

CANADA

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# BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.

*MINISTER OF FINANCE*

IN THE

HOUSE OF COMMONS

MONDAY, MARCH 17

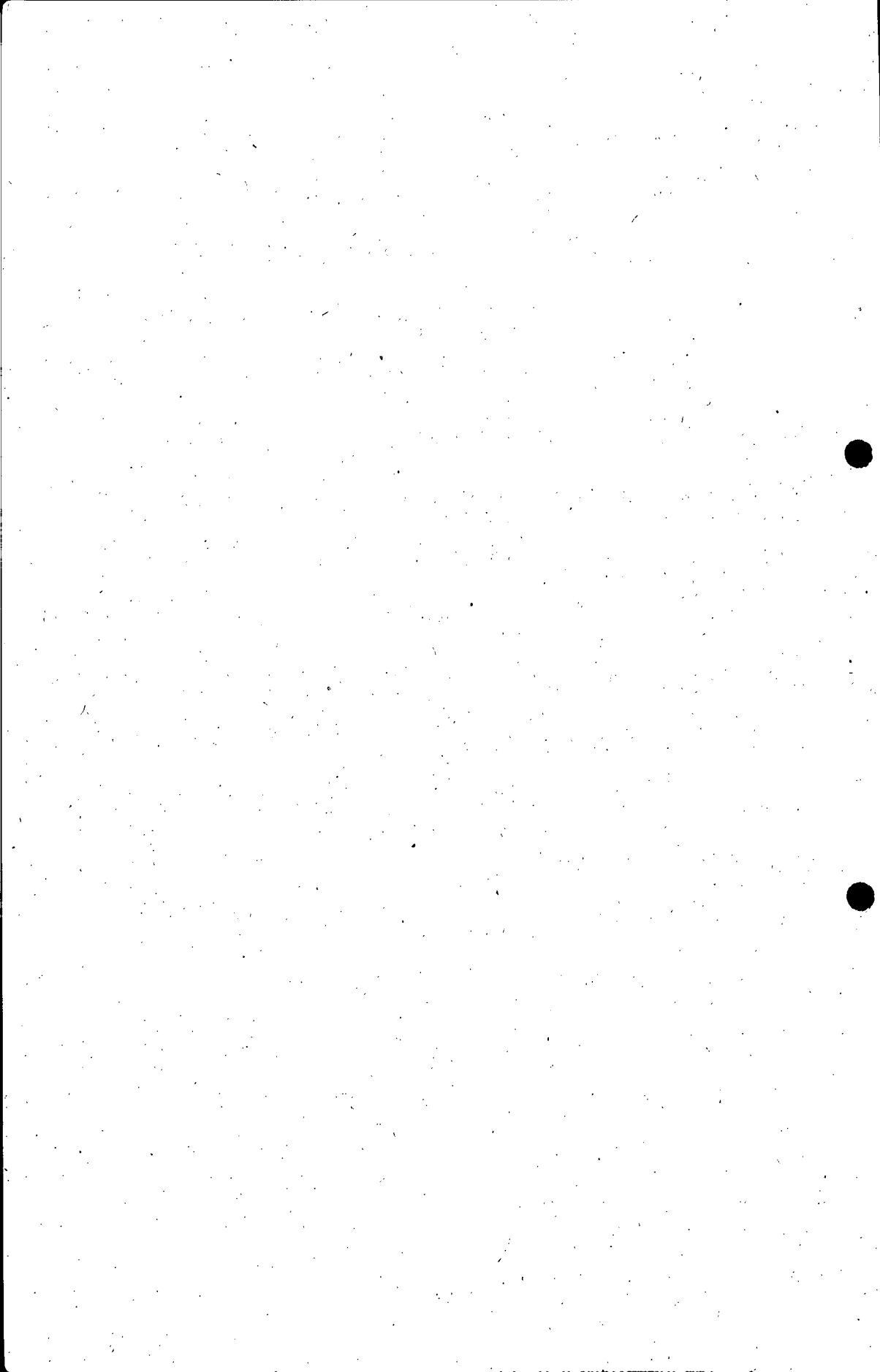
1902



OTTAWA

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EXCELLENT MAJESTY

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The MINISTER OF FINANCE (Hon. W. S. Fielding) moved :

That the House resolve itself into Committee to consider the Ways and Means for raising the Supply to be granted to His Majesty.

He said: Mr. Speaker, it is my happy privilege to present to the House to-day another chapter in the continued story of Canada's prosperity. A year ago, when speaking on an occasion similar to this, and congratulating the House on the then happy state of affairs, I expressed the opinion that the country had about reached the crest of the wave of business activity. I did not anticipate any immediate depression or any severe depression at all. What I suggested was that we might look forward to a period of check, a period during which we would not continue the rapid advance of the past—a period of rest after which the Dominion would again go forward by leaps and bounds. Some hon. gentlemen opposite thought that my view was too hopeful. Their observation of the signs of the times led them to believe that we had already entered upon a period of depression. In view of the operations of the year which has since passed and of the present outlook for the future we are able to see that my own anticipations and those of my hon. friends opposite have both been agreeably disappointed. The business condition of the country has proved very satisfactory, better than my own expectations, much better than the less hopeful views of my hon. friends on the other side. In a country so vast as ours, with such varied conditions, it would be too much to expect

that every section and every industry would be able to make the same gratifying report of prosperity. But I think I can truly say that during the past few years we have approached as near to that happy condition as could reasonably be hoped for. In nearly all the great branches of industry, the past year has been one of activity and prosperity. In the paramount industry of agriculture, which must long continue to be the very foundation of our prosperity, the results of the year have been most gratifying, especially in Manitoba and the North-west Territories, where increased acreage under cultivation and a most bountiful harvest gave us vast stores of grain which have taxed our facilities of transportation to the utmost, and warned us that larger provision must be made for the handling of the treasures of the great west.

The one disappointing feature of the year's affairs has been the census returns, which show a growth of population somewhat less than many had hoped for. But while these returns are for the moment disappointing, they are by no means discouraging. It is well known that during the first part of the ten years term there was comparatively little development of our country. But for the last five years Canada has been making very rapid advance. If it were possible to discriminate in the census between the two periods, it would probably be seen that practically the whole increase of population has taken place within the last five years, and viewed in that light the returns are encouraging. Fortunately, the condition of Canada in recent

years has been such that no statistics have been needed to prove its progress. The activity that has prevailed in all parts of the Dominion, the large enterprises that have been undertaken, the continued demand for labour—all these prove beyond question that Canada has recently been developing rapidly and give us every reason to believe that when the next census is taken the result will be satisfactory.

From the financial point of view, Mr. Speaker, the results of the year were exceedingly satisfactory. We had a revenue of \$52,514,701.13, a little less than my anticipations, but considerably greater than the revenue of the previous year. It will be interesting to know that this increase in revenue comes, to us from all the different classes into which we divide our receipts, as appears by the following statement:

DETAILS OF REVENUE, 1900-1901 compared with previous year.

	Fiscal Year 1899-1900.	Fiscal Year 1900-1901.	Increase.
	\$ cts.	\$ cts.	\$ cts.
Customs.....	28,374,147 64	28,425,284 25	51,136 61
Excise .....	4,868,075 35	10,318,266 03	450,190 68
Post Office...	3,205,535 16	3,441,504 93	235,969 77
*Railways...	4,774,162 02	5,213,381 24	439,219 22
Dominion Lands.....	1,388,023 78	1,517,319 52	129,295 74
Miscellaneous	3,420,050 07	3,598,945 16	178,895 09
	51,020,994 02	52,514,701 13	1,484,707 11

\*This includes 'railways only'—canals revenue is included in 'Miscellaneous.'

