

CANADA

BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.
MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS

TUESDAY, DECEMBER 14,

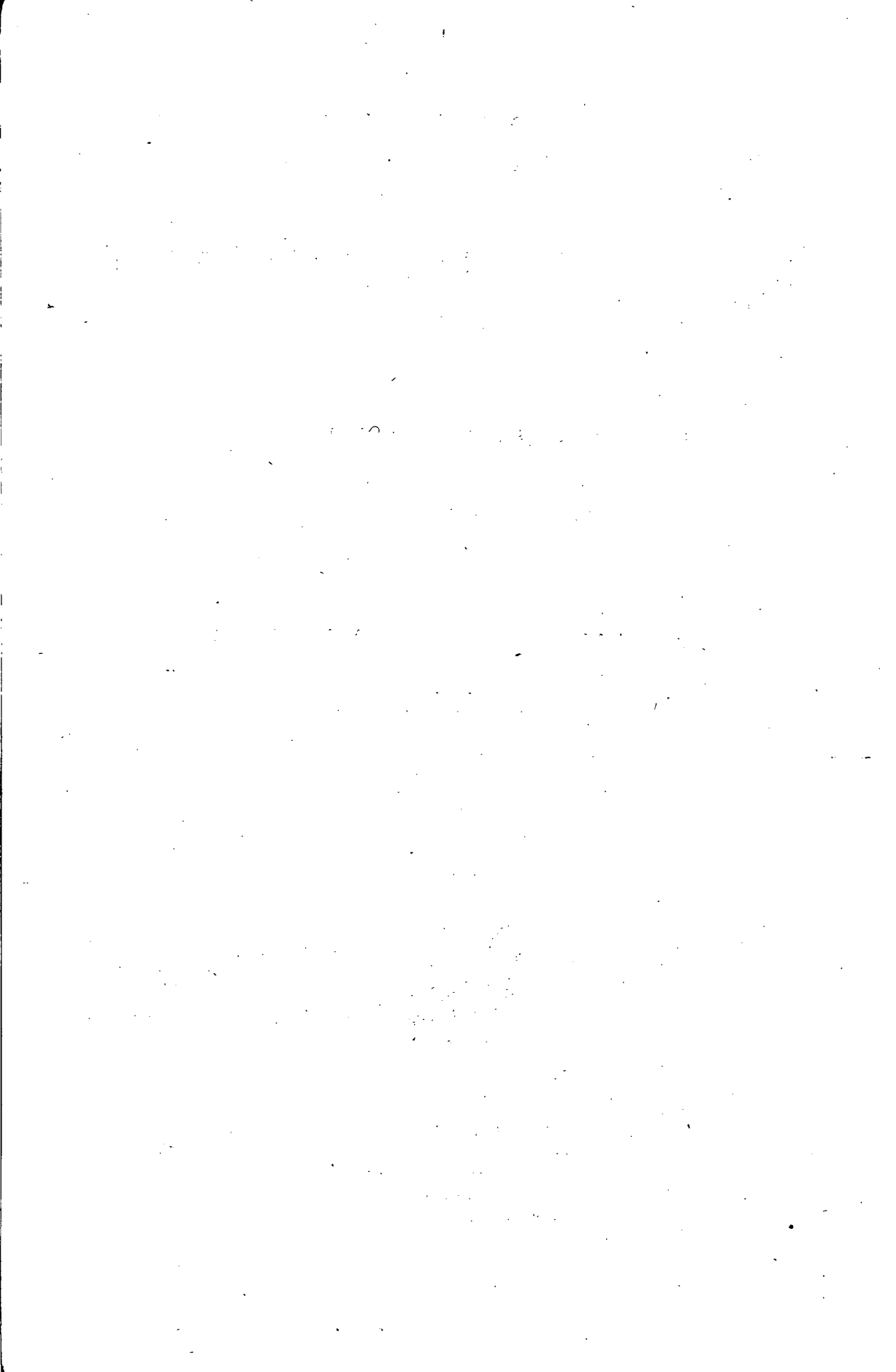
1909



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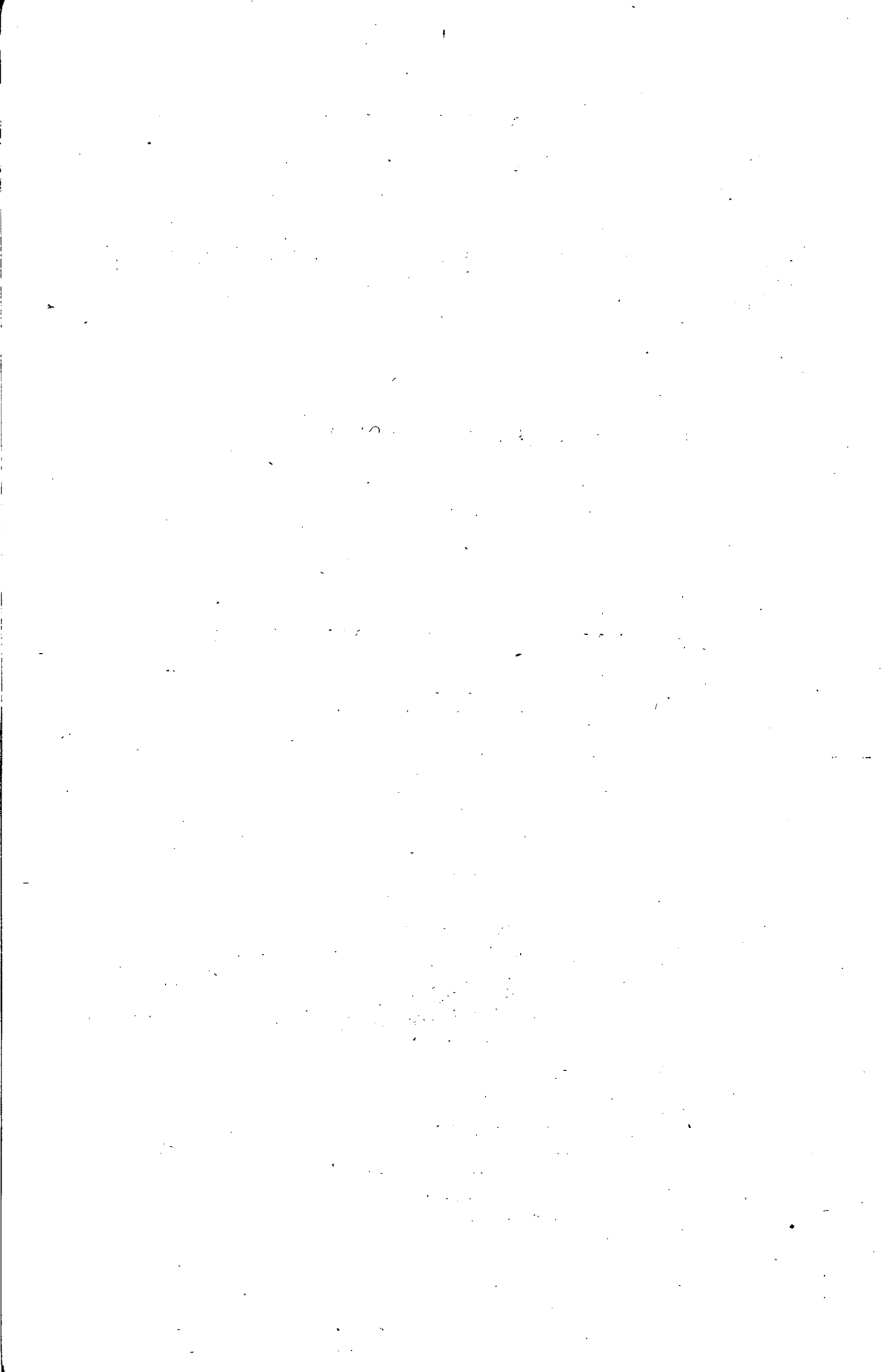
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WAYS AND MEANS—THE BUDGET.

Hon. W. S. FIELDING (Minister of Finance) moved that the House go into Committee of Ways and Means for raising the Supply to be granted to His Majesty. He said: At the last session of parliament, Mr. Speaker, circumstances obliged me to submit a budget which, not to use a stronger word, was not in all respects a very cheerful one. Perhaps it was because Ministers of Finance everywhere about that time found themselves in strenuous circumstances. Perhaps it was because it was my thirteenth budget and good luck could hardly be hoped for at such a time. However that may be, it is agreeable to me to be able to round out the baker's dozen under happier conditions and to come back once more to the old familiar story of general employment and prosperous trade, increasing revenues, liberal surpluses and generous appropriations for the public service.

