

CANADA

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# BUDGET SPEECH

DELIVERED BY

HON. W. T. WHITE, M.P.  
MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS

WEDNESDAY, MARCH 13

1912



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## CONTENTS

	PAGE.
Fiscal year 1910-11.....	5
Revenue.....	6
Expenditure.....	7
Relation of Bounties and Railway subsidies to Capital Account.....	8
Results of year.....	9
Fiscal year 1911-12.....	9
Estimated revenue.....	10
Estimated expenditure and surplus.....	10
Capital and special outlays.....	11
Reduction of debt.....	12
Fiscal year 1912-13:—	
Estimated revenue and expenditure.....	13
Provision for public works and transportation.....	14
Public debt.....	15
Sinking funds.....	15
Specie reserve and note circulation.....	16
Loans matured.....	17
Railway securities guaranteed by Government.....	20
Maturing loans.....	25
Capital and special expenditure—Transcontinental Rail- way.....	25
Trade statistics.....	27
Immigration.....	29
No tariff changes.....	31
Reciprocity.....	32
Conclusion.....	32



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## WAYS AND MEANS—THE BUDGET.

Hon. W. T. WHITE (Minister of Finance) moved that the House go into Committee of Ways and Means. He said: Mr. Speaker, for the first time it becomes my privilege to present the annual statement of the financial affairs of the Dominion, commonly known as the budget speech, and I trust, Sir, that standing as I do in the place of so many distinguished and experienced predecessors—myself a new member of the House and with but a limited experience in office—it may not be deemed unfitting if I request a reasonable degree of indulgence in the discharge of the important and responsible duty which now devolves upon me. And, at the outset, I desire to congratulate the House and the country upon the abundant prosperity, which, under Providence, this great Dominion continues to enjoy in ever-increasing measure. In these congratulations, I am sure that all the members of this House, irrespective of party affiliations, will heartily join as loyal and patriotic Canadians rejoicing in the welfare of our common country. Under the circumstances of the present session, it is necessary in considering the finances of the Dominion, to cover three periods, namely, the fiscal year 1910-11, the fiscal year 1911-12, and the fiscal year 1912-13.

### Fiscal Year 1910-11.

As the accounts for the year 1910-11 were not finally closed when the budget speech of 1911 was delivered by my predecessor on April 4 last, an estimate of the result was placed before the House. Since then the accounts have been completed and

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

REVENUE AND EXPENDITURE—CONSOLIDATED FUND, 1910-11.

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

The difference between the ordinary revenue and ordinary expenditure—\$30,006,211.46—was available for what have been known as capital and special charges.

**Revenue 1910-11.**

I should like to point out to the House that the revenue for the year 1910-11 was a record figure, and it may assist us to some extent to appreciate the increase in the revenue in recent years to say that this revenue of \$117,780,409.78 is more than double the revenue received in 1901-02. The expenditure of \$87,774,198.32 is more than double that of

the year 1899-1900. The sources from which the revenue of the year was derived and the amount from each respectively, and their comparison with the preceding year were as follows:—

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

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

The total imports entered for consumption in 1910-11 were \$461,951,318. The amount of increase over the previous year was \$86,118,302. The average rate of duty on these imports, both dutiable and free, was 16.145 per cent. The average rate of duty on dutiable goods entered for consumption in 1910-11 was 25.797 per cent. I may say that very little change has taken place in these average rates in recent years.

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

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

#### Expenditure 1910-11.

We turn now to the expenditure for the year. On account of consolidated fund it reached the sum of \$87,774,198.32.