These increases are all interesting, but some of them are worthy of special note. The excise duties are always interesting, not only because of the amount of duty involved in them, but because they show the consumption of certain articles which enlist

a good deal of attention in the country. Whether or not it will be gratifying to make the statement, the fact must be stated that there has been an increase during the year in the receipts in all branches of the excise duties, as appears from this table:

EXCISE DUTIES, 1900-1901.

	QUANTITY.		DUTY.		INCREASE.
	1899-1900.	1900-1901.	1899-1900.	1900-1901.	
			\$	\$	
Spirits. .... Galls.	2,659,038	2,863,950	4,818,842	5,178,275	359,433
Malt..... Lbs.	60,284,064	64,723,616	904,262	970,855	66,593
Cigars..... No.	138,041,707	141,096,889	811,612	822,738	11,126
Cigarettes..... "	116,061,522	121,383,584	347,252½	362,626	15,374
Tobacco and snuff..... Lbs.	10,816,854	11,330,345	2,306,861	2,308,460	1,599
Raw leaf, foreign..... "	9,352,535	9,848,803	971,977	1,026,265	54,288

I give these figures because, as I have stated, the growth of trade in these articles is always a matter of interest, whether or not it meets with general approval. There are one or two other items in the revenue which are worthy of special note. I think my hon. friend the Postmaster General has reason to congratulate himself on the state of the post office revenue. There was an increase of \$235,969.77 in the revenue of that department. The post office receipts as shown in the books of the Finance Department amounted to \$3,441,504.93. The expenditure, by the same account, was \$3,939,446.01, showing a deficit of \$489,941.08, according to the books of the Finance Department. My hon. friend the Postmaster General has in his own report drawn attention to the different services performed as compared with the services of former

years, and in that light has made out a more favourable statement. But I give the figures as they appear in the books of the Finance Department, and they represent a deficit for the year of \$489,941.08. It is of course quite a large sum; but when we remember that only a few years ago the deficits of the Post Office Department were \$700,000 and \$800,000 per annum, if there was nothing else to explain the matter, this reduction down to \$489,000 would be a remarkable reduction on which my hon. friend the Postmaster General might well congratulate himself. But when we are able to go further and show that in the meantime my hon. friend has more than cut the English postage in two, and that he has reduced the Canadian postage one-third, that he has practically cut off what somebody else has described as a mil-

lion dollars in the charges upon the people, and still has reduced the deficit from \$700,000 and \$800,000 to \$489,000, I think it will be agreed that this is a very gratifying statement, and in the highest degree creditable to the government, and especially to the minister in charge of that department.

I am glad to be able to say that the post office returns for the present year indicate that we shall have at the next Budget a still more gratifying statement to make concerning that department. I find that for the eight months of the present fiscal year the sales of stamps, which of course is the chief source of revenue, have amounted to \$3,172,931. Last year for the corresponding period they were \$2,909,128. In 1898, before the reduction of postage, the receipts for eight months were \$2,946,513. So that to-day, with a three cent rate reduced to two cents, and with the English rate reduced from five cents to two cents, we are able to show receipts in the eight months of \$3,172,000, against \$2,946,000 when the higher rate prevailed. Looking at the operations of the present eight months in another form, the increased expenditure of the Post Office Department during these eight months amounts to \$45,000; but the increased revenue for these eight months amounts to \$260,000; so that in the operations of these eight months the Post Office Department shows a betterment of \$215,000. I have every reason to anticipate that when the Postmaster General prepares his next report he will have a very gratifying statement to present indeed.

Then, Sir, I think the receipts from railways are worthy of special notice. We hear very much about the expenditures on railways, because our outlay has been large. We hear very much of a deficit on railways when one occurs; but we are sometimes apt to overlook the large increase which has taken place in the receipts of those roads. I find that in 1896 the receipts for railways were \$3,140,678.47; last year, the receipts were \$5,213,381.24, an increase in five years of \$2,072,702.77. So that if my hon. friend the Minister of Railways and Canals makes large demands upon us, he is at all events able to show that we receive very large returns for them. In connection with the statement of last year, I would invite attention also to the operations of the railways for a period of seven months, as we have only returns to the end of January. I find that for the seven months of last year there was a loss on the operation of the Intercolonial Railway of \$537,479.40. But in the corresponding period of seven months in this year the loss on the Intercolonial Railway operation is only \$89,787.17, which would seem to indicate that at the close of the present fiscal year my hon. friend the Minister of Railways and Canals will have a fairly

satisfactory statement to present as against the one for the past year, which showed a deficit of \$488,000.

Our expenditure on consolidated fund for the year past was \$46,866,367.84, as against, in the previous year, \$42,975,279.51, showing an increase in expenditure on consolidated fund for the year of \$3,891,088.33.

There have been some increases in many of the departments. In legislation there was an increase of \$342,424 an item due to circumstances which are probably generally understood. In arts, agriculture and statistics, which includes the census, there was an increase of \$235,645. In militia there was an increase of \$215,495; in railways and canals, collection—that is the working expenses of the Intercolonial Railway—there was an increase of \$1,133,660 but, as I have shown before, that outlay comes back by way of increased receipts. In public works there was a large increase of \$1,096,743; in the government of the North-west Territories \$150,177 and in the post office department \$173,431, which, however, comes back to us, as I have already shown, very handsomely.

I have prepared a statement of comparison for the two years showing the expenditure on the consolidated fund account and several items which make up what are called capital and special charges. The word 'capital' is used in the books of the department in a technical sense. It refers to a certain class of works. There are certain others which are nominally not capital charges but which are really special charges, as railway subsidies, for example. They do not appear as capital charges, but special charges. But for the purpose of our discussion these may all be called capital charges inasmuch as they are not charges to income. This comparison shows that on consolidated fund as I have already stated, there was an increase of \$3,891,088.33. For railways, on capital account, there was an expenditure in 1901, of \$3,914,010.50, an increase of \$605,116.19; for canals, \$2,360,569.89; a decrease of \$278,995.04; public works, \$1,006,983.39; a decrease of \$82,843.90; Dominion lands, \$269,060.90, an increase of \$69,590.81; militia, \$135,834.79, a decrease of \$94,965.72; and Canadian Pacific Railway, a small item of \$3,978.87, an increase of \$8,742.76. The total expenditure for the year 1900-1 was \$7,695,488.34, showing an increase of \$226,645.10. Then there are the special expenditures that I have described, as follows: Railway subsidies, \$2,512,328.86 as against \$725,720.35 for 1899-1900, an increase in that item alone of \$1,786,608.51. For the South African war and Halifax garrison we spent \$908,681.42, which shows a decrease of \$688,942.32. If we take the total capital and special expenditures, which, practically we treat as capital in our discussions, we find that the

expenditure was in 1901, \$11,116,498.62 against \$9,742,187.33, an increase under these heads of \$1,374,311.29. If we take the aggregate expenditures, that is consoli-

dated fund, capital, special and all classes, the total expenditure for the year 1900-1 was \$57,982,866.46, an increase in the total expenditures of all classes of \$5,265,399.62.