FISCAL YEAR 1908-9.

The last fiscal year—1908-9, as we call it—the fiscal year ended on the 31st March last, was certainly not a very good year for Canada. There had been a financial depression in the autumn of 1907, a depression which was almost world-wide, and which, in the case of the republic to the south of us, became a financial panic. It would have been too much to expect that we could escape entirely the effects of that financial depression. We did feel it in Canada to some extent—happily to a much less extent than in the case of our neighbours to the south—but still we did experience it to some extent in Canada. It began

to show its effect upon our revenues in the closing period of the fiscal year, but the earlier part of the year was one of such great prosperity that, on the whole, the revenue proved to be a very excellent one; indeed, it was a record year. But, when we came to the new fiscal year beginning on the first of April, 1908, a year which ended on the 31st March last, we found that our revenues were very seriously affected. The revenue for the previous year, that which we call a record year, represented the great sum of \$96,054,505.81. But, when we came to close the year 1908-9 we found that we had received a total revenue of only \$85,093,404.35. There was thus a decline in the year's revenue of \$10,961,101.46, or nearly \$11,000,000, or to put it in another form, the falling off in the revenue amounted to 11½ per cent. The revenue for the year was a little more than half a million of dollars greater than my estimate. The expenditure chargeable to income was \$84,064,232.38. This was over \$1,000,000 in excess of my estimate. I estimated the surplus at \$1,500,000. The actual surplus was \$1,029,171.97.

YEAR 1908-1909—CONSOLIDATED FUND.

	Actual.	Estimated Budget Speech, April 20, 1909.	Greater than Estimate.	Less than Estimate.
	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Revenue.....	85,093,404 35	84,500,000 00	593,404 35	
Expenditure.....	84,064,232 38	83,000,000 00	1,064,232 38	
Surplus.....	1,029,171 97	1,500,000 00		470,828 03

REVENUE 1908-9.

A statement of the sources of our revenue will be interesting for the moment, as showing wherein the failure took place. In customs there was a decrease of \$10,130,474.80, and in excise there was a decrease of \$844,383.66. The post office continued its career of prosperity and had an increase of \$293,737.07. When other departments fail somewhat we are always able to turn to the post office and note the happy change that has taken place. In former years there was high postage, limited accommodation and heavy deficits. In recent years there is cheaper postage, more generous accommodation and always a liberal surplus. In the case of Dominion lands we had an increase of revenue of \$269,634.73. Miscellaneous revenues showed an increase of \$93,793.97, and railways showed a falling off of \$643,408.77. The chief decline, of course, was in customs. There was a fall-

ing off in excise and diminished business led to a diminished traffic on the railways, and in consequence diminished receipts.

SOURCES OF REVENUE.

Source.	Amount.	Increase, 1907-8.	Decrease, 1907-8.
	\$ cts.	\$ cts.	\$ cts.
Customs.....	47,413,336 45		10,130,474 80
Excise.....	14,937,768 02		844,383 66
Post office.....	7,401,623 93	293,737 07	
Dominion lands.....	2,153,254 61	269,634 73	
Railways.....	8,691,187 43		643,408 77
Miscellaneous.....	4,296,233 91	93,793 97	
	85,093,404 35	657,165 77	11,618,267 23
			675,165 77
Net decrease.....			10,961,101 46

Or a decrease of 11.4 per cent as compared with 1907-8.

EXPENDITURE 1908-9.

Coming now to the expenditure, we find that the total expenditure for the year 1908-9, chargeable to income, was \$84,064,232.38. This was an increase of \$7,422,780.79 over the expenditure of the previous year. These increases were principally in the following departments:—

Public works chargeable to income.....	\$ 3,578,857 07
Interest on public debt.....	630,987 35
Civil government.....	1,194,849 45
Legislation.....	392,718 30
Miscellaneous.....	626,150 44
Ocean and river service.....	320,583 57
Post Office.....	586,456 66

The item with reference to civil government was partly an increase and partly a re-arrangement of charges which were transferred to the civil government item. The increase in the item of legislation included the expenses of a general election. The increase in miscellaneous included a grant of \$300,000 to the Battlefields Commission and a grant of \$100,000 for the relief of the sufferers by the earthquake in Italy.

Our revenue being \$85,093,404.35 and our expenditure chargeable to income being \$84,064,232.38, it left a surplus of \$1,029,171.97.

Coming now to the question of capital and special charges for the year 1908-9 we find they were as follows:—

CAPITAL AND SPECIAL CHARGES AND INCREASE OF
DEBT 1908-9.

National Transcontinental Railway.....	\$24,892,351 23
Quebec Bridge.....	6,424,781 00
Railways capital.....	4,529,052 72
Canals capital.....	1,873,868 45
Public Works capital.....	2,832,295 29
Dominion Lands capital.....	797,746 74
Militia capital.....	1,243,071 54
Total capital expenditure.....	\$42,593,166 97

To these must be added the following special charges:—

Railway subsidies.....	\$ 1,785,887 39
Bounties.....	2,467,306 95
Charges of management loan account.....	1,854,488 41
Various transfers.....	221,311 50
Total.....	\$48,922,161 22

Deduct from this:—

Surplus of.....	\$ 1,029,171 97
Sinking fund.....	1,922,525 20
Refunds.....	1,044 72
	2,952,741 89

Increase of debt.....\$45,969,419 33

That was the largest increase of debt that has taken place in any year since I have had the honour of dealing with the finances of the country. I had estimated that the net debt would be increased during the year by \$46,000,000; the actual increase was \$45,969,419. The Transcontinental railway and the Quebec bridge represent of this debt \$31,317,132.23. The remainder of the increase of the debt was caused by other expenditures on capital and special account. In former years we had been able to provide for most expenditures of that kind out of our income, but last year, with a falling off of \$11,000,000 in our revenue, it was not possible to provide for these without some addition to the public debt.

FISCAL YEAR 1909-10.

Coming now to the current fiscal year, 1909-10, I am glad to be able to have a more cheerful story to tell. There are still three and a half months of the year to run and the books of account do not close until some considerable time after the end of the fiscal year, so that it is difficult to make more than an approximate estimate at the present stage. It is, however, gratifying to us all to know that the unfavourable conditions of the former year have passed away. There has been a very gratifying recovery; we have been blessed with abundant harvests; in almost every department of labour in which our people are engaged there has been increased activity; we have recovered the lost ground in our revenue and we are now moving forward to even higher records. The revenue for 1909-10—that

is the current year—to December 1, was \$64,656,509.92, which represents an increase over the revenue for the corresponding period of the previous year of \$9,541,282.75. Thus in eight months we have gained nine and a half million dollars of revenue over the figures of the corresponding period of the past year, which represents an increase of about \$1,200,000 per month. The revenue for the last four months of the previous year amounted to \$29,978,177.18. If we assume that we shall receive for the remainder of this year the same amount as we received during the corresponding period of last year this will make our revenue for the entire current year \$94,634,687.10. But we may reasonably assume that there will be some further increase during these remaining four months; and just what the amount of that increase may be is a point upon which I would speak with some caution. Hitherto in our comparisons between the present year and the next preceding year we have been comparing the figures of to-day with the lean period of a year ago, but about this time last year the business began to improve. The last months of the preceding fiscal year were months showing some improvement, and therefore we cannot expect that during the remaining four months (or rather three and a half months) of the year, there will be as rapid increase as we have observed during the eight months. At all events, there will undoubtedly be some increase. For the remaining period of the year, up to the 31st March—being four months as in the figures I present and about three and a half months actually from to-day—I propose to allow for an increase of \$2,800,000. On that basis our revenue for the current year will approximate \$97,500,000, or nearly one and a half million dollars better than the record year of 1907-8. I think my estimate is a safe one. It may be too conservative; it is quite possible that during the remaining four months of the year we shall make a greater increase than that I venture to anticipate. It is quite possible that we shall come near the one hundred million dollar mark during the present year, but I do not think it is safe to estimate quite that at present.

EXPENDITURE 1909-10.