That was an increase of \$8,362,451.20 over the expenditure for the previous fiscal year. This is a fairly large increase but I think it only fair to say that in 1910-11 there were included in consolidated fund expenditure certain items which in preceding years had been made a charge against capital. These items were: militia, \$1,372,405.09; Dominion lands, \$976,024.94. To these may be added expenditure upon naval service, which was of a new character, and amounted to \$1,790,017.16. In addition to the expenditures which I have mentioned and which are so-called Consolidated Fund expenditures, that is the ordinary running expenditures of the country, there were very large and substantial outlays charged to capital and special accounts. In detail these were as follows:

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

#### Relation of Bounties and Railway Subsidies to Capital Account.

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

There is another item to which exception might be taken, but I do not take exception to it now because, to be frank, I am not quite clear in my own mind with regard to it, that is the item of railway subsidies. I am aware that not only with the late government, but with preceding governments, there has been a practice of charging to special accounts, in the nature of capital accounts, railway subsidies, I suppose upon the theory that these subsidies are a benefit to railways and railways benefit the country for years to come, and that consequently railway subsidies might be looked upon as, in a sense, a contribution to what might be deemed national assets. There is very much to be said for that view and there is a clear distinction not only in private but in company and, I believe, in national finance between capital expenditure and ordinary expenditure. I believe that sometimes that has been disputed, but I think it can hardly be seriously disputed. In national finance we have to expend very large sums of money upon great undertakings, such as government railways, canals and terminals, public build-



ings of a costly character for national use which may be truly designated and described as permanent assets, and which will remain for the benefit of the nation practically for all time, or at all events for a great number of years. Now it would seem to me very unreasonable that out of the revenues for the year we should expect to meet the expenditures upon national undertakings such as I have described, and, therefore, so far as my judgment goes it is proper that there should be a distinction observed between capital expenditure and consolidated fund expenditure. That distinction has been observed, I think, not only by the late governments, but by practically every government since confederation.

#### Results of Year 1910-11.

Coming back to the fiscal year under consideration it will be necessary in order to arrive at the net result of its operations to set off against the capital and special expenditures which I have mentioned, amounting to \$35,022,430.29, the excess of revenue over running expenses, commonly called surplus, amounting as above stated to \$30,006,211.46, also the expenditure on account of the investments for sinking funds which represents an outlay for the purchase of securities to be retained practically in our own hands. The expenditures for sinking fund are made from the consolidated fund account, and amount to the sum of \$1,203,416.40. Then there were sundry refunds to the amount of \$39,296.73, making a total of \$31,248,924.59. Now deducting this amount from the total capital and special expenditures, which I have given of \$35,022,430.29, it will be found that the net debt of the Dominion was increased as the result of the year's operations, that is to say the operations of the year 1910-11, by the sum of \$3,773,505.70. I must say that I regard that from the financial standpoint as a satisfactory condition: it shows how the very large capital and special expenditures were substantially met by the revenues of the year. The increase of debt, namely, \$3,773,505.70 is certainly not large. It may be properly described, I think, as comparatively small.

#### Fiscal Year 1911-12.

I come now to revenues for the year 1911-12. Nominally the year will end on the 31st March current, but under the provisions of the law a period of three months is allowed for finally closing up the year's business, which period, I understand, has been gradually cut down in practice to about a month, so that it will be over two months before the books are finally closed.

### Estimated Revenue 1911-12.

I will, however, endeavour to give an estimate, or to indicate my anticipations, with regard to the outcome of the year. Up to the end of February we received by way of revenue the sum of \$120,645,616.85. To this must be added the revenues of the current month, and also the revenues attributable to the current year, which will be received after the 31st March and during the period which I have mentioned, because it takes some time to finally close the accounts in a country of such large distances as we have. Now basing my estimate upon what was received for the corresponding period of last year, with a proportionate increase in keeping with the increases of the past few months, I anticipate that for the current fiscal year, when the books are finally closed, the revenue will reach a total of \$136,000,000.

Some hon. MEMBERS. Hear, hear.