## EXPENDITURE.

	1899-1900.	1900-1.	Increase.	Decrease.
	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Consolidated Fund.....	42,975,279 51	46,866,367 84	3,891,088 33	
Capital—				
Railways.....	3,308,894 31	3,914,010 50	605,116 19	
Canals.....	2,639,564 93	2,360,569 89		278,995 04
Public Works.....	1,089,827 29	1,006,983 39		82,843 90
Dominion Lands.....	199,470 09	269,060 90	69,590 81	
Militia.....	230,850 51	135,884 79		94,965 72
Canadian Pacific Railway.....	236 11	8,978 87	8,742 76	
Total Capital.....	7,468,843 24	7,695,488 34	226,645 10	
Special—				
Railway Subsidies.....	725,720 35	2,512,328 86	1,786,608 51	
South Africa and Halifax Garrison.....	1,547,623 74	908,681 42		638,942 32
Total Special.....	2,273,344 09	3,421,010 28	1,147,666 19	
Total Capital and Special.....	9,742,187 33	11,116,498 62	1,374,311 29	
Total Expenditure of all kinds.....	52,717,466 84	57,982,866 46	5,265,399 62	

It will be noticed that the largest item of increase in this statement is on account of railway subsidies. As I have pointed out we spent last year \$2,512,328.86 on railway subsidies as against \$725,720.35 in the previous year. It may be interesting that I should place in the budget a statement of these various railways which received this large amount of money. It is as follows:

Atlantic and North-western Railway.....	\$ 186,600 00
Massawippi Valley Railway.....	5,376 00
Great Northern Railway.....	345,323 11
South Shore Railway.....	88,400 00
Iverness and Richmond Railway.....	132,800 00
Canadian Northern Railway.....	537,600 00
Grand Trunk Railway.....	228,371 75
Central Ontario Railway.....	67,200 00
Midland Railway.....	170,264 00
Canadian Pacific Railway.....	92,800 00
Ottawa and New York Railway.....	90,000 00
Quebec Bridge.....	74,570 00
St. Mary's River Railway.....	75,000 00
Crows Nest Pass Railway.....	205,524 00
Pentiac and Pacific Junction Railway and Gatineau Valley Railway.....	212,500 00
	<u>\$2,512,328 86</u>

I come now to the question of the public debt. The net debt on the 30th of June, 1901, was \$268,480,008.69, while the corresponding debt of the preceding year was \$265,493,806.89, making an increase in the net debt of \$2,986,196.80. I have here a statement of the increase in the net debt for several years and I find in going over the items of the net debt, the increases for each year and the decrease which occurred in one year, we have this result, that in five years the net increase of the debt has been \$9,982,570.92, being an average of \$1,996,514.18 as against an average for the previous eighteen years of \$6,563,075. The increase in the net debt is accounted for in the following manner: Capital expenditure on railways and canals, public works, including Canadian Pacific Railway, \$7,290,542.65; Dominion lands, \$269,060.90; militia, \$135,884.79; railway subsidies, \$2,512,328.86; South African contingent and Halifax garrison, \$908,681.42, making a total of \$11,116,498.62. Deduct from this the surplus of \$5,648,333.29, sinking fund \$2,480,336.90 and a small refund in connection with the Northwest Territory Rebellion of \$1,631.63, or a deduction altogether of \$8,130,301.82, and there is an increase in the net debt of \$2,986,196.80.

## THE PUBLIC DEBT.

Net debt 30th June, 1901....\$268,480,003 69  
 " " 1900.... 265,493,806 89  
 Increase in debt in 1900-1... 2,986,196 80

—	Net Debt.		Increase in Debt.		Decrease in Debt.	
	\$	cts.	\$	cts.	\$	cts.
1897.....	261,538,596	46	3,041,163	69		
1898.....	263,956,398	91	2,417,802	45		
1899.....	266,273,446	60	2,317,047	69		
1900.....	265,493,806	89			779,639	71
1901.....	268,480,003	69	2,986,196	80		
Total for five years....			10,762,210	63	779,639	71
				779,639	71	
Net increase 5 years....			5,982,570	92		
Average increase 5 years			1,996,514	18		
Average of 18 years from 1878 to 1896.....			6,563,075	00		

The increase in the net debt in 1900-1901 is accounted for as follows:—

		\$	cts.
Capital expenditure on Railways and Canals, Public Works, including C. P. Railway.....		7,290,542	65
" " Dom. lands.....		269,060	90
" " Militia.....		135,884	79
Railway subsidies.....		2,512,328	86
South African Contingent and Hali- fax garrison.....		908,681	42
		11,116,498	62
Less: Surplus.....	5,648,333	29	
Sinking Fund....	2,480,336	90	
Refunds N.W.T. rebel- lion.....	1,631	63	
		8,130,301	82
Increase net debt.....		2,986,196	80

I have spoken in this statement of the surplus received during the past year amounting to \$5,648,333.29. I am sure it will be gratifying to know that we are able from year to year to present these statements of satisfactory surpluses. I am aware that there is some criticism on this subject from year to year as to whether or not we do present a surplus. There was a tendency to represent that there was some change in the methods of keeping the accounts, and that the surplus that we represented was somewhat different from the surpluses of former years. That contention has now been abandoned because we have shown from time to time that there has been no change in the method of keeping the accounts. The methods are the same, the officials who keep the accounts are the same,

and when we show a surplus in the public accounts we reach it in precisely the same manner as in former years.

Mr. SPROULE. What about the iron bounties which are now charged to capital?

The MINISTER OF FINANCE. That cannot affect the question of the debt in any way at all.

Mr. SPROULE. You are talking about a surplus?

The MINISTER OF FINANCE. The iron bounties have hitherto amounted each year to a comparatively small sum. I presented to the House last year, the reasons why we are now proposing to charge the iron bounties to capital. Let me tell my hon. friend (Mr. Sproule) that as respects the operations of the past year which I am speaking of, we had not begun to charge these bounties to capital, but the old method continued. I think, however, that this old method was a very mistaken one. I impute nothing but the best of motives to the gentlemen who preceded me in charge of the department. What they did was to treat these iron bounties as a drawback, and to be paid as such by the Customs Department. I do not see how you can pay a drawback when no money has been paid into the revenue, and I think the idea of treating this as a drawback and simply deducting it from the customs duty, and making the customs duty appear a good deal less than it really was, was a mistake. From the 1st of July last, we have changed that method. But up to that date and covering the period of which I am now speaking, as regards the surpluses, we continued the old method, and therefore the suggestion of my hon. friend is not important.

As I have said, some hon. gentlemen have made the criticism that these surpluses were brought about by some peculiar method of bookkeeping, but more recently I have noticed in some of the papers, a tendency to argue that even if the method was an old one, it was a bad one, and we had better get rid of it altogether. I entirely dissent from that. I think, in a country like Canada, we shall always, certainly for a long time, require for the construction of public works and things of that kind, special sums of money which cannot be obtained from the ordinary revenue, and there is every reason in the world why these should be charged to capital account. There is just the same reason that would obtain with a man in his private affairs. If a man were paying rent he would charge the rent against the income for the year, but if he bought a house he would not expect to charge it against income, but would open a special account and make some provision for paying for

the house. What is fair with the individual is fair with regard to the affairs of the nation. There is a proper distinction between the ordinary expenses of the government and special expenses for public works, or some special or exceptional charge which should be set apart and treated in a different way. I am therefore defending not only my own method, but I am defending the method of all the illustrious men who have preceded me in the Department of Finance when I claim that this is a proper distinction to make and a proper way to treat the accounts.

Having thus shown, as I hope I have, that that method is correct, and that we have had surpluses just precisely as our opponents in some cases had them, I now invite your attention to this record of surpluses.

For the first year of this government, we had a deficit of \$519,981.44; but the next year we entered upon the era of surpluses which is not yet ended. The following table will show the surpluses for each year from 1897 down to the present:

	Surplus.		Deficit.	
	\$	cts.	\$	cts.
1896-7.....			519,981	44
1897-8.....	1,722,712	33		
1898-9.....	4,837,749	00		
1899-1900.....	8,054,714	51		
1900-1901.....	5,648,333	29		
Total for 5 years.....	20,263,509	13	519,981	44
Net surplus.....	19,743,527	69		
Average.....	3,948,705	53		

For the 18 years 1st July, 1878, to 30th

June, 1896, the total surpluses were \$27,862,361 68  
And total deficits..... 18,060,648 55

Leaving net surplus..... \$ 9,801,713 13  
Or an average of..... 544,539 61

For the eighteen years from the 1st of July, 1878, to the 30th of June, 1896, the total surpluses were \$27,862,361.68, and the total deficits for these eighteen years amounted to \$18,060,648.55. Deducting the deficits from the surpluses we find that during these eighteen years the gentlemen then managing the public affairs had a net surplus of \$9,801,713.13, or an average surplus per year of \$544,539.61; while we have had an average yearly surplus during our term of office, amounting to \$3,948,705.53.

