three illustrations of the legislation of Union Government will clearly indicate what I mean. No Government could enforce compulsory military service without provoking hostility and resentment in thousands of families who were unwilling to let their sons go to the front. No Government could abolish Patronage in appointments to the public service, which affects every constituency from the Atlantic to the Pacific and deprives thousands of men who have been political workers of the hope of reward, without incurring strong hostility from influential elements in every section of the country. No Government could pass legislation which would deprive men who were accustomed to having liquor in their homes, of the opportunity of securing this liquor, without provoking hostility from thousands of such men.

In short, Union Government was put into power to do the things which the country needed to have done, but which no Party Government was willing to undertake, and the question is not whether Union Government is popular, but whether Union Government has done right; has served the public interests. The fact is that Union Government has dealt with the great national problems facing Canada from the standpoint of the public need and the public interest regardless of whether its action would be popular or unpopular. And the result is that outside the boundaries of Canada the name of Canada never stood so high as it does today; and no country which took part in the war has suffered so little from the inevitable results which follow war. Canada has emerged from the war with her credit enhanced at home and abroad, and she faces a new year of peace with brighter prospects and a more assured future than in any year of Canadian history.





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