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

### Estimated Expenditure 1911-12 and Surplus.

Up to the end of February, 1912, there has been an expenditure of \$77,145,824.97, an increase of \$6,557,953.20 over the corresponding expenditure at the end of February of last year. The supplementary estimates have been laid to-day on the table of the House, and taking them into account, and the requirements for the balance of the fiscal year, I think it will be found when the books are closed that the payments on account of the consolidated fund will approximate the sum of \$97,000,000. The estimated revenue for the current year, with which I am now dealing, being \$136,000,000, there will therefore be a surplus of consolidated fund revenue over consolidated fund expenditure of \$39,000,000, available for capital and special outlays. I am sure I can congratulate both the House and the country upon what is undoubtedly a record year for the Dominion. I do not know how to quite share that congratulation up, but as my right hon. friend (Mr. Borden) came into power on the 6th of October, and my right hon. friend the

leader of the opposition was in power prior to that date, there is probably glory enough to go round, and it would be the judgment of Solomon that each be entitled to one-half, at all events to a part of the credit for the return which I am now presenting to the House.

Mr. BELAND. Let us say one-tenth.

Mr. WHITE (Leeds). Of course we must not forget that we must give due credit to Providence, to our great natural resources, to the rich fertility of this wonderful country, to our vast stretches of agricultural land, to our mines, our forests and our fisheries, and we must not overlook the people of this country and their character and energy, and enterprise and ability. Having done that, whatever glory may be left, whatever credit may be attributable in any measure to legislative agency, let us apportion it, as I have suggested, let us divide it up half and half.

#### Capital and Special Outlays 1911-12.

The capital outlays for 1911-12 have been extensive on account of the large undertaking now being carried on. It is estimated that the capital and special outlays for the Transcontinental railway, for the different railways, canals and public works, for railway subsidies and for the various other items in the category, will total \$34,000,000.

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

Now let me say with regard to this large amount of \$5,000,000 which, as I say, will be paid into the credit of the Receiver General in trust, that I considered very carefully whether we would be justified in deducting that from the consolidated revenue fund, that is to say, in paying it out from the running expenses of the year as distinguished from capital and special charges, and I came to the conclusion that it would not be quite fair to do so. True, it is in the nature of a loss, a loss that the country must pay; on the other hand, it may be regarded as analogous in some measure to a railway subsidy; and as I desire to be absolutely fair in the presentation of the budget, I came to the conclusion that it would be better to treat the \$5,000,000 as a special account, as if it were analogous, so to speak, to a railway subsidy. Therefore I add the \$5,000,-

000, which will be paid to the credit of the Receiver General in trust, to the \$34,000,000 of capital and special expenditure which I have mentioned, and I reach a total of \$39,000,000.

#### Reduction of Debt.

Now, taking the revenue of the year, which I have mentioned, and taking this capital and special expenditure of \$39,000,000 into consideration, on this basis the net outcome of the year would be a reduction of the debt by \$1,150,000, on the following computation:—

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

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

In the first place, we are not certain that we shall always have the present prosperity. I trust we shall, and every hon. gentleman in the House trusts we shall; and I see no reason whatever to suppose that there will be any change in the immediate future, or even for some years ahead, so far as I can foresee. I see no reason for believing that the present prosperity will not continue. But at the same time there is always the possibility and therefore I think it well that the country should have such a revenue in excess of the current expenditure that we may take care to some extent, and even in large measure, of the capital expenditures which are necessary in the constructive period of a country such as this. Now if we had to borrow

for all such capital expenditures the national debt of this country would be greatly increased, and if the national debt were greatly increased it would follow, it seems to me, that our national credit might be to some extent impaired. None of us, I am sure, would like to see that. Not only so, but if there should come, by any chance, in the distant future an adverse period, when times are not as prosperous as they are at present, it would be well indeed if we should have the credit of the country at the highest possible standard in order that we then might be able to borrow. Because I believe in national finance that we should provide for capital expenditures in times not only of prosperity but in times that are not prosperous, when money is cheap, when great national undertakings may be carried on by the use of the credit of the country, because that helps us to tide over a period of depression; and if the money is wisely expended you have national assets, you have the national undertakings from money obtained upon the strength of that credit.