Hitherto I have spoken of the financial affairs of the past year. Coming now to the affairs of the current year; there is a considerable increase in the revenue and a corresponding increase in the expenditure.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. My hon. friends say 'Hear, hear.' Well, we are lucky people when we can make the two go hand in hand. We have received for the current year to the 10th of March, this present month as revenue \$33,047,685.82. Having regard to the receipts of the corresponding period a year ago; to the amount which was received from this date to the end of that fiscal year, and to the anticipation in which I indulge that there will be some increase; I am of opinion that we shall have at the close of this current year a revenue of \$56,800,000 (in round numbers) as against an actual revenue last year of \$52,514,701. There will thus be a probable increase in our revenue this year to the amount of \$4,285,298.

Now with regard to the expenditure. We have expended this year up to the 10th of March, \$30,133,502.76; and taking into account the amount which we expended last year from this date to the 30th of June, and making allowances for a probable increase during the present year—because there will be some increase—I am of opinion that at the close of the year we shall have an expenditure in all, probably of nearly \$51,000,000 in round numbers. I make it a shade below that, but for convenience we may call it \$51,000,000. That will be an increase in the expenditure, over the expenditure on consolidated account for the past year, of \$4,133,632. It will be observed that I estimate an increase of revenue of \$4,285,298, and an increase of expenditure of \$4,133,632. The two sums would nearly balance one another. If they exactly balanced one another they would leave us with the same surplus as last year, namely, \$5,648,333; but as the increase of revenue is a little more than the increase of expenditure, I think I am warranted in saying that the surplus for the current year will be a little larger than that of last year and will amount to \$5,800,000.

As to the capital expenditure of the present year, it is exceptionally large; the largest we have had for some years. I anticipate that at the close of the year, we shall have a charge for capital and special expenditure of \$14,250,000, as against \$11,116,000 last year.

Mr. BORDEN (Halifax). I got the estimated expenditure as \$51,000,000 in round numbers; is that right?

The MINISTER OF FINANCE. That is correct. We have this year very special charges to swell the capital account. Our railway subsidies will be considerable, as they were last year. The House is aware that railway operations have been going on throughout the Dominion pretty largely. We shall have to pay for bounties this year,



chargeable for the first time to capital account, about \$700,000. There are large sums chargeable to capital for the equipment of the Intercolonial Railway with rolling stock and with new rails. There are large sums for transportation in the Public Works Department. There is a very considerable sum amounting to \$950,000, representing the awards to two provinces on certain questions which were dealt with last session. For these and other expenditures we shall have, as I have already stated, a total of about \$14,000,000 on capital account; and the result will be that we shall be obliged to make this year a larger addition to our public debt than we have done in any previous year in the history of this government.

Mr. SPROULE. Notwithstanding the surpluses.

The MINISTER OF FINANCE. Notwithstanding the surpluses. On that point I am going to endeavour to satisfy my hon. friend that we have a most admirable record; and if, by and by, in the dim and distant future, he is to stand in my place, and shall be as lucky as I am, and I should be on the other side of the House, I will congratulate him from the bottom of my heart.

Hon. Mr. TISDALE. A gross expenditure of \$65,250,000 ?

The MINISTER OF FINANCE. About that. The amount which I anticipate we shall have to add to the debt of the Dominion for the current year will be close upon \$6,000,000. This will be, as I have stated, the largest addition to the public debt under the present administration, and will be almost in line with, though a shade above, the addition made to the public debt in the last year of the late government, when the addition was \$5,422,000. You see it has taken us five years to catch up to them in that one matter. But even with this large increase to the public debt for the current year, we shall still be able to present a very gratifying statement, as to the average annual increase to the public debt—and hon. gentlemen opposite are much fonder of averages than we are.

Mr. WILSON. Will you average the income ?

The MINISTER OF FINANCE. Yes, we ought to be very glad to know that under a tariff which takes out of the pockets of the people \$4,000,000 a year less than the old tariff would, if it had remained in operation—under a tariff which has been reduced so much that hon. gentlemen opposite complain that our taxation is too low—we are still in the happy position of having a largely

increased income. Even with this considerable addition to the public debt of the current year, we shall have a very satisfactory statement of averages to present; for when we have added the \$6,000,000, if it shall prove to be that to the public debt this year, we shall have made an average yearly increase of \$2,793,000, as against \$6,563,000 for all the years of our predecessors.

Now, in a country like Canada, I think that about all we could be expected to do would be to provide out of taxation for our ordinary expenditure; and if perchance we needed important works of a permanent character, or if there were some exceptional charge, such as bounties, railway subsidies, or the South African war, it would not be entirely wrong if we were to charge every penny of the cost to the public debt. A young country like Canada might be placed in that position without being regarded as going behind. But if she is able to do something better than that, if she is able to provide not only for her ordinary expenditure but also for a considerable part of her capital expenditure out of the revenue, then she makes a very fair showing. I have prepared a statement for the purpose of showing what these capital and special charges have been. I am taking periods of six years, from 1879 to 1884, from 1885 to 1890, from 1891 to 1896, and from 1897 to 1902. My object is to ascertain what were these capital or special charges in each of these terms, and what proportion of them was borne out of revenue, and what proportion passed into the public debt. I find that in the first period, from 1879 to 1884, these capital and special expenditures amounted to \$72,339,172, of which \$41,799,730 was added to the public debt; so that the government of that day were able to provide for these capital and special charges out of revenue to the extent of 42 per cent. In the next period, from 1885 to 1890, these capital and special charges amounted to \$63,520,739, and during that period there was added to the public debt \$55,371,361, showing that in that period only 13 per cent of these capital charges was paid out of revenue, and all the rest was added to the public debt. In the period from 1891 to 1896, \$31,306,340 was expended on these capital and special charges, of which \$20,964,221 was added to the public debt; in other words 33 per cent of these charges was paid out of revenue and the balance was added to the public debt. In the last six years, from 1897 to 1902, assuming that we spend the amount on capital which I estimate, and add to the public debt \$6,000,000, at the close of this year we shall have spent \$55,872,572 on these capital and special charges above ordinary expenditure, and we shall have added to the public debt only \$15,982,570; so that we shall have provided for these capital and special expenditures out of revenue to the extent of no less than 71 per cent.

	Capital and special expenditure.	Increase of net debt.	Amount of capital and special expenditure provided out of revenue.	Percentage of capital and special expenditure provided out of revenue.
	\$	\$	\$	per cent.
1879	6,324,556	2,628,117		
1880	9,191,121	9,461,405		
1881	8,294,088	2,944,191		
1882	7,607,521	-1,734,129		
1883	14,168,728	4,805,063		
1884	26,753,155	23,695,135		
	72,339,172	41,799,780	30,539,392	42
1885	14,126,017	14,245,841		
1886	22,825,956	26,751,414		
1887	5,846,471	4,155,668		
1888	8,345,629	7,216,582		
1889	6,600,363	2,998,683		
1890	5,776,301	3,170		
	63,520,730	55,371,361	8,149,377	13
1891	4,449,640	275,818		
1892	5,506,242	3,322,403		
1893	4,039,675	549,605		
1894	5,423,208	4,501,987		
1895	4,740,322	6,891,897		
1896	7,147,241	5,422,505		
	31,306,340	20,964,221	10,342,119	33
1897	4,622,996	3,041,163		
1898	6,501,755	2,417,802		
1899	9,639,134	2,317,047		
1900	9,742,187	-779,639		
1901	11,116,498	2,986,196		
1902	*14,250,000	*6,000,000		
	55,872,572	15,982,570	39,890,002	71

\* Estimated.