Coming now to the question of our expenditure during the current year: It will be remembered that in view of the falling off in our revenue and the general check that had occurred in the business of the country, at the last session of parliament we severely pruned our estimates and appropriations, and many meritorious works which we would gladly have dealt with under more favourable conditions had to be laid aside.

Our expenditure on consolidated fund for the year 1908-9 was a little over \$84,000,000. I estimate that in the current year the expenditure chargeable to income will not exceed \$81,000,000. That is to say, we shall have a reduction of expenditure chargeable to income in the present year of \$3,000,000 as compared with the figures of the preceding year. And, so, as respects the finances of this year, the dominant note of the budget must be in the first place a large increase in revenue and in the second place a very substantial reduction in expenditure.

SURPLUS, 1909-10.

With a revenue of \$97,500,000, which, as I have stated, is on a conservative basis, and an expenditure chargeable to income of \$81,000,000, I estimate that there will be a balance this year, by way of surplus, amounting to sixteen and a half million dollars. I shall not be surprised if the expenditure proves a little less and the revenue somewhat more, which, of course, would give us a somewhat larger surplus.

CAPITAL AND SPECIAL EXPENDITURE, 1909-10, AND TRANS-CONTINENTAL RAILWAY.

Now, we come to the question of the capital and special expenditure during the current year. There was voted by parliament for capital services during this year \$30,484,739.54, and the corresponding appropriation for the preceding year 1908-9 was, \$43,372,488.33. This shows a very large reduction in our appropriation. Of the capital appropriation for the current year 1909-10, the sum of \$20,000,000 was assigned to the National Transcontinental railway, and we have reason to believe that that amount will all be spent or substantially so. Of the balance of appropriations of that class, namely, \$10,484,739.54, it is expected that probably \$10,000,000 will be spent. We must then add railway subsidies, bounties, and other special charges, which I estimate at \$5,500,000.

Thus, the total capital and special charges for the year would amount to \$35,500,000. The estimated reduction on consolidated fund expenditure is \$3,064,232; the estimated reduction on capital and special expenditure is \$13,422,161 so that our total expenditure of this year as compared with the expenditure of the previous year will show a reduction of \$16,486,393.

The capital and special expenditure of the year will probably amount to \$35,500,000. If we deduct from this our surplus of \$16,500,000 and sinking funds, \$1,250,000, making \$17,750,000, this will represent an increase of debt at the close of this current year, if my estimate is correct, of \$17,750,000.

This will be \$2,250,000 less than our expenditure on the Transcontinental railway. May I repeat here a remark I made in the last budget speech I had the honour to deliver, as indicating the financial policy which we hope to pursue during the year. I then said:

We think that our aim ought to be—and we shall endeavour to accomplish it as far as possible—to provide out of our revenue during the year now opening for all the ordinary expenditure and for a considerable part of our capital expenditures, if possible even for all of them. There is one work as to the wisdom of borrowing for which there can be no question, and that is the Transcontinental railway. If we can succeed in keeping down our borrowing for new work during the coming year to the sum which we wish to expend on the Transcontinental railway, I am sure we shall have a very good statement to present. I do not know that we can accomplish this, but it is to be our aim, and I am sure that, if for the work of the year we have to borrow any sum in excess of that required for the Transcontinental railway it will not be very large.

I am glad to be able to say that the aim which we then set forth has been reached. We shall provide, as we believe, because we are dealing with a year not yet closed, out of our income for all the ordinary expenditure, for all the capital and special expenditure other than the Transcontinental railway, and we shall also be able to provide out of our revenue two and a quarter million dollars towards the National Transcontinental railway expenditure. Thus while we shall spend \$20,000,000 on the Transcontinental railway we shall only add seventeen and three quarter millions to the net debt of the country. Putting it in another form, if we did not have this large and exceptional work to deal with, we would, within the year, reduce our public debt by two and a quarter million dollars.

MR. SPROULE.—What about the surplus of one year building it?

MR. FIELDING.—That was a pipe dream of my hon. friend.

MR. FOSTER.—The hon. member (Mr. Sproule) does not smoke.

MR. FIELDING.—Then he and I do not contribute much to the revenue in that direction. I hope he makes it up in some other way.

FISCAL YEAR 1910-11.

Turning now to the year 1910-11, as we call it in our accounts, the year beginning on the 1st of April next, hon. gentlemen will observe that it is quite far away and it will be difficult for us to attempt any close estimates. All I would care to say as respects that year is that we are very hopeful that we shall be able to repeat the policy of the present year with respect to keeping down the increase of debt. With the

improvement in our revenues we have, of course, properly made more generous provision for the public service, but we hope and believe that the increasing revenues will justify that, and we look forward with strong expectation, as far as we can deal with matters so far in the future, that our year's operations will enable us to provide out of revenue for our ordinary expenditure and for that portion of our capital and special expenditure outside the Transcontinental railway. I think it is a fair ground for us to take that in the case of a great national work like the National Transcontinental railway and the Quebec bridge, now virtually a part of the Transcontinental railway, it is not unreasonable that we should expect to go on the money market and borrow, but that not only for our ordinary expenditure, but also for smaller expenditures of a capital character, we should endeavour to make provision out of our ever-increasing revenue.

MR. R. L. BORDEN.—Reckoning up to the end of the fiscal year on which we have just entered, that is the year ending March 31, 1910, what will be the total expenditure on the National Transcontinental railway.

MR. FIELDING.—The Transcontinental road, including the Quebec bridge, now virtually a part of it, will represent at the close of this fiscal year, \$58,391,263.94.

MR. R. L. BORDEN.—Is that to March 31, 1909, or March 31, 1910?

MR. FIELDING.—That will be at the end of the last fiscal year and will not include the expenditure of the current fiscal year.

MR. R. L. BORDEN.—My question related to the current fiscal year.

MR. FIELDING.—We are spending this year \$20,000,000.

MR. R. L. BORDEN.—That would amount then to about \$78,000,000 up to the end of the current fiscal year, ending March 31, 1910?

MR. FIELDING.—Yes.

MR. FOSTER.—Is it intended to complete the building of the Transcontinental railway at the time already stated, that is at the end of 1911, or is it proposed to go slower? Is any provision to be made for the construction of the Hudson's Bay railway?

MR. FIELDING.—The estimates before parliament include a sum for the further survey of the Hudson Bay railway route. They do not at present include any sum for construction. If

it be determined that the matter is advanced to a sufficient point to call for a vote for construction, that vote will have to come in the supplementary estimates. As to the completion of the Transcontinental railway, I think we have everything to gain by pushing it to completion. The Minister of Railways will have to deal with that at a later stage, but I think we shall rush that as quickly as possible and for that reason we are taking a very liberal estimate of \$27,000,000 for the coming fiscal year.

Mr. R. L. BORDEN.—Has the hon. gentleman made any estimate of what amount will be required after the conclusion of the present fiscal year to complete and discharge all our obligations in respect of the National Transcontinental railway?

Mr. FIELDING.—I have not included it in this statement, but the Minister of Railways (Mr. Graham) will have a statement at a later stage which will deal with that as with Transcontinental affairs generally.

With regard to the revenue for the coming fiscal year, I think we need have no hesitation in saying that if we do not reach the \$100,000,000 mark during the current year, we shall certainly do so in the coming year, and I believe that with the large and increasing revenue we will be able to provide for our ordinary expenditure and for that portion of our capital expenditure which does not refer to the National Transcontinental railway. I would not like to speak with too much confidence on that item, as it is the future, but at all events that is the policy I would desire to pursue if the finances will enable us to do so.

TRANSFER TO INCOME OF MILITIA CAPITAL AND DOMINION LANDS CAPITAL.

It will be observed that in the estimates for the coming year we have transferred from capital account to income account several items which for a number of years have been charged to capital account. One of these items is in regard to arms and ammunition for the militia. It has been customary, under both governments, to charge that item to capital account. In like manner, Dominion lands have been charged to capital account. I think the objection to that system may most strongly be taken in the case of Dominion lands, for we charged the expenditure in connection with the lands to capital account, while the entire receipts have always been taken into the general income for the year. In both these cases we have been following the practice of the past. I think in these cases it will be well to make a change, certainly in the case of Dominion lands. No particular reference that I am aware of

has been made to that in the past and our method of dealing with these items has been precisely the same as that of preceding governments.