#### Fiscal Year 1912-13—Estimated Revenue and Expenditure.

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

These expenditures will be increased, of course, by the supplementary estimates to be brought down. I expect to bring these down probably in the course of a couple of weeks. It is possible, also, on the experience of the past, that further supplementary estimates may be brought down later in the year when parliament again meets, but, of course, I have no certainty as to that. Between the total estimates for all services for 1912-13, therefore, and the anticipated revenue of the same year, there would be an appreciable, even a large, deficiency to be provided for. But it must be borne in mind there is a difference between estimated and actual expenditure. That is well illustrated in the case of the last fiscal year. Experience shows that of the total amount estimated, very considerable sums lapse. That is the experience of every year. In some years, of course

there are more lapses than in others ; variation takes place according to the closeness of the estimates and the ability to expend in the respective cases. For example, take the year 1911-12. The estimates already voted amount to \$156,079,538.73. These were the estimates of the late government partially adopted by this government last fall. If we add the supplementary estimates which I have to-day laid on the table amounting to \$2,600,000, we find the total—the appropriations for 1911-12—to amount to \$158,679,538.73. The anticipated expenditure for consolidated fund services and all capital and special outlays, is as I estimated, \$131,000,000, showing the very large amount of upwards of \$27,000,000 which will remain unexpended, and will lapse. Therefore, notwithstanding that the total amount of the main estimates for 1912-13 is \$149,789,677.68—which, I may say, is less by \$8,000,000 than the total appropriation for the present fiscal year and which we shall have to supplement by estimates this session and by further estimates, as I have said, in the coming fall—I feel confident that at the end of the present fiscal year the revenues of the country will have proven sufficient to meet not only the current expenditures, but to provide at least a part, and, I believe, a substantial part of that class of expenditures which have been known as capital or special expenditures and for which, so far as the capital expenditures at least are concerned, the government would be justified in borrowing.

#### Provision for Public Works and Transportation.

It will be observed in connection with the estimates for the coming fiscal year that very liberal expenditures have been provided for. We are in the growing period of the nation and the government must do its part. The increase of our transportation facilities, improvements of and extensions to our canal and railway systems, the deepening of our harbours and waterways, the construction of adequate terminals at our great ports—all these with other necessary minor public works are the proper subject of public expenditure; and I believe that for these purposes generous appropriations will be approved by the people of Canada. The greatest problem we have to-day, in my judgment, is the problem of transportation—to give our people access to the markets of the world. We have to-day a congested situation in the west. There was a late harvest. The railways have been overtaxed. Hon. gentlemen representing the west and indeed hon. gentlemen on both sides of the House are anxious that we should provide more railway accommoda-

tion for the west, more spouts—to use a common expression—for the western traffic. The government is committed to the project of building the Hudson Bay railway. The Canadian Northern Railway Company is extending its transcontinental line to Vancouver. The Grand Trunk Pacific Railway Company, part of the National Transcontinental system, is pushing on to Prince Rupert. In time, we shall have the opening of the Panama canal. Questions will arise as to moving the wheat to the west and providing terminal facilities for that traffic. Great capital expenditures will be required to provide facilities both on the Atlantic and on the Pacific. We must provide adequate expenditures for all these purposes. And if, as I have said, the money is expended wisely and economically, I believe that any government of Canada at this stage of the country's development will have the hearty support of the people in making those expenditures.

#### Public Debt.

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

Sinking funds.. . . . .	\$ 11,196,825 90
Sundry investments.. . . . .	27,501,851 20
Province accounts.. . . . .	2,296,429 12
Miscellaneous and banking accounts.. . . . .	16,940,258 65
Specie reserve.. . . . .	74,472,977 17
Cash.. . . . .	2,491,093 35
Total.. . . . .	\$134,899,435 39

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

#### Sinking Funds.

The sinking funds in this list represent, of course, purchases made of our own securities in the market in connection with the sinking fund attached to the several loans. They are held by trustees for the Dominion. Personally, I believe not only in connection with municipal or provincial finance, but also in connection with national finance, that a sinking fund should be attached to every loan. I know it may be said that

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

#### Specie Reserve and Note Circulation.

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



may not have obtained the information, and they may be interested to know that the basis of our circulation, in so far as the Dominion is concerned, is not its credit, although its credit is high, but substantially gold.