With respect to the year which will begin on the first of July next, it is much too early to attempt anything like close calculations. I see no reason why we should not look forward to a very hopeful year. If I may use the words of Mr. Clouston, the president of the Canadian Bankers' Association, all the outward and visible signs still indicate that we are in prosperous times. Still, much will depend on the harvest for the coming year, and it is too far away for us to make any guess about that. If we should be so fortunate as to have in the North-west another harvest such as that of last season, and if the general conditions of Canada continue as they have been, we shall indeed have the greatest year in Canada's history. I think we may look forward hopefully, at the same time not counting too much on those things which are still in the future; and if a change should come, owing to a bad harvest or anything of that sort, it will be our duty to observe the signs of the times, and limit our expenditure accordingly.

The buoyancy of our revenues has enabled us to carry on our large operations for some years without the issue of loans in the public money market. In the year 1897 I

obtained from parliament authority for the issue of a loan of \$15,000,000. There was at the time a considerable outstanding borrowing power. Thus at the close of that session I had authority to raise loans to quite a large amount. So hopeful, however, did I feel as to the financial prospects of the Dominion that I concluded to use the borrowing power in a very moderate way. The loan which I placed on the London market in the autumn of 1897 was for £2,000,000, or a little under \$10,000,000. No public loan has since been issued. Our surplus revenues helped us to bear a large part of our capital and special expenditure, and when these proved insufficient occasional temporary loans were obtained from the banks. We have now a considerable temporary loan of this character, and having regard to the need of providing for it and for old loans which will shortly mature in London, it is evident that we shall at no distant date have occasion to offer an issue of our securities to the public. Whether we shall do this during the present calendar year, or postpone it until next year, when a considerable sum of the existing loans matures, is a point which will have to be considered a little later, in accordance with the condition and prospects of the money market. We shall have to ask parliament for authority for these loans, to be used when required.

The existing temporary loan which I have referred to, amounts to £1,250,000, or a little over \$6,000,000. This loan, which will mature on the 1st of July next, bears interest at a shade above 3½ per cent, which, having regard to the conditions of the money market for some months past, is a reasonable rate.

If we find it necessary to go on the London money market this year, I have no doubt that we shall be able to go under very favourable conditions, though not exactly as favourable as those of five years ago. At that time we were lucky in striking the happy moment when we were able to negotiate a 2½ per cent loan. I am afraid that the present conditions of the money market are not as favourable as they were then. If we may judge by making a comparison of the rates of Canadian securities with those of English consols, we find that at the time our loan was placed on the market in 1897 there was a very broad difference between the two; but owing to the high position Canada has attained in the eyes of the world, and especially to the change brought about by the admission of Canadian securities to the English trustee list, Canadian securities have come much nearer to English consols, although the quotations for our securities are lower than they were a few years ago. So that if this is a fair test of credit, the credit of Canada has improved to a very appreciable degree; and I have no doubt that when the moment comes, we shall be able to obtain our loan on favourable and reasonable terms. I have

stated the amount of the temporary loan. Perhaps it would be convenient if I were to state also the amount of the loans which are likely to mature in a short time. For

the sake of convenience I have made a statement—which, of course, can be obtained from the Public Accounts in more detail—of the loans maturing within the next three years :

LOANS IN LONDON FALLING DUE BETWEEN 1902 AND 1906.

Date of Maturity.	Name of Loan.	Amount in £	Equivalent in Currency.	Year.
		£	\$	
Oct. 1, 1903.....	I. C. R. Guaranteed 4 per cent Loan.....	1,500,000	7,300,000	1903
" 1, 1903.....	I. C. R. Unguaranteed 5 per cent Loan.....	500,000	2,433,333	1903
Apl. 1, 1904.....	Rupert's Land Guaranteed 4 per cent.....	300,000	1,460,000	1904
May 1, 1904.....	Loan of 1874, 4 per cent.....	4,000,000	19,466,666	1904
" 1, 1905.....	Loan of 1875, 4 per cent.....	1,000,000	4,866,666	1905
Nov. 1, 1906.....	Loan of 1876, 4 per cent.....	2,500,000	12,166,666	1906

There will then be no maturing loan until April, 1908.

RECAPITULATION.

	£	\$
1903.....	2,000,000	9,733,333
1904.....	4,300,000	20,926,666
1905.....	1,000,000	4,866,666
1906.....	2,500,000	12,166,666
Total.....	9,800,000	47,693,333

There is also a loan of \$2,852,000, falling due in Canada, 1st November, 1903, now bearing 4 per cent.

In the Budget last year I presented in some detail—possibly with tedious detail—some statistics showing the wonderful growth of the trade of Canada. I do not intend to go into that so fully to-day, but simply to remind the House that gratifying as was the report for 1900 we are able to show in the year following an advance beyond the figures of that date, which is an evidence that Canada is indeed prosperous. I propose to give a very few figures, making a comparison between the business of 1901 and that of 1900 :

COMPARATIVE STATISTICS, 1900 AND 1901.

Imports for Consumption—Dutiable.	
1900 .....	\$104,346,795
1901 .....	105,969,756
Increase.....	\$ 1,622,961
Imports for Consumption—Free.	
1900.....	\$68,160,033
1901.....	71,730,938
Increase .....	\$ 3,570,855

Total Imports for Consumption, including coin and bullion.

1900.....	\$180,804,316
1901.....	181,237,938
Increase.....	\$ 433,672
Total Imports.	
1900.....	\$189,622,513
1901.....	190,415,525
Increase.....	\$ 793,012
Total Exports.	
1900.....	\$191,894,723
1901.....	196,487,632
Increase.....	\$ 4,592,909
Total Exports—Produce of Canada.	
1900.....	\$170,642,369
1901.....	177,431,386
Increase.....	\$ 6,789,017
Total Trade.	
1900.....	\$331,517,236
1901.....	336,903,157
Increase.....	\$ 5,385,921

Deposits by the people in the Chartered Banks.	Note Circulation (including Dominion notes and notes of Chartered Banks).
1900 . . . . . \$277,256,716	1900 . . . . . \$71,672,310
1901 . . . . . 315,775,429	1901 . . . . . 76,790,931
Increase . . . . . \$ 38,518,713	Increase . . . . . \$ 5,118,621
Deposits in the Savings Banks (including Post Office and Government Savings Bank; the City and District Savings Bank and the Caisse d'Economie de Notre Dame de Québec).	Railway Traffic—Tons carried.
1900 . . . . . \$70,575,193	1900 . . . . . 35,946,183
1901 . . . . . 75,174,053	1901 . . . . . 36,999,371
Increase . . . . . \$ 4,598,860	Increase . . . . . 1,053,188
Discounts—Chartered Banks.	
1900 . . . . . \$316,634,620	
1901 . . . . . 318,240,549	
Increase . . . . . \$ 1,605,929	

These figures briefly recout the great advance inced in 1901 over the year 1900. I have at hand a statement of the trade of the past eight months of the current year, and it is pleasing to see that that also continues favourable:

## EIGHT MONTHS TRADE, PRESENT YEAR

## IMPORTS—HOME CONSUMPTION.

	EIGHT MONTHS ENDING FEBRUARY.	
	1901.	1902.
	\$	\$
Dutiable Goods . . . . .	68,365,018	74,368,930
Free Goods . . . . .	46,121,536	40,452,300
Total . . . . .	114,486,554	123,821,230
Coin and Bullion . . . . .	3,267,574	4,563,824
Grand Total . . . . .	117,754,128	128,385,053
Duty collected . . . . .	18,864,162	20,492,093