It will also be observed that in the appropriation we are taking for naval expenditure the charge is to be made against income. I do not wish to discuss that branch of the public business to-day, for that comes later in the hands of another minister. But it will be admitted, I think, that if we should charge the construction of ships to capital account, charging to income only the annual interest thereon and a reasonable sum for depreciation, we might justify ourselves in doing so. However, as this expenditure, which will be quite a large one, will be distributed over several years, I think we may properly charge it to income. The expenditure of the year will be charged to the revenue of the year, and we shall not be obliged to add anything to the public debt on that account.

Mr. FOSTER.—Do I understand the hon. gentleman to say that he proposes to charge to current account the construction of naval vessels?

Mr. FIELDING.—That is my proposal in the estimates for the coming year. Of course, if we had to propose the whole cost of these vessels in one year, it would be a sum which our income would not bear; but as the expenditure will necessarily have to be distributed over several years, I think it is proper to charge it to income from year to year.

Mr. FOSTER.—The principle is the same.

Mr. FIELDING.—The principle is exactly the same.

BOUNTIES.

Mr. FOSTER.—While my hon. friend has been listening to better counsels in this matter, has he come to a conclusion to adjust the bounties as well?

Mr. FIELDING.—I am glad my hon. friend has called attention to that. We have discussed from time to time the question of charging these bounties to capital account. My hon. friend is probably aware of the view which I have expressed from time to time, that the bounty is on all fours with the payment of railway subsidies, which in the time of my hon. friend as well as in our time have been charged to capital or special expenditure. When you pay a railway subsidy to the Canadian Pacific, the Grand Trunk, the Canadian Northern, or any other railway company, you have nothing to show for your money. The railway belongs to the company. Nevertheless we charge the subsidy to capital. If you pay bounties for the temporary

assistance of a great industry, you have nothing immediately to show for your money. The property is the property of the company, and the bounty has gone into the treasury of the company, as in the case of the railway subsidy. But you believe that good has come to the country through the development of its trade and commerce, and that is the justification of the bounty.

Mr. FOSTER.—How about steamship subsidies?

Mr. FIELDING.—I have never been able to regard steamship subsidies as merely temporary, for they go on from year to year. The theory of our bounties is that they are temporary aids. It is true, they have lasted somewhat longer than some of us expected; but they stand in the same relation to the country as railway subsidies. In neither case have you any visible property to represent the money paid, but in both cases you get your return in the general development of trade.

Sometimes these bounties are spoken of as if they had some relation to the question of a surplus or a deficit. Speaking generally, they have no such relation, except as to the volume of the surplus. In all the years that we have charged these bounties to capital or special account, except one, they would not have affected the question of a surplus or a deficit. The one exception was last year, when the surplus was a small one, and when, if we had charged the bounties to income, we would have had a deficit of \$1,400,000. But if you take all the years in which we have paid bonuses, the surpluses aggregated \$131,088,259, whereas the bounties during the same period have amounted to only \$18,822,751. Therefore while in one year the payment of the bounties out of income would have affected the question of a surplus, if you take the whole period it would not have affected the question of a surplus at all. The chief bounties on iron and steel will expire on the 31st of December, 1910, that is, the bounties on pig iron, iron puddled bars and steel ingots. There is a bounty on wire rods which is not limited in time. There is a bounty on lead, which is limited to a term of years, and there is a bounty on oil, which is not limited. The chief bounties, however, are those paid to the iron and steel industry, and these will expire on the 31st of December, 1910. There is a provision in the Act that bounties for electric smelting may be extended for two years longer. When the bounties were last readjusted, we were assured that parties were about engaging in electric smelting, and as it would take some time to erect their plant, they asked for an extension of a couple of years, and it was granted. As no action has been taken under that provision of the Act, I

take it that the chief bounties on iron and steel will expire next year. Thereafter the bounties paid will not be very large, and whether we shall then charge them to income or to capital or special account, may be a matter to be fairly considered at that time.

REVENUE GROWTH RESULTING FROM BOUNTIES.

In this connection, I would like to invite the attention of the House to the question of what these bounties have accomplished. I know that with some excellent citizens of Canada the idea of bounties is not popular. More than once I have met people of the very best class who shake their heads over the idea. I think, however, that it can be clearly shown that the treasury of Canada has not lost one dollar from the payment of bounties. The iron and steel industries which have been established in the country have undoubtedly had a great effect in the development of the trade in Canada. Just how far the influence of a steel industry is felt may be a matter of debate. I have no doubt that hon. gentlemen have found many cases where business has been influenced favourably a long distance from the location of an iron and steel plant; I have found such cases myself; and it must be remembered that in all the principal trade centres of Canada vast quantities of goods have been purchased and sold to these steel ports, as I may describe them. The cities of Toronto, Montreal, Quebec, Halifax and St. John will all testify that their merchants have sold great quantities of goods to these steel making ports. The duties on these goods have been paid at Toronto, Montreal, Quebec, Halifax and St. John, as the case may be. It is not possible to measure just what these duties have amounted to, but they would not have been paid if there had not been the consumers of these goods at the steel ports. I do not think it is too much to say that millions of dollars have been paid into the Dominion treasury in that way at ports far removed from the steel ports themselves; and in considering what the government have received in return for the bounties, it would be well to bear that in mind. But suppose we put that aside, let us look at the condition of the revenue at the steel ports themselves. These I take to be Sault Ste. Marie, in Ontario, Sydney, North Sydney and Sydney Mines, in Nova Scotia, Glace Bay Mines, which supply the coal to the Sydney plant, New Glasgow, Nova Scotia, and Hamilton, Ontario. Now, Hamilton was an important city before the steel industry was established. Undoubtedly, Hamilton would have made very considerable progress even had there been no steel plant at that place.

Let us frankly admit that. But it must be admitted also that the steel works at Hamilton have had much to do with the development of the trade of that port. Qualify as you will the figures I am about to give as respects Hamilton, yet I think that all hon. members will agree that, as respects every other point which I have named, the increase in business is due directly to the development of the iron and steel industry. Every one of these communities was a small community before the steel business began; every one has grown to be a large and important community under the influence and development of the iron and steel business. I have here a statement showing the collections of customs revenue for two periods of ten years. The first period is that from 1890 to 1899, a period during which some steel bounties were paid, but during which the industry was in its infancy, and not very much progress had been made, except at New Glasgow, and even at that period New Glasgow had contributed very largely to the revenue by reason of her steel operations. We compare that period of ten years with the next ten years ending June 30, 1909:—

COMPARATIVE STATEMENT of Customs Revenue received at the following Ports during the ten years 1890 to 1899 both inclusive, and for the ten years from 1900 to 1909, both inclusive.

Ports.	Years 1890 to 1899, June 30.		Years 1900 to 1909, June 30.	
	\$	cts.	\$	cts.
Sault Ste. Marie, Ont.	219,763	06	2,012,066	13
Sydney, N.S.	153,115	50	1,645,759	22
North Sydney and Sydney Mines, N.S.	192,548	97	455,320	32
Glace Bay, N.S.	31,976	66	469,663	49
New Glasgow, N.S.	398,578	24	479,020	76
Hamilton, Ont.	6,712,584	26	11,648,381	80
	7,708,566	69	16,710,211	72
Increase during years 1900 to 1909..	9,011,645	03		
	16,710,211	72		

Now, let us compare the amount paid in bounties with this increase in customs duty:—

Amount of bounties paid on pig iron, puddled bars, steel, manufactures of steel and wire rods during the ten years 1900 to 1909, both inclusive, \$13,377,268.

Amount of increase of customs revenue at the above ports during the same period, \$9,011,645.

Thus we see that nearly all that has been paid in bounties came back in revenue through the various ports I have named.

Qualify that a little, if you like, respecting Hamilton. On the other hand, consider the supplies purchased in Toronto, Montreal, Quebec, St. John, Halifax, that passed into consumption in these ports in which the iron and steel industry is established, and I believe I am justified in saying that every dollar that the people of Canada have paid out to the iron and steel business by way of bounties has been brought back directly to the public treasury in increased duties due to the stimulation of business.

Mr. MIDDLEBRO. Has the hon. minister any figures showing that the employees of these steel industries have come from countries outside of Canada? If not, how does he make it out that there has been an increase in the customs duties?