#### Loans Matured.

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

recently to  $3\frac{1}{2}$  per cent, and especially in view of the fact that labour conditions looked rather threatening, we decided to make an issue for the purpose of refunding and taking up that £5,000,000 short loan, to which I have referred, upon maturity. Accordingly, we issued on the 24th of February last upon the London market, a prospectus. We had underwritten this loan at 98, that also being the issue price. I cannot help but congratulate the government and the country, especially in view of recent occurrences and their probable effect, at all events, upon the immediate future, that we were able to obtain under such unfavourable conditions such a good price as 98 for our  $3\frac{1}{2}$  per cent standard security. This security, as I have indicated to the House, is what we call the 1930-50 security, that is, it matures in 1950, with the privilege reserved to the government to redeem at any time after 1930.

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

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

Mr. WHITE (Leeds). 98 was the price at which the securities were underwritten and offered to the public. From that 98 must be deducted, as has been the case in connection with all our loans, the expenses of underwriting and all the other expenses connected with the issue which will, without doubt, be considerable. The question is often raised as to whether loans should be underwritten at all, and I have heard the query on more than one occasion as to whether undue commissions are not paid in connection with underwriting. Let me say to the House, as most hon. members know, underwriting is simply insurance. It is absolutely necessary that loans should be met when due, and as we must have the money for this maturity on May 1st, if we had to rely only on public subscription for this loan, we could never be certain that the money would be available at that date. No man, I do not care who he is, can foretell the market. One man's opinion may be a little more valuable than that of another, but nobody can foretell whether the public will or will not take an issue of securities. Not only that, but conditions may intervene which may change the whole financial situation almost over night, and have a profound bearing upon the question of whether or not a loan will be taken by the public.

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

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

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

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

#### Railway Securities Guaranteed by the Government.

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

whereas the same conditions do not apply with regard to the loans of railway companies guaranteed by the Dominion.

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

MR. WHITE (Leeds). Take, for example, the case of the Grand Trunk Pacific, because it was with special regard to the Grand Trunk Pacific that I brought the matter to the attention of the House. The Grand Trunk Pacific securities are 3 per cents, and they are selling at, I think, from 80 to 82. That of course seems a very large discount from par. Our own securities which we have sold on the market at 98 are  $3\frac{1}{2}$  per cents. In order to make the comparison, therefore, we must put the Grand Trunk Pacifics on a  $3\frac{1}{2}$  per cent basis. For my own satisfaction, I had this calculation worked out, and I found that a rate of 82 on a 3 per cent security 50 years maturity, is about the equivalent of 94 on a  $3\frac{1}{2}$  per cent basis.

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

MR. WHITE (Leeds). The Canadian Northern Ontario guaranteed by the Dominion, was issued at 93 on the London market at a time when the Canadian Northern Alberta, which was guaranteed by the Dominion government, was quoted at  $93\frac{1}{2}$  to  $94\frac{1}{2}$ , and there was in that amount, I should think, about one point of accrued interest so that the issue of Canadian Northern Ontario guaranteed by the Dominion was just about on a parity with the Canadian Northern Alberta guaranteed by the Dominion. If you have a quotation on the London market, we will say, of 93 or 94, for a guaranteed security, and if you have a quotation of, we will say, 100 for a Dominion security, if you offer to the public any considerable amount such as £5,000,000 or £7,000,000, you must reduce from the nominal quotation one or two points, that is obvious. With a nominal quotation at par, we will say 100 or  $100\frac{1}{2}$  or 101, there is usually a narrow market, but when you come to put on a large amount offered to the public you must reduce that quotation by one or two points. The Canadian Northern Ontario was put on to the public at about 93 and having regard to the quotation of the Canadian Northern Alberta guaranteed by the Dominion at the time, it seems to me that the figure, so far as the offer was concerned, was fair and reasonable.