## EXPORTS.

	EIGHT MONTHS ENDING FEBRUARY.			
	1901.		1902.	
	Domestic.	Foreign.	Domestic.	Foreign.
	\$	\$	\$	\$
The Mine . . . . .	27,009,630	114,352	24,617,043	116,122
" Fisheries . . . . .	7,968,143	8,781	10,798,438	36,446
" Forest . . . . .	21,052,427	256,370	22,240,309	8,453
Animals and their Produce . . . . .	42,753,901	649,143	44,203,926	525,216
Agriculture . . . . .	17,463,156	10,462,722	21,890,748	8,409,101
Manufactures . . . . .	10,199,086	1,107,264	11,424,953	1,565,664
Miscellaneous . . . . .	42,923	217,466	24,804	162,375
Total Merchandise . . . . .	126,489,266	12,816,008	135,200,221	10,823,377
Coin and Bullion . . . . .	187,173	1,110,707	1,530,195	
Grand Total Exports . . . . .	126,676,439	13,926,805	136,730,416	10,823,377

Thus the statement for the eight months goes to show that the indications for business during the current year are so far exceedingly good, and I see no reason why we should not look forward to a continuance of good business.

A feature which deserves a passing remark is the gratifying increase reported by the Department of the Interior with regard to the immigration. Not only from the old country is there a moderate increase, but a new feature has been introduced of late in the very large increase of immigration from the United States. Some portion of this, no doubt, is made up of Canadians coming back, while the others are people who have been settled in the United States for years and who are now coming across the line. I need hardly say that they are the most desirable class of immigrants, and we ought to feel pleased that so many are casting in their lot with us. From the returns of immigration, from the returns of homestead entries, from the returns of sales of land by the railway companies, from the recent announcement that the price is advancing of private lands throughout the North-west, we are led to the conclusion that, at last, the great work of filling up the North-west has begun in earnest. There is reason to believe that we may look forward to a splendid development of that great territory during the next few years.

There has been much discussion of late about the operation of our tariff as respects imports from Great Britain and the United States. Leaving out of consideration the question of free goods, it has been represented that on the dutiable goods imported the average rate of duty has actually been higher on British goods than on American. This statement of the average duties, even if correct, may be so presented as to be somewhat misleading. If you buy from England a quantity of fine goods on which the duties are considerable, and from the United States a quantity of goods of another class on which the duties are low, you may strike an average which will seem to show that the duties on British goods are higher. But if the comparison be made of the duties in any one class of goods, the result will be quite different. No figures of this kind respecting averages can shut out from view the simple fact that there are no duties on British goods higher than on American, and that with the exception of a few articles which are excluded from the preference the duties on all British imports are just one-third less than on similar goods from the United States. As a matter of fact, however, the statements respecting the levying of higher average duties on British than on American dutiable imports appear to be inaccurate. By referring to the Trade and Commerce Report (part 1, page 15) it will be found that the average rate of duty on British dutiable goods last year was 24·74, while the average rate on American dutiable goods was 24·83. The frac-

tional difference, therefore, was in favour of Great Britain. Practically, however, on the business of last year the two average rates were the same. How does this compare with previous conditions? One would assume from some of the criticisms that have been offered that the previous tariff bore more lightly on British as compared with American goods. But what are the facts? In the year 1896, under the tariff of the late government, the average duty on dutiable imports from the United States was 26·69. In the same year the average duty on British dutiable imports was 30·20, showing a difference against Great Britain of nearly 4 per cent. Thus, even taking the averages, it will be seen that under the operation of our tariff a discrimination of about 4 per cent against Great Britain has been wiped out, until now there is a small difference in favour of Great Britain. But a closer examination shows still more clearly how the present tariff has operated favourably to British trade. The British preference does not apply to all goods. By general consent it has been deemed well to exclude certain articles such as wines, spirits and tobacco from the benefit of the preference. Leaving out these non-preference articles and comparing imports of British dutiable goods with imports of American dutiable goods—that is to say, taking into consideration all the articles to which the British preference applies—I find that while the average duty on American goods is over 24½ per cent, the average duty on British goods is only a shade above 21 per cent.

If any importance is to be attached to this question of the relative duty on British and American dutiable goods, it is well that we should have the facts and figures clearly stated.

As bearing upon this question, I desire to draw attention to the figures with regard to our increased trade with Great Britain. It is not quite clear to me, by the way, whether some of my hon. friends opposite regard an increase of trade with Great Britain as desirable or not. Therefore, the application of these figures is somewhat difficult. Some hon. gentlemen profess to view an increase of trade with Great Britain favourably, while others think we ought not to buy so much from Great Britain. However that may be, it is undoubtedly the case that we expected that our trade with Great Britain would be increased under the preferential tariff. I have here the figures showing the imports:

Trade with Great Britain. Imports for consumption—merchandise only, dutiable and free.

1895.....	\$31,059,332
1896.....	32,324,505
1897.....	29,401,188
1898.....	32,043,461
1899.....	36,931,323
1900.....	44,279,983
1901.....	42,319,995

Now, it will be observed that, under the old tariff, from 1895 to 1897, the imports from Great Britain decreased. Under the new tariff, they began to increase and ran up to over \$44,000,000. And, although last year, they dropped a little, they are far and away above any figures that could be quoted of any time under the old tariff. But, my hon. friends opposite may not attach much importance to the imports. Then, perhaps, they will consider the exports. I will give first the exports of goods produced in Canada :

Exports of Home Produce to Great Britain.

1895.....	\$57,903,564
1896.....	62,717,941
1897.....	69,533,352
1898.....	93,065,019
1899.....	85,113,681
1900.....	96,562,875
1901.....	92,857,525

But, if we consider both home and foreign products, the figures of our exports are as follows :

Exports to Great Britain, Home and Foreign Products.

1895.....	\$ 61,856,990
1896.....	66,639,253
1897.....	77,227,502
1898.....	104,998,818
1899.....	99,086,981
1900.....	107,735,963
1901.....	105,328,956

So, thus far, our trade with Great Britain has enormously increased since the adoption of the preferential tariff.

Mr. SPROULE. Can the hon. gentleman (Hon. Mr. Fielding) give us the figures with regard to the United States ?

The MINISTER OF FINANCE. I believe my hon. friend (Mr. Sproule) asked that exact question at this exact moment last year. I should have remembered that and brought the figures.

Mr. SPROULE. Let me say that I never asked the question in this House before. It may be that the late Mr. Wallace, then representing West York asked it.

The MINISTER OF FINANCE. And my hon. friend (Mr. Sproule) is that gentleman's worthy successor in several respects. I have not the figures here. But we know that the imports from the United States increased. We know that the trade with the whole world has increased.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. We cannot help it, Sir, trade in all directions is increasing under the rule of this beneficent government.

Mr. MACLEAN. We got that information from the hon. member for North Norfolk (Mr. Charlton).

The MINISTER OF FINANCE. Then, why does my hon. friend want it again ? What are we wasting time for ?

Mr. MACLEAN. We hope that the Minister of Finance has profited by it.