Mr. FIELDING. If, for instance, it can be shown that the employees of these industries came from the town the hon. member (Mr. Middlebro) represents, and others, and that, as consequence, the business of those towns decayed, there would be something in his argument. But if the business of his town has prospered and there is so much new business at Sydney, Sault Ste. Marie and these other places, I confess I do not see the force of his contention.

Mr. MIDDLEBRO. I think it should be the other way; unless the hon. minister (Mr. Fielding) can show that this increase is due to additional population coming from outside countries, he has not established his case. A man will eat and wear as much in one place as in another, and to move him from one place to another does not mean an increase of business.

Mr. FIELDING. As a matter of fact, a great proportion of these employees have come from other countries.

Mr. MIDDLEBRO. Has the minister any figures on that point?

Mr. FIELDING. I have not; but I know, as a matter of fact, that a very large percentage of the people employed in the steel industries at Sydney has come from outside countries.

Mr. MIDDLEBRO. I would grant that—

Some hon. MEMBERS. Order.

Mr. FIELDING. I have no objection; I desire to hear the hon. member.

Mr. MIDDLEBRO. I would grant to the hon. minister that if he could show that the increase of employees due to the steel business represents an increase of our population from outside points, his argument is tenable; but, if they come from other portions of the country, we have a right to assume that they would have eaten and worn as much where they were as

where they are, and consequently would have contributed as much to the revenue.

Mr. FIELDING. But if a man came from Owen Sound to Sydney to work in the steel industry, he left work at Owen Sound and somebody came in to do that work. For my hon. friend to prove his case, he would have to show that other parts of Canada were suffering in order that the iron and steel industry might prosper.

NET DEBT.

Now, I desire to say a word with regard to the increase of our debt. Up to June 30, 1896, the net debt of Canada was \$258,497,432.77. The net debt on March 31, 1909, was \$323,930,279.17, an increase in twelve and three quarter years of \$65,432,846.40. During the same period, we expended on the Transcontinental and on the Quebec bridge, as previously stated, \$58,391,263. So that, apart from that large undertaking—and I think we are justified in treating that as something exceptional—the increase of our debt is only \$7,041,000, and that too in the face of the fact that last year we had a falling off in our revenue of \$11,000,000.

Now, there is another aspect of our finances which is worthy of a moment's consideration. I refer to the charges for what we call capital and special account and the manner in which these charges have been made. Speaking generally, we might say the charges which are deemed to be on capital and special account are of an exceptional nature which, perhaps, would justify the borrowing of money if necessary. We ought not to borrow money for our current account, we ought to pay our way; but, for anything in the way of permanent improvements or capital expenditure, if necessary, the Minister of Finance may well justify the borrowing of money. Of course it is desirable that we should provide for all we can without borrowing.

Now, I desire to show how far we have been successful in providing for that class of expenditure without borrowing. During the twelve and three-quarter years to which I have referred, the twelve and three-quarter years of this government, we have spent on capital and special expenditures such as I have been describing, \$212,602,818.33; and during that time we have added to the debt of the country only \$65,432,846. That is to say, of these capital and special expenditures we have borrowed but a very small proportion, and we provided, of the \$212,602,818, no less than \$147,169,971 out of our own revenue; that is to say, that out of our revenue we not only pro-

vided for all our ordinary expenditure, but during that whole twelve and three-quarter years we provided for more than 69 per cent of our capital and special charges out of revenue, without resorting to borrowing, without going into debt.

Now, let us see what was the record of our predecessors—I do not say this for the purpose of finding fault, but it is a fair comparison. In the period from 1878 to 1896, similar charges, those called capital and special, had to be met to the amount of \$167,166,252; and during that period the net debt of the country increased by \$118,135,362. Mark the figures: Capital and special expenditure, \$167,166,252; increase of debt, \$118,135,362. So that all our hon. friends who preceded us were able to provide for expenditures of that character out of revenue, was \$49,030,809; that is to say, that while we have been able to provide for expenditure of that kind out of revenue to the extent of 69 per cent, they only provided it to the extent of 29 per cent. Our predecessors had to add nearly 70 per cent of that class of expenditures to the debt of the country, while we have added only 30 per cent of that class of expenditures to the debt.

Now, one may make another comparison along the same lines. There are certain big public works which the government have sometimes to provide for, and which have to be lifted out of the common calculation. The late government had to provide for the Canadian Pacific railway; we have to provide for the Transcontinental railway and the Quebec bridge. I propose to eliminate from the two accounts these large and exceptional works, to leave out, in the case of my predecessors, the expenditure on account of the Canadian Pacific railway, and to leave out in our case the expenditures on account of the Transcontinental railway and the Quebec bridge, and what do we find? Leaving out the Canadian Pacific railway, from 1878 to 1896, our predecessors provided for 42 per cent of their capital and special expenditure out of their revenue; while we have provided for similar charges, leaving out the Transcontinental and Quebec bridge, not 42 per cent, but more than 95 per cent, out of the revenue of the country.

Mr. J. D. READ. Could the hon. the Finance Minister tell us how much taxes were collected from the people during the eighteen years from 1878 to 1896, and during the 10 years from 1897 to 1907?

Mr. FIELDING. No, I cannot tell at this moment. But I can tell the hon. gentleman that the rate of customs taxation is less now than it was in the former period; and that the only difference between my hon. friend and myself on that question

is that while he wants to raise the taxation of the country, we are desirous of keeping it down. Now, the debt of a country is only a burden in proportion to the number of shoulders that have to carry it. Sometimes people speak of the growing debt of Canada, without stopping to consider, as they should, other elements of the growing time. The debt of Canada must be considered in proportion to the population of Canada. I have here a statement—I have submitted it on a previous occasion, but I have now brought it down to date; it is a statement showing the net debt of Canada for every year from 1891 down to the present time, including the current year, and giving the estimated population for the current year. It also shows the population of Canada as shown from year to year by our census officers. While our general census is taken only once in ten years, as respects our western provinces it is taken more frequently, and from year to year an estimate is made of our population by qualified census officials; so that we receive from year to year a statement of the population of the country which is approximately correct.

NET DEBT PER CAPITA.

Year.	Population.	Net Debt.	Net Debt per Capita.
		\$	\$
1891.....	4,844,366	237,809,030 51	49 09
1892.....	4,889,266	241,131,434 44	49 15
1893.....	4,935,748	241,681,039 61	48 96
1894.....	4,983,903	246,133,029 48	49 40
1895.....	5,003,839	253,074,927 09	50 57
1896.....	5,086,061	258,497,432 77	50 82
1897.....	5,141,508	261,538,596 46	50 87
1898.....	5,199,267	263,956,398 91	50 77
1899.....	5,259,491	266,273,446 60	50 62
1900.....	5,322,348	265,493,806 89	49 88
1901.....	5,413,370	268,480,003 69	49 59
1902.....	5,537,500	271,829,089 62	49 08
1903.....	5,712,190	261,606,988 87	45 79
1904.....	5,890,066	260,867,718 60	44 29
1905.....	6,091,136	266,224,166 60	43 70
1906.....	6,323,557	267,042,977 75	42 23
1907.....	6,655,904	263,671,859 96	39 61
1908.....	6,863,500	277,960,859 84	40 49
1909.....	7,145,040	323,930,279 17	45 33
1910.....	7,450,990	*341,680,279 17	45 85

* Estimated.

So upon authority of the census officers of Canada, I am able to state that on the 31st day of March, at the close of the current year, by the best judgment they can bring to bear, the population of Canada will be 7,450,990. Now, if we apply these figures to the net debt of the country, we have this grati-

fyng result, that while in 1891 the net debt was \$49.09 per capita, and while it had increased in 1896 to \$50.82, it began to diminish after the first year of Liberal administration, when it was \$50.87; and from that point down, the figures have always been less than they were in 1896. And to-day, although in the last year we did add \$46,000,000 to the debt of the country, although in the present year we shall add upwards of \$17,000,000 to the net debt, yet if these figures are correct, on the 31st day of March, 1910, the net debt of Canada per head will be, not \$50.82 as it was in 1896, but it will be \$45.85. So, Mr. Speaker, if due regard be had to the growth and progress of Canada, the increase of debt is exceedingly small; and even with the very material sums which we have to add on account of the National Transcontinental railway, we are still in the happy position of seeing that the growth of the population and resources of Canada is faster than the growth of our public debt.