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

Mr. WHITE (Leeds). Under the legislation of last year, the securities of the Canadian Northern Ontario Railway Company for the line of railway between Port Arthur and Montreal a total of 1,016 miles, securities to the amount of £7,000,000 were authorized to be issued by the railway company bearing the guarantee of the Dominion government. The legislation provided for the execution of a trust mortgage in the usual form providing for the issue of the securities. It is usual in connection with a trust mortgage such as that to provide that the securities may be sold and the money paid in to the credit of the Receiver General of Canada to be paid out from time to time as progress certificates are presented, approved by the Railway Department, for the purpose of meeting the expenditures on the line. Therefore, so far as the legislation is concerned, the Dominion's guarantee attached to the entire issue of £7,000,000.

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

Mr. WHITE (Leeds). My hon. friend does not quite understand the situation. The £7,000,000 bonds guaranteed loan of the Canadian Northern Ontario Railway Company was not placed upon the market by the Canadian Northern Railway Company. It was sold to a London house for a net figure of 90 $\frac{3}{4}$ . I need not now delay to show that if the amount of commission which usually runs from 2 per cent to 2 $\frac{1}{2}$  per cent is added to the 90 $\frac{3}{4}$  an issue price of 93 is reached.

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

Mr. WHITE (Leeds). My hon. friend, I think, has not read the trust mortgage as carefully as he should have done. If he will read the trust mortgage he will find that the securities belong to the railway company and are to be sold in such

amounts at such a premium or at such a discount to such persons as the railway company may determine, subject only to the approval of the Minister or the Government. Bear in mind that these are the securities of the Canadian Northern Ontario Railway Company and that the Dominion is guaranteed as against its guarantee by the guarantee also of the Canadian Northern Railway Company which is a different corporation. Now what is the position? It is in the interest of the Canadian Northern Ontario Railway Company to get the highest possible figure for their securities; the direct liability is the liability of the Canadian Northern Railway Company and the contingent liability is the liability of the Dominion.

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

Mr. NESBITT. I am not objecting to that.

Mr. WHITE (Leeds). What I want to point out to my hon. friend is this: That for every mile of Canadian Northern Ontario railway line of construction, almost three times the

amount would be required, as far as the government's guarantee securities are concerned, that would be required for one mile of the Prairie Section of the Grand Trunk Pacific. Now, the Canadian Northern Ontario Railway Company estimate that this year, probably in the next few months, they will spend from \$15,000,000 to \$20,000,000 upon this line, working at it at various points acquiring their right of way and constructing their line. Let me ask my hon. friend if the judgment of the president of that company in selling his securities at the time he did has not been abundantly justified in view of the economic and financial situation as we see it in Great Britain to-day? It is of the utmost importance to this country that this line should be built. If that issue had not been made, if these securities had not been sold, the Canadian Northern Ontario Railway Company would have been delayed and hampered in its operations in building its line of 1,016 miles from Port Arthur to Montreal. It is in the interest not only of the province of Ontario, but of the Dominion of Canada as a whole, west and east, that this line should be built without any delay whatsoever. As a result of the sale of the securities by the president of the Canadian Northern Railway Company at the figure mentioned and on the terms which I have indicated, the money for the construction of this line is available from month to month as construction proceeds so that there will be no delay whatsoever; and I am sure from information in my office, which I am sure will satisfy my hon. friend, this line will in all probability be completed some time next year at the latest.

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

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



### Maturing Loans.

I have gone quite a distance afield, and I must return to the question of our loans. On 1st October next there falls due a sum of £1,235,000 of the 4 per cent loan issued in December, 1907, for which care will be taken to provide on the date of maturity. It may be of interest to this House to know that only two loans will then remain to be provided for until 1930, or during the next 18 years. Of these two loans, one is a 4 per cent loan of 1878, guaranteed by the Imperial government for £1,700,000, and a 3 $\frac{3}{4}$  per cent loan of 1914-19, so called, of £6,000,000. The former is due on the 1st October, 1913, and the latter between 1914 and 1919, on the government giving three months' notice. I have thus indicated to the House the financial position of the Dominion so far as the maturing of loans is concerned and I must say it appears to me, as I am sure it does to the House, having regard to these maturities, to be satisfactory.