The MINISTER OF FINANCE. The hon. member for North Norfolk brought forward the fact prominently. I regret that it has not made a deeper impression on hon. gentlemen opposite. This question of how far the imports from Great Britain have been affected by our preferential tariff has been more or less, a matter of debate. I remember that, in the last session of the British parliament, that distinguished statesman the Chancellor of the Exchequer, Sir Michael Hicks-Beach, in the debate on the sugar duties, during which reference was made to the Canadian preference, said, in terms very gratifying to all Canadians, that, while they appreciated very much the step that Canada had taken, the value was to be looked for, more in the good feeling that had been manifested than in the material results to trade.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. My hon. friends opposite say : Hear, hear. I suppose they think likewise, and if they think likewise, what becomes of the statements that have been made for some time now that the increased imports under the preferential tariff are destroying some of the factories of Canada ? I am afraid my hon. friends are trying to blow hot and cold on that matter. I cannot find out whether they want that trade to increase or not. At one moment they complain the trade is not increasing under our preference, you will find a column of statistics in the Conservative papers designed to prove that there has been no increase at all, and the next thing we are told is that the preference is ruining the factories of Canada. However, coming back to my friend, Sir Michael Hicks-Beach, I felt at the time that the statement, while made in good faith and made in terms which will be pleasing to all Canadians, was based upon a misconception of the situation. In the first place, the actual increase of trade as shown by the figures I have given, is very considerable. Then there is another point to which I fear Sir Michael's attention had not been drawn. In view of the severe competition which is now going on between the United States and other manufacturing nations, if, with the preference of one-third in favour of Great Britain, we have only been able to increase British imports to a small amount, what would have happened to the trade if there had been no preference at all ? Sir, I have no doubt in the world that but for the British preference, that advance in the imports from Great Britain would not have existed at all, there would not have been any increase in the imports from Great Britain. There is not much doubt but that, without the change this government made in the tariff, the imports from Great Britain would have continued to drop as they did from the year 1895 down to 1897.

There was one incident during the past year which calls for mention in the Budget speech. In the Tariff Act of 1897 there was the following clause :

Section 18. Whenever the Governor in Council has reason to believe that with regard to any article of commerce there exists any trust, combination, association or agreement of any kind among manufacturers of such article or dealers therein, to unduly enhance the price of such article, or in any way to unduly promote the advantage of the manufacturers or dealers at the expense of the consumers, the Governor in Council may commission or empower any judge of the Supreme Court or Exchequer Court of Canada, or of any superior court in any province of Canada, to inquire in a summary way into and report to the Governor in Council whether such trust, combination, association or agreement exists.

2. The judge may compel the attendance of witnesses and examine them under oath, and require the production of books and papers, and shall have such other necessary powers as are conferred upon him by the Governor in Council for the purpose of any such inquiry.

3. If the judge reports that such trust, combination, association or agreement exists, and if it appears to the Governor in Council that such disadvantage to the consumers is facilitated by the duties of customs imposed on a like article, when imported, then the Governor in Council should place such article on the free list, or so reduce the duty on it as to give to the public the benefit of reasonable competition in such article.

When the section was first submitted to the House, it provided that the Governor in Council should be the body to determine when the combine existed. On further consideration, however, it was deemed unwise for the government to take to itself so large a power. It was thought that in a matter of so much importance it would be better, even at the cost of some delay, to make use of the judicial machinery for the purpose of inquiry and to limit the authority of the government to action after the report of a judge. In several instances complaints were made to the government under this clause, but upon examination they did not appear to come within the provisions of the section. A few months ago, however, complaint was made by the Canadian Press Association in terms which were found to come within the intention of the section. It was alleged that the manufacturers of news printing paper had formed a combine for the purpose of unfairly enhancing the price of the article. The matter was referred under the provisions of the section to Mr. Justice Taschereau, who held a protracted inquiry, heard all parties concerned, and finally reported that the complaint of the Press Association was well founded. Thereupon, the government, exercising the power given it by the section, determined by Order in Council to reduce the duty on printing paper such as is commonly used for newspaper purposes, from 25 per cent to 15 per cent. To distinguish between news print and other papers, it was decided that the reduction

should apply to all printing paper of the value of 2½ cents per pound or less. That, of course, means not the value in Canada, but the value for customs purposes—the value at the place of production abroad. It has been represented to us that while the purpose of the government will be effected as respects the daily journals, the proprietors of which buy in large quantities, it may not cover the case of the weekly papers, which do not buy in such large quantities. The Press Association is to furnish us with further information on that point, and if it be found that the words used in our Order in Council do not properly effect the object in view, an amendment will have to be made. I have no doubt that the results of this inquiry will be of material advantage to the publishers of the Dominion in the making of their arrangements with the Canadian paper manufacturers. Beyond this immediate result, however, the proceedings are interesting and important, and they will serve to remind other manufacturers that if they make an unfair use of any advantage which is given to them by the tariff, a remedy is open to those who will take proceedings under this section of the Tariff Act.

We have again been approached by a large and influential delegation representing the Ontario Beet Root Sugar Association to ask that a bounty be granted on the production of beet root sugar and a similar application came from Prince Edward Island. A new suggestion is offered by some of the parties connected with the movement, that the industry be encouraged by a considerable increase in the customs duty on sugar. I regret that we are obliged to take an unfavourable view of both these proposals. Sugar is an article of prime necessity, universally used in Canada, and already we have a considerable customs duty. Such an increase of the taxation on sugar as was asked would hardly prove acceptable to the sugar consumers of the Dominion, and should not be adopted without urgent reasons. Nor are we satisfied that even the best interests of the beet sugar industry would be promoted by the granting of the aid that is asked. We have to remember that some years ago Canada undertook to encourage the beet sugar industry by the granting of bounties, and that the results were not satisfactory. The capitalists who invested their money lost it, and everybody concerned in the movement suffered a severe disappointment. Naturally, in the presence of that fact, we should be more than usually careful in entering again upon a policy of granting bounties for this industry.

It is represented that the advantages of the province of Ontario, and I suppose the same will be claimed for other provinces which are raising the question, are much greater than were possessed by the eastern townships for raising beet sugar, and it is also claimed that such an

advance has since been made in the manufacture of machinery and in the methods of manufacturing beet root sugar as to ensure the success of the enterprise now. I think there is something in that and that the conditions which exist to-day are such as to give that industry a fair trial if it is naturally adapted to the soil of Canada. Our customs duty, which runs as high as \$1.26 per 100 lbs. or a cent and a quarter a lb. on the highest grade of sugar, while it is designed for revenue purposes will provide an incidental protection for beet root sugar produced in the country. The competition from foreign beet sugar is likely to be less keen hereafter as it seems to be settled that the continental bounties on this article, which have so long had a disturbing influence on the world's sugar trade, are about to be abolished. In addition the Ontario government have granted a bounty of half a cent a lb. for two years and of one-quarter of a cent a lb. for the third year, but limited to \$75,000 per annum, and I understand that at least three factories are at the present moment in the course of construction in that province. They are certain to go on—one of them is already started—and I am inclined to think that a fourth is in a fair way to being erected. In addition to that the establishment of the industry is no longer problematical but it is a certainty in the North-west Territories. Gentlemen have come in from the south and are erecting a refinery in Lethbridge. With the aid which has been given in the way I have described, with the incidental advantage derived from the customs duty on sugar, with the abolition of the bounties on continental sugar, with the advantage of the Ontario bounty as respects factories in that province, and with the further advantage we have given the beet root sugar industry of the free admission of machinery and structural iron for the purposes of beet root sugar factories, I am inclined to think that there are sufficient inducements to enable the promoters to give the industry a fair trial if it is adapted to the soil of the country. I think it would be a mistake if we were to give further aid which might result in encouraging the erection of a large number of factories which might come to grief. I think it is better to encourage the industry in this moderate way, to have three or four factories in the province of Ontario and one in the North-west Territories established so as to give the industry a fair trial than that we should encourage the starting of factories all over the country which might end in disaster.

Mr. SPROULE. The right to import machinery free of duty will soon end.