MR. LAKE.—Before the minister passes from the debt, may I ask to what extent the bonds of the Grand Trunk Pacific and other railways have been guaranteed up to the present time?

MR. FIELDING.—The amount is set forth in the Public Accounts. I could not give it to my hon. friend immediately, but if he will turn to the report in the Public Accounts he will find the figures there set forth.

MR. LAKE.—For last year?

MR. FIELDING.—The last blue-book contains the latest statement. If my hon. friend, on looking it up, finds it to be insufficient, I will be happy, if he will mention it to me, to see that he is put in possession of the information.

TRADE STATISTICS.

I do not wish to burden the House with many statistical tables. There was a time when the budget speech was a somewhat ponderous affair, but I have endeavoured to have regard to the time and patience of the House. But I thought a few statistics might be given to show the rapid recovery that has taken place after the check that came upon the business of the country a year or two ago. The total trade in 1908-9, as compared with 1907-8, declined to the extent of \$79,524,364. Of that, imports declined \$61,029,917 and exports \$18,494,447. An early recovery, I am glad to say, is going on, and quite rapidly. For the seven months to the 31st October, 1909, being the last date for which we have the customs statistics,

the total trade of all kinds exceeded that of last year by \$48,400,000. Of this \$34,553,278 represents imports and \$13,847,219 exports. At the same rate of progress for 1910, the total trade of the current year will probably exceed that of the record year of 1907-8, when the total trade was \$650,000,000.

PUBLIC DEPOSITS IN CHARTERED BANKS.

A brief reference might also be made to the deposits in the chartered banks, merely to indicate the restoration of our financial equilibrium. Ten years ago the deposits in the chartered banks of Canada amounted to \$250,000,000. They increased rapidly and on the first September, 1907, these deposits amounted to \$590,000,000. Then, under the influence of the depression which had come, they began to drop and they did drop for several months. Then they began to increase and as a result, on the 31st October, 1909, the bank deposits amounted to \$731,806,000, or nearly three times what they were only ten years ago.

IMMIGRATION.

The immigration figures are also very gratifying. I am going over these very briefly because I do not wish to weary the House with many statistics. It is hardly necessary to say that a steady influx of population is one of the important things for our country, especially our western country, which offers the greatest attractions to immigration. In the year 1908-9 there was a considerable falling off in immigration. In 1907-8 the number of immigrants was 262,469, while in the next year—1908-9—it was only 146,908, showing a decrease of 115,561. A very noticeable feature of the immigration that year was that the falling off was almost entirely in British and continental immigration. There was no falling off in the United States immigration. The movement of the tide once was setting southwards; the tide is now moving northward and even in the year of depression the immigration from the United States did not fall off. In 1907-8 the immigrants from the United States numbered 58,312, while in 1908-9 they numbered 59,832. There was a very slight increase in the number. But the returns for the present year are very encouraging indeed. Comparing the tables for the ten months of the present calendar year with those for the ten months of the previous year we find that there has been an increase of 26,824. The number of British immigrants is slightly less than in the previous year, the number from the continent is

about the same and the number from the United States appears to be steadily increasing.

COMMERCIAL RELATIONS WITH WEST INDIES.

We have naturally desired to extend our trade relations with other countries. In that connection I might call the attention of the House to the steps that are being taken with a view to the encouragement of better trade relations between Canada and the West Indies. We have long had a considerable trade with the West Indies and at one stage it was deemed advisable that we should grant the British West Indies the benefits of our preferential tariff. So far we have not received any return of any kind. The British government have not failed to notice the desirability of establishing closer trade relations between the various branches of the empire, and it was arranged some months ago that a royal commission should be appointed by His Majesty for the purpose of inquiring into the best methods of improving the trade relations between the British West Indies and Canada. The chairman of that commission is Lord Balfour of Burleigh, a very eminent British statesman, with whom are associated Sir John Dickson Poynder and Sir Daniel Morris, and upon that commission were placed two members of the Canadian government—the Minister of Customs and the Minister of Finance. We have held a series of rather interesting meetings in various parts of Canada, the effect of which, I am sure, will be to enable the British commissioners to understand the question from the Canadian point of view. At the next stage the inquiry moves to the West Indies. It was the desire of the commissioners that we should join them there at a very early date, but we felt that our first duty was to the parliament of Canada and we had to ask that the meeting of the commission might be postponed. The British members of the commission will meet in Jamaica at an early date in January and will then proceed south. If the business of this parliament should be sufficiently advanced to enable my hon. friend the Minister of Customs and myself to absent ourselves we hope to be able to join the commission in the Island of Barbados about the middle of February, but that, of course, will depend entirely upon the condition of the business of the Canadian parliament.

MR. HUGHES.—Is the scope of this commission limited to British colonies, or is it to take in the South American republics?

MR. FIELDING.—It is limited to the British West Indies, because what we hope will be the result of it will be a prefer-

ential tariff in the British West Indies in favour of the products of Canada and, of course, that could not be arranged with foreign countries. It is, of course, too early for us to say much as to that, but we may hope that as a result of the inquiry Canada will receive a preference in the markets of the West Indies.

MR. R. L. BORDEN.—Are the Canadian commissioners going to the West Indies?

MR. FIELDING.—This is our difficulty: The British commissioners proposed when they were here that we should go with them, but we had to say, that, having regard to our parliamentary duties, we could not go at once. At the first meeting, which, I think, will be held at Jamaica about the middle of January, we shall not be able to be present. They will hold some further meetings and they have placed us under a sort of bond to join them in the Island of Barbados on the 15th of February, or thereabouts. Whether or not we shall be able to go depends on the progress of business in this House.

FRENCH TREATY.

Our treaty with France has now passed through its various parliamentary stages; it has received the approval of the French Chambers; it has received the approval of the parliament of Canada, and nothing remains now but the formal exchange of ratifications which may take place at Paris. We do not know at what date that may take place. Still, it is our desire that the ratifications may be exchanged as soon as possible, so that we will be able to receive the degree of increased trade that we expect to receive from that convention.

We are aware that other nations are anxious to deal with us along somewhat similar lines. It has not escaped our notice that the German empire is also anxious now to approach Canada in a good spirit. It is an occasion when we need not dwell too much on what has happened in the past. We are aware that Germany is disposed now to enter upon negotiations with us, and we are also aware that there are two other European nations which are anxious to enter into trade relations with Canada. I refer to Italy and Belgium. In due course negotiations will have to be entered upon with these countries with the view of arriving, if possible, at some friendly understanding with them.

MOST FAVOURED NATION TREATIES.

Reference has sometimes been made in the House, and more particularly outside of it, to the disadvantage which Can-

ada is said to suffer from the fact that the benefits of the French treaty have to go to certain other countries which give us nothing in return. At all events that is the way it is expressed. It is said that certain countries, by virtue of most-favoured-nation treaties, made many years ago, are entitled to the benefits of this French treaty though they give us nothing in return.

There is a tendency to treat these most-favoured-nation treaties as something disadvantageous to Canada. I hesitate to accept that view. We do receive some substantial thing in return for the benefits we extend to these countries; we receive the guarantee that no other country will ever receive better terms than Canada receives, and that is of the utmost importance to us. No country is going to give Canada a monopoly of its trade. We may by a convention with any country receive some advantage for the time being, but every country will naturally claim its right to make a treaty with any other country. All that any country can reasonably ask from another country is that it shall be guaranteed the best terms that are given to others. Now, suppose we had no favoured nation treaties; suppose we had none of these old treaties which we sometimes now complain of, what might happen? Let us take the case of one of the great nations which enjoys the benefit of one of these treaties. Austria-Hungary has an old treaty with Great Britain containing the most-favoured-nation principle and by virtue of that treaty we are obliged to give to Austria-Hungary all the benefits of the French treaty, and it is often too hastily assumed that we get nothing in return. But, if there was no such treaty, Austria-Hungary would be free to make an arrangement with, say, our neighbours to the south and to admit the products of the United States into her markets on more favourable terms than she would admit the products of Canada. Then Canada would be obliged to make a special treaty with Austria-Hungary if she could, and she might or might not be able to come to terms. But while the most-favoured-nation treaty remains in operation we have the assurance that neither the United States nor any other competitor of ours can receive any advantage in the markets of Austria-Hungary that will not at the same time come to us. Surely, that guarantee of the best terms that may be given to any foreign nation is something worth while as a return for the concessions we give.