### Capital and Special Expenditures. Transcontinental Railway.

Now I come to another matter in which I bespeak the attention of the House as it deals with the Transcontinental railway, or at least the eastern division of that line, and I have thought it well when dealing with the liabilities of the Dominion and our future maturities, to advert briefly to this portion of the Transcontinental which is our chief national undertaking at the present time. The heavy cost of the eastern section of that railway, so greatly in excess of the estimate of the late government might prove, and I know it has proved to a certain extent, somewhat disturbing to the House and to the public. Up to the 31st March, 1911, there had been expended in cash upon this undertaking the sum of \$95,422,533.44. For the current year it is estimated that the outlay will amount to about \$22,500,000, so that at the end of the present fiscal year the Dominion will have expended nearly \$118,000,000. Now, in view of this large outlay, and I think probably that at least \$100,000,000 additional will be expended before completion, I have thought it advisable in the financial interest of the Dominion to present a statement of capital and special expenditures from 1904 onward, that being the first year of the expenditure on Transcontinental railway account dividing them into outlays on the railway on the one hand and on the other the capital and special outlays for other purposes. Against these I have set the increase and decrease of debt for the respective years, and from

the statement it will be found that from the year 1904 to the 31st March, 1911, Canada expended \$95,422,533.44 on National Transcontinental railway account. On other capital and special expenditures the outlay amounted to \$123,362,714.56, or a total capital and special expenditure of \$218,785,248. I am giving this statement not from any partisan standpoint, but in the interest of the Dominion, because I do not desire that there should be any disturbance or misgiving with regard to the very large amount of capital expended upon this road.

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

Estimated outlay for Transcontinental railway to March 31, 1912.. . . . .	\$117,922,533 44
Other capital and special expenditures.. . .	134,862,714 56
	\$252,785,248 00
Total estimated expenditure.. . . . .	
Total estimated increased debt during the period from 1904 to March 31, 1912.. . .	77,235,063 16

I desire to say, both to those of our own Dominion, and to those in Great Britain, if there be any, who have felt misgivings as to the very large amount of estimated expenditure upon the eastern section of the National Transcontinental and the burden entailed upon the country in consequence, that I think it will be reassuring, completely reassuring, to know that, great as the cost has been, and will be, a large proportion of that cost for the past, has been and for the future, (if conditions continue as I believe may very well be expected), will be liquidated from the surpluses of consolidated revenue account and will not become a charge upon the future. I think we are all glad that we are able to make that statement. The following is the summary of the capital and special expenditure, to which I have referred:

## CAPITAL AND SPECIAL EXPENDITURES.

Year.	National Trans- continental Railway.	Other than N.T.C. Railway.	Total.	Increase or Decrease of Debt.
	\$	\$	\$	\$
1904.....	6,249 40	16,635,965 53	16,642,214 93	- 739,270 27
1905.....	778,491 28	14,705,964 63	15,484,455 91	- 5,356,448 00
1906.....	1,841,269 95	14,195,730 32	16,037,000 77	- 818,811 15
1907.....	5,537,867 50	8,698,109 98	14,235,977 48	- 3,371,117 79
1908.....	18,910,253 58	17,026,974 70	35,937,228 28	14,288,999 88
1909.....	24,892,351 23	24,484,940 68	49,377,291 91	45,969,419 33
1910.....	19,968,064 31	16,015,962 27	35,984,026 58	12,338,267 16
1911.....	23,487,936 19	11,599,065 95	35,087,052 14	3,773,505 70
	95,422,533 44	123,362,714 56	218,785,248 00	82,545,451 22 - 4,110,388 06
				78,435,063 16
1911-12 (Estimated)..	22,500,000 00	11,500,000 00	34,000,000 00	- 1,150,000 00
	117,922,533 44	134,862,714 56	252,785,248 00	77,285,063 16