The MINISTER OF FINANCE. It will end on the first day of April, but we propose to extend that for another year. Perhaps I ought to say that there has been some objection on the part of Canadian

manufacturers to the granting of this privilege of free admission. They say that this machinery is now largely made in Canada and they do not see why we should go abroad for it. I think, however, that the reason on which our previous action was based a year ago still holds good. The argument then used was that where the promoters of an enterprise of that character wish to make a contract for machinery it is an advantage to them to be able to make a contract with one manufacturer, so that he can take the contract for the whole of the machinery, make it where he pleases, be held responsible and guarantee that the machinery will be sufficient for the successful operation of the factory. We have concluded not to propose any changes in the sugar duties, or any bounty on beet root sugar, but to extend for another year the term in which certain machinery and materials for the erection of beet root factories may be admitted free. This privilege will therefore be extended to the first day of April, 1903.

We do not propose to make any changes in the tariff this session. I do not for a moment claim that the tariff is perfect. I think, that, on the whole, it has proved a very good tariff. Indeed, when we recall the circumstances under which our tariff revision took place, when we remember the very complicated and difficult problem with which we had to deal, we may well congratulate ourselves upon our success in devising a tariff so well adapted to the requirements of the country, a tariff under which Canada has prospered in a greater degree than in any previous period in her history. I have occasionally pointed out the desirability of a reasonable measure of tariff stability. Nothing would be more likely to unsettle business than a practice of introducing frequent tariff changes. Hence, we have resisted applications for many small changes and we think it well to do so to-day. But I would not have it understood that this view can always be held. As time passes, conditions change in our own country and it will be well for us to take note of this, so that we may adjust the tariff accordingly. Nor is that the only reason that might require some change. Conditions arise in other countries of which we are obliged to take account. We do not propose that we shall stand still and that this tariff shall remain unchanged, but we think the time is not opportune for making changes at present.

There are several reasons which operate in our minds against entering upon a policy of tariff changes to-day. We have just completed the taking of a census, and while some of the results are available others of much importance have yet to be prepared. Among these are the returns of the operations of our industries. In considering the tariff in relation to the industries of the country, it is desirable that we should have



before us, with ample time for consideration, the industrial statistics of the recent census.

Mr. SPROULE. What about the market gardeners of West York who have been living on promises?

The MINISTER OF FINANCE. If there are any people who have been living on promises that is what they were accustomed to do for eighteen years and they will find it very easy. A further reason against present change is that we are having certain negotiations with other countries in regard to trade of a more or less formal character. We are not without hope that we will be able to broaden the scope of our treaty with France, though of that I am not in a position to make any definite statement. Much has been said in regard to our relations with Germany. My impression is that there has been a misconception on the part of the German authorities as to the position of Canada. Our position on this question is strong in respect to Germany, but that is no reason why we should ignore the German side of the matter. I admit that there is a colour of excuse for the position which Germany has taken. As I have pointed out on a previous occasion, Germany has two tariffs, one for the world generally, the other, known as the conventional tariff, for those countries which have commercial treaties with Germany. I suppose many hon. gentlemen will say that this is sound policy. Germany had a treaty with Canada, or Canada participated in an imperial treaty with Germany, and under that treaty Canada had the advantage from what is called the conventional tariff as respects Canadian products. Canada put an end to that treaty for her own purposes, for good and sufficient reasons. Not one party in Canada, but all of Canada, reached the conclusion that this treaty was not in the best interests of Canada, or of the empire, and it should come to an end. Our sister colonies took the same view on the subject. But it was admittedly the action of Canada above all others which brought about the denunciation of the German and Belgian treaties. When we ceased to have that treaty with Germany, when we ceased to extend to Germany certain privileges which she had enjoyed, Germany withdrew from us the privileges of its conventional tariff. Canada thus came into the class of non-treaty countries, the products of which were subject to the higher tariff. Let us not deny that from one point of view there was some colour of excuse for the German action.

But a more careful examination of the question must lead to the conclusion that the action of Germany, while it might have had an appearance of fairness, was based upon a misconception of the spirit and purpose of Canada's policy. It is true that we have withdrawn from Germany tariff privileges which she formerly enjoyed. But

it is necessary to point out that the privileges which Germany lost were not privileges which rightfully belonged to any foreign nation, but privileges which properly belonged to the family circle of the British Empire. Germany might reasonably ask that her products have as fair treatment in our markets as the products of any other foreign country. But she ought not to demand that her products should have the same treatment as the products of our mother country and our sister colonies. Public men in Germany appear to have received the impression that the action of Canada was in some way a discrimination against Germany. Such is not the case. Canada has been quite willing to give to the products of Germany the same treatment as is given to the products of any other foreign nation. That, it seems to us, is all that Germany can reasonably ask. We are inclined to think that the action of Germany has been the result of a misunderstanding of the Canadian policy, and we have therefore been disposed to exercise a large degree of patience in having the matter very clearly put before the German government. We are hopeful that our representation of these facts will in the end bring about a better understanding of the matter. Our trade with Germany is not at present very important to us; although what is called the balance of trade is against us, the value of our exports to that country has been increasing rather than diminishing. Nevertheless, at a time when we are stretching out in all directions for extension of our trade, it is not well to despise the opportunities which might come to us under fairer arrangements with Germany. Besides, the principle involved in Germany's action is important, and on that account, as well as for the possibilities of a larger trade, we should make every effort to have the matter settled in a satisfactory way. There are those who have advocated retaliatory legislation as the only means of settlement. We are hopeful that better results may be obtained by a patient presentation of the facts. Another and stronger reason against immediate changes in our tariff is the present position of our trade relations with the mother country and with our sister colonies. We are about to participate in two important conferences to take place in London. One of these has been called at the suggestion of our government for the special purpose of considering the possibilities of enlarging the trade between Canada, Australia and New Zealand. The other conference is of a broader character and has been called by the Imperial government. The ceremonies attending the coronation of the King will take to London representative public men from all parts of the empire, and the Imperial government desires to avail itself of the opportunity to discuss various matters, including questions of trade and commerce affecting the interests of the empire. Canada will

be expected to take an active part in the consideration of these questions, and at the close of these conferences we shall be in possession of a knowledge of the disposition of other portions of the empire which will undoubtedly be valuable to us in the consideration of any proposed tariff changes. I do not underestimate the difficulties in the way of bringing about such trade relations within the empire as are desirable from the Canadian point of view. However, it is our duty to avail ourselves of the opportunity to discuss these matters with the public men of the other parts of the empire and to use every effort to bring about such improved arrangements as would be beneficial to Canada and to the empire.

For these reasons we postpone for the present the question of tariff revision. When the moment for revision arrives, the public of Canada may rest assured that the government will undertake the work in the spirit of moderation and caution that has prevailed in their past actions in tariff affairs, avoiding the extremes which almost always find advocates, and having regard to what is best, not for particular industries or particular sections of the country, but for the interests of the people of the whole Dominion.

The Budget, Mr. Speaker, has friendly relations with the Saints.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. It was on the morning of St. George's day, five years ago that I had the honour to place on the Table of this House the tariff resolutions containing that principle of British preference which has given so much satisfaction to all who honour St. George and Merrie England. This year our Budget is submitted on Ireland's day of rejoicing. This is St. Patrick's day, and from the topmost roof of our parliament House the British flag flies in honour of this occasion.

Some hon. MEMBERS. Hear, hear.

The MINISTER OF FINANCE. There is something suggestive in the coincidence. It seems to remind us that, gratifying as is the story we are able to tell of the material progress of the Dominion, there is something that is more pleasing still. It is the very harmonious and happy relations which prevail between our people of all sections, classes and creeds. Here in this broad Dominion we have a population drawn from many races and nationalities—English, French, Scotch, Irish, Welsh, German—all cherishing the memories and traditions of their mother lands, and specially honouring them at appropriate times, as the memories of Ireland are honoured to-day, yet all cordially uniting their efforts for the development of this country and for the maintenance of institutions under which all enjoy the priceless blessings of civil and religious liberty.

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