MR. R. L. BORDEN. Do I understand the Minister of Finance to suggest that our market in that respect is increased by the provisions of the French treaty?

MR. FIELDING. No, but if there was no such treaty and if

we were to impose on the products of Austria-Hungary higher rates than we impose on the products of France, Austria-Hungary would naturally proceed at once to penalize us. The conditions that we have are such that at all times whenever any concession is granted by Austria-Hungary to any other nation we get the full benefit of it, and I really cannot see that we can expect more. I seriously think that it is a valuable concession that we thus obtain, because it removes any necessity for our worrying over our relations with Austria-Hungary. The same would be true of the other countries, many of them not very important, which have the benefit of these most-favoured-nation arrangements.

COMMERCIAL RELATIONS WITH UNITED STATES.

There is one other country with which we have very close commercial relations. Of course our closest relations are with the mother country, which is our great market, but that comes to us so naturally that we hardly speak of it at all; we know we have our most valuable market in the mother country and our people appreciate it. There is, as I say, another great country with which we have close commercial relations, and that is the United States. There has been some anxiety, perhaps some unnecessary alarm, in the mind of some of our Canadian people as to possible friction arising in consequence of the recent tariff legislation in the United States. But, after reading the most admirable message of President Taft to Congress, a few days ago, I think that we can all feel that the United States government have a very correct appreciation of what is due to other countries, and to Canada particularly. I think the terms in which President Taft addressed Congress on that subject give us abundant assurance that he and his cabinet are desirous of continuing the close and friendly relations which prevail between the republic and Canada, and we for the present are not going to assume that there is any cause for anxiety as to any friction arising between the two countries.

EXPORTATION OF FOREIGN SILVER COIN.

We are approaching the time when we shall want to issue a gold coinage in Canada. That will necessitate some change in our Currency Act, and a measure dealing with that branch of our affairs will be brought forward at an early date. In the meantime I avail myself of the opportunity to present some information and to answer inquiry with respect to the operations of the Ottawa branch of the Royal Mint. It is well known that the objects we had in view in establishing the mint were,

first, we desired to make our coins in Canada, and secondly, we were influenced to some extent by the desire to have the gold of the Yukon and the Canadian provinces brought through Canada rather than sent away to the United States. It is said that trade follows the flag, and there are others who say that trade follows the gold, and if this be true, then, if you keep your gold in your own commercial channels you will influence your trade. Perhaps parliament had that in mind when both sides agreed it was desirable to establish a mint. Now, the mint will show a very handsome profit, but let me also say frankly that we could make a greater profit by having no mint; we could make a greater profit by having our coins made in the old country. But the same reason which leads us to desire to make other things in Canada leads us to desire to make the coins of Canada within our own boundaries. We could save money by having our Dominion notes printed in England, but it was thought well some years ago to stipulate that they should be printed in Canada at an establishment erected within sight of the parliament buildings. Having provided that our note currency shall be made in Canada it was but a step in advance to say that our metallic currency should be made here as well. We have established what is called the Ottawa branch of the Royal Mint. There is the advantage in having it a branch of the Royal Mint that we shall be able to coin sovereigns which we could not do if it were a purely Canadian mint. Another thing is that it has enabled us, in the construction and equipment of the building, to have the great advantage of the skill and experience of the Royal Mint officials, which has given us a better building and equipment than we possibly could have obtained without the assistance of these gentlemen.

In connection with our mint there comes up the question of the deportation of foreign coins. A large proportion of the silver currency in Canada is foreign, chiefly American, and as there is a substantial profit on the coinage of silver, the presence of this large volume of American silver currency in Canada means that the profit on that finds its way into the treasury of the United States. We have, therefore, thought it desirable to take steps towards the exportation of American silver coins from Canada. Unfortunately, there is no reciprocity with regard to this silver coinage circulation. An American silver coin will be taken almost anywhere in Canada, but a Canadian silver coin will not generally be accepted in the United States, except perhaps along the frontier where there is considerable freedom of interchange. Now, if our American

brethern were circulating a lot of Canadian coins and we were circulating a lot of American silver the deal would be square.

Mr. FOSTER.—If we got into their \$80,000,000 silver it would be more than square.

Mr. FIELDING.—Yes, if we will assume that an equal amount was being circulated in both countries. The fact is that while in any part of Canada you may be handed an American silver coin over the counter, once you get away from the boundary in the United States you will never come across such a thing as a Canadian silver coin in the transaction of business. We have thought it wise that we, the people of Canada, the treasury of Canada, should have the profit on the silver currency used in Canada. So we have taken steps to export the American coins. It has sometimes been suggested that we should prohibit the use of this coin. That would be a great mistake. There are points along the boundary where it is a great convenience to take the coins of one side or the other, and any attempt to interfere with their right to do so, would probably be embarrassing. So we do not interfere with that practice. Of course these foreign coins are not legal tender, but they pass freely. We have made an arrangement with the banks whereby they export all the American coin that comes to them to the United States. As that coin is removed from the country, naturally a market is created for our own coin and that gives increased employment to the mint and increased profit to the treasury.

Mr. FOSTER.—How do you keep it out?

Mr. FIELDING.—You cannot keep it out, it will come back again, and where it comes back in the way of legitimate trade, while perhaps it is not wise to encourage it, it is better to export it than prohibit it.

Mr. FOSTER.—Does it come in any other way than in legitimate trade?

Mr. FIELDING.—No, I think not; I think it is the passing to and fro along the boundary to some extent and then the large number of American visitors who come in every year, who are gladly welcomed—we hope more will come—all bring some coins with them, and to prevent in any way the free use of these coins would cause embarrassment. We do not propose to do so, but we say as soon as this coin comes in we will send it out, and we can afford to do it. We pay a small commission of three-eighths of one per cent to the banks for exporting it, this being only enough to pay them for the handling of the coin. I do not look upon the commission as a great inducement

to the banks, but I look to them as good, patriotic Canadian citizens, to feel it to be their duty under this arrangement, not for the commission, but for the higher purpose, to see that whatever American coins come into a branch bank, shall not be paid out over the counter, but shall be retained and sent out under the arrangements that we have made.

Mr. FOSTER. Will the minister say to what points the banks sent them?

Mr. FIELDING. They may send it to any port in the United States, and on evidence that they have exported it and delivered it to a bank outside of Canada we accept the certificate and pay the small commission upon it.

Mr. FOSTER. Does the minister know the yearly cost of deportation and the quantity deported?

Mr. FIELDING. We had an arrangement several years ago which expired by lapse of time. We renewed it by order in council of the 2nd of June, 1909, and since that date there has been exported \$432,865 on which we have paid a commission of three-eighths of one per cent.

RECOINING OF WORN SILVER.

We also make use of the mint for recoinng worn silver currency. For some years we have been endeavouring to make the paper currency of Canada cleaner than in former years and I think we have succeeded, although perhaps the banks are still open to some criticism in that respect. It will be observed as a rule that the paper currency of Canada is now fairly clean. Having presented to our people a cleaner paper currency, we thought we should give them silver currency in better condition. There has been a large amount of worn silver currency in Canada, some of it quite thin and smooth. It is not a proper currency for circulation, but it has passed freely. A gets it and gives it to B and so on and the banks have paid it out over their counters. We think we may properly call in that currency and recoin it. This involves a small loss, because the friction caused by passing of the coinage diminishes its weight. However, the loss is quite small and we are able to give our people a fresher, cleaner and better currency, and I think they will approve of that.

THE MINT.

I said that the mint is authorized to coin British sovereigns. It has done so to a small extent. It has a very small refining plant which enables it to do a little work along this line, and

a number of people have presented gold which they desired to be converted into British sovereigns. That has been done, the mint receiving a fair payment for its services.

The actual expenditure in the construction of the mint, including site and buildings, up to November 30, 1909, has been \$547,796.33.

It is estimated that for the refinery now under construction and its equipment a further expenditure of \$67,000 will be required.

The estimated complete cost of the mint is \$605,047.

The mint has been in operation for nearly two years, since January 2, 1908. In the first calendar year it coined 4,877,027 pieces. These include 636 British sovereigns coined for the owners of gold in the manner I have already mentioned.

In the eleven months of the present calendar year the mint coined 6,862,982 pieces. This included 13,161 British sovereigns coined under the conditions I have mentioned.