## Trade Statistics.

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

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

Mr. WHITE (Leeds). But the hon. gentleman (Mr. Maclean) Halifax, is such a genial member that I bear him no ill-will, by reason of the interruption, especially as it is possible that the information I gave may have been of service and of interest to the House. Now, as to the trade of the Dominion: According to the statistics our trade continues to show substantial increase. For the first ten months of the present fiscal year, our total trade was \$711,199,802, as against \$634,431,075 for the corresponding period of the last fiscal year. The comparative figures for the past three years are as follows:—

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

It is interesting to note that the volume of our trade has just about double since 1900. A noticeable feature in connection with this expansion is that, while the imports have increased in that time by almost 150 per cent the exports have increased by only about 55 per cent. In all the main lines of produce the exports have increased except in the one principal item, 'animals and their products,' which shows a decline, due, I have no doubt in large measure to the greatly increased demand of the home market. The following comparative figures will be of interest as showing the increase of our trade with the mother country in the last five years:—

TRADE WITH GREAT BRITAIN—MERCHANDISE ONLY.

Fiscal Year.	Imports for consumption from Great Britain.	Exports to Great Britain.	Aggregate Trade.
	\$	\$	\$
1908 .....	94,417,314	134,477,124	228,894,438
1909.....	70,682,101	133,745,123	204,427,224
1910 .....	95,336,427	149,630,488	244,966,915
1911.....	199,934,665	136,962,971	246,897,636
9 months ending Dec. 31, 1911.....	85,046,132	126,733,235	211,779,367

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

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

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

TRADE WITH UNITED STATES—MERCHANDISE ONLY.

Fiscal Year.	Imports for con- sumption from United States.	Exports to United States.	Aggregate Trade.
	\$	\$	\$
1908.....	204,648,885	96,920,138	301,569,023
1909.....	170,056,178	91,022,387	261,078,565
1910.....	217,502,415	110,614,327	328,116,742
1911.....	274,844,858	112,208,076	387,053,534
9 months ending Dec. 31, 1911..	244,190,508	83,495,234	327,685,742

## Immigration.

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

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

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

Now, it will also be gratifying to observe that of this immigration 235,000 are of our own kinsman from Great Britain and Ireland. I have no doubt that the immigration from other countries is much of it desirable; it comes of the hardy races, they are men who will take hold here and become part of our Canadian citizenship, and assist in our development. I believe myself in the absorptive and assimilating power of a country such as Canada, and I have no fear that these men, coming as they do from hardy races—though I believe in a selected immigration—will make good citizens and good Canadians. In regard to the United States, 285,081 immigrants came in during the last three years from the republic to the south, and 111,706 came in during the ten months of the present fiscal year. In my belief these are most excellent settlers. They are intelligent men, they are experienced farmers, they have capital, they have enterprise, they have character. They know what to do, they go at once to work, and they are good farmers, and add greatly to the productivity of our country. It is gratifying to me that we have such a stream of these settlers coming from the great republic to the south. They are men who have sold their higher priced farms in that country, and have come here to acquire lower priced lands, though equally good, if not better, and who will do their part in the development of our great west.

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

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

#### RAILWAY MILEAGE.

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

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

#### BANK STATISTICS.

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

##### Deposits by the public in Chartered Banks—

On June 30, 1881.. . . . .	\$ 83,666,139
“ 1891.. . . . .	142,633,216
“ 1901.. . . . .	315,775,429
“ 1911.. . . . .	874,672,408

On January 31, 1912.. . . . . 913,734,136

##### Discounts of the Chartered Banks of Canada—

On June 30, 1881.. . . . .	\$134,113,252
“ 1891.. . . . .	202,692,481
“ 1901.. . . . .	318,240,519
“ 1911.. . . . .	786,743,770

On January 31, 1912.. . . . . 851,027,845

##### Paid-up Capital Chartered Banks—

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

### No Tariff Changes.

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

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

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

Mr. WHITE (Leeds). My hon. friend understands correctly that it is not my intention to propose any resolutions in regard to the tariff or bounties.

### Reciprocity.

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



the contrary, I believe the relations between the two countries will continue in the future as in the past to be of the most friendly and neighbourly character.

#### Conclusion.

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

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

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