Parliament makes a grant of \$75,000 per annum for maintenance. In 1908 this was more than sufficient, the outlay being only \$71,997.32. The present year will absorb the whole annuity, and in view of the increasing amount of work the mint is required to do, it is likely the annuity will have to be enlarged.

The cost of operation has been:—

1908	\$71,997 32
1909 (11 months)	61,729 52

The total cost of operation for one year and eleven months has thus been \$133,726.84.

The revenue of the mint during the same period, including payment for all services rendered, amounts to \$405,565.68.

The profits have thus been \$271,838. This handsome balance will, of course, pay interest on the cost of construction and still leave a large sum to the credit of the mint. But, of course, as I pointed out, while we have this large profit on the operation of the mint, we could have had our coins made in the old country and have made a larger profit out of them. The judgment of the House, irrespective of party, was that we should have a Canadian mint. It is one of the advancing steps of our Canadian nationality, and I believe it has met with the approval of the community at large.

Mr. FOSTER. Would the minister tell us how much it would have cost Canada to have had that same coinage made under the old system?

Mr. FIELDING. I have not made the calculation, but we certainly could have had our coins made much more cheaply in

that way. We could also have had our notes made much more cheaply in England than in Ottawa, but just as the former government adopted the policy of having notes made in Ottawa, we have carried that policy a step further and have provided a mint for the making of coins here.

MR. FOSTER.—I wish the minister would give a calculation of just what the difference would be?

MR. FIELDING.—I would be glad to give it, but in my judgment, and I think in the judgment of the House and of the country, it will not affect the argument. We all knew when we established the mint that we could have our coins made much more cheaply in England, but we elected to have them made in Canada.

MR. FOSTER. Because the minister does not think it affects the argument, does he consider that the information should not be given?

MR. FIELDING. Certainly not. Of course this is a matter of opinion.

MR. HUGHES. The minister to that extent believes in the national policy of the Conservative party?

MR. FIELDING. Probably it is time that somebody believed in it, because I believe that the Conservative organs are repudiating it.

NO TARIFF CHANGES.

We have no tariff changes to propose on this occasion. It is not because we have entered a claim that the tariff is perfect. I have no doubt that wherever you have a customs tariff necessarily as full and intricate as ours has to be, there will be room for criticism, and certainly always room for demands for changes. But we are of the opinion that it is not in the best interests of the business of the country that there should be frequent changes. We believed that frequent tariff changes must have a disturbing influence on the business of the country and we wished to have it generally understood that where there has been a general revision of the tariff, as we had only two years ago, the government would not be disposed to make changes unless the need for them was very urgent indeed.

LEGISLATION RESPECTING COMBINES.

There is in our Tariff Act a provision which is alluded to in His Excellency's speech from the Throne; that is, the provision with regard to combines. Those who were in the House in 1897 may possibly remember that when the combine clause,

as it is commonly called, was first presented to parliament, it proposed that in any given case where it should be established to the satisfaction of the Governor in Council that a combine existed for enhancing prices, the Governor in Council should thereupon, upon their own motion, reduce the tariff on the article in question. It was in that form that the resolution was first submitted to this House, but afterwards it was represented to us that that seemed to be a dangerous power for the government to take to itself. At that time industrial establishments were possibly more sensitive than they are now as to the effect of the tariff. After consideration, that clause was so modified as to require a reference to a judicial commission to determine whether or not there was a combine enhancing prices; and only after that finding by the judicial tribunal was the government free to make a reduction in the tariff by executive act; and in that amended form the law passed. It is sometimes complained that because of the modification then made the machinery of that combine clause is too slow and ineffective. It is said that the government have not provided sufficiently for the payment of the expenses to encourage people to take advantage of the clause; that too much is left to the individual and too little financial responsibility is put upon the public treasury. We are willing to meet this criticism. We shall at an early day propose a measure dealing with that subject, and its purpose will be chiefly to meet the criticism to which I have referred. It will provide that the government—not hastily or recklessly, because large interests are involved and must be considered—if there is a reasonable prima facie case that a combination exists for unduly enhancing prices, may provide all the expenses for conducting the inquiry, including the payment of counsel. That is the substance of the change, which will be proposed at a later stage.

MATURING LOANS.

With regard to the loans maturing, on the first of January next what is known as the 4 per cent Canada reduced loan of £6,443,136 falls due. This was originally a 5 per cent loan issued by the province of Canada in 1860 and renewed on the first of July, 1885 for 24½ years at 4 per cent. To meet this at maturity and to provide funds for our large requirements a loan of £6,500,000 of 3½ per cent stock at 98½ per cent was issued in London on the first of July last. An option was given to the holders of the 4 per cent reduced bonds and stock maturing on the first of January next to receive an equivalent amount of the new loan, and a cash payment of the equivalent

of the difference between the value of the loan issued and the value of the maturity on the first of January. The amount converted of the Canada reduced stock into the new loan was £1,847,418. In addition, some £2,000,000 of the 4 per cent reduced loan was held in its own sinking fund, leaving £2,498,749 to be repaid in cash in London on the first of January. The proceeds of the loan that I have just referred to will enable us to pay this amount. There is a further loan of £4,000,000 at 4 per cent issued in 1885, redeemable between 1910 and 1935 on the government giving six months' notice. As this is a 4 per cent loan, it was the intention of the government to avail itself of the option of redemption, and accordingly to give six months' notice on the first of January next. It would be good business to replace a 4 per cent loan by one bearing a lower rate of interest. But in view of the present disturbed condition of the money market, and I may add also the political disturbance, we have thought it advisable to postpone the giving of that notice until the first of July next. Further, on the first of October, 1910, a £1,500,000 4 per cent loan of 1875, guaranteed by the imperial government, falls due. In addition to these, there are two amounts of treasury bills, one of £1,000,000 falling due on the first of February, 1910, and another of £500,000 falling due on the first of July, 1910. In the ordinary course arrangements will have to be effected for meeting these obligations. As I have said before, the financial and other disturbances which have affected the money market in London have rendered it inexpedient for the present to undertake any such large operations by way of long term loans. It has accordingly been deemed wiser to adopt the expedient of short term bills, and negotiations have been carried on with the view of providing £3,000,000 for a period of six months on the security of treasury bills from the first of January next. The operation has been effected at the rate of $3\frac{1}{2}$ per cent per annum. This will enable us to pass through the period of disturbed conditions in England, due to some extent to the high bank rate and to some extent to the political situation, and we shall then have time to consider whether it will be expedient to issue a permanent loan.

Mr. W. F. MACLEAN.—Are the treasury bills issued in London or here?

Mr. FIELDING.—In London.

CONCLUSION.

I have endeavoured, Mr. Speaker, to present concisely what I regard as the chief facts and figures necessary to the con-

sideration of our financial position. I cannot hope that all I have said will be received with universal approval in this House, because I know that we look at some of these matters from different points of view; but as we have all the same good purpose in view, that of promoting the welfare of Canada, I am sure that we shall unite in expressing our satisfaction with the happy and prosperous condition of affairs in Canada to-day. It must be a gratification to every good citizen to see so many favourable signs in the outlook of our country. The check which came upon us a year or two ago may have served a good purpose. Happily it has proved but temporary; happily it has not remained with us; and already there is a rapid recovery. We have, as we all know, a country of magnificent resources. We have known it long; but we have needed two things—population and capital. Both of these things are now coming to Canada. Population is coming from all quarters of the earth. It is coming in a very large degree from the neighbouring republic, and we rejoice in the character of the immigrants that country is sending back to Canada. Population is coming also from the old world. We can well rejoice that this long desired growth of population is coming to us. We have also desired capital, and that is coming to us too. There never was a time when there was more interest in Canadian affairs throughout the world than there is to-day, or a greater willingness on the part of capitalists to invest in Canada. This is Canada's growing time. We have had growth in population, growth in wealth, growth in Canadian unity, growth in national status in the eyes of the world, growth in our sense of responsibility as citizens of a great empire. In all this growth we have reason to rejoice. But, what is better than all, we feel that this is but the beginning of greater things to come. To us as trustees of the Canadian people has been given the duty of moulding the destinies of the Canadian Dominion at a time when it has a formative character. Let us see to it, in the midst of our party strife, that at all times there rises above all the dominant note of a patriotic desire to do whatever is possible to promote the progress, prosperity and happiness of the Canadian people.

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