CANADA

BUDGET SPEECH

DELIVERED BY

HON. W. T. WHITE, M.P.

MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS

MONDAY, MAY 12

1913

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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, it is usual to give a few days' notice of the budget, and it was my intention to have conformed with that practice and to have brought it down on Thursday next, giving notice to-day. I have learned that it will be necessary for me to leave the city for possibly a few days or longer on account of the very serious illness of a member of my family circle and, in consequence of the lateness of the date in the session and by the courtesy of the right hon. leader of the Opposition (Sir Wilfrid Laurier), to whom I am much indebted, and my hon. friend from Halifax (Mr. Maclean), who will follow me, I have decided to bring down the budget to-day, and in doing so I shall probably facilitate the business of the House.

On this occasion of my second presentation of the annual statement of the financial affairs of the Dominion it again falls agreeably to my lot to extend my most hearty congratulations to the House and the country upon the prosperous conditions which it continues to be our good fortune to enjoy.

FISCAL YEAR 1911-12.

The Budget Speech of 1912 was delivered on March 13, and as our fiscal year ends on March 31, it will be necessary for me, following the usual practice of the past, and before dealing with the current year, to review the results of 1911-12 as disclosed in the completed accounts which, with the report of the Auditor General, have now been public for some considerable time. On the whole the estimate of the year's operations was fairly well borne out. Taking first the revenue, the total receipts for the year ended March 31, 1912, reached the sum of $136,108,217.36, or a little over $100,000 more than I estimated in my statement to the House, and an increase over the revenue of the previous year of $18,327,807.58. This large increase, representing about fifteen and a half per cent of the revenue of 1910-11, was fairly evenly distributed over the several months of the year. For the information of the House I submit herewith in tabular form a comparative statement showing the total revenue for each of the two preceding fiscal years, the sources from which derived and the amount and increase from each respectively:

CONSOLIDATED FUND: REVENUE.

—	1910-11.	1911-12.	Increase.
	$ cts.	$ cts.	$ cts.
Customs	71,838,088 46	85,051,872 18	13,213,783 72
Excise	16,869,837 36	19,261,661 97	2,391,824 61
Post Office	9,146,952 47	10,492,394 18	1,345,441 71
Railways	10.249,391 94	11,034,165 83	784,773 89
Miscellaneous	9,676,139 55	10,268,123 20	591,983 65
	117,780,409 78	136,108,217 36	18,327,807 58

Of the total revenues it thus appears that over three-fourths was derived from customs and excise. To be more precise 62·4 per cent came from customs and 14 per cent from excise. In the former there was an increase over the previous year of 18·3 per cent and in the latter of 14 per cent. This very large increase in customs revenue does not appear to have been obtained from any particular lines of importations which were generally of large proportion. The average rate of duty, including both dutiable and free goods, was 16·694 per cent, the average rate of duty on dutiable goods for the same period being 25·963 per cent.

With regard to excise, as might be expected the increased revenue is mainly attributable to the three main items—spirits, tobacco and malt. It will be observed that the railways show a very substantial improvement in receipts and the large volume of post office revenue, which amounted to $10,492,-394.18, or $1,345,441.71 more than in 1910-11, is a fair indication of the increase in general business throughout Canada.

While dealing with the revenue it may be interesting to point out that for the year 1911-12 it was more than double that of 1902-03, ten years previously. The large increases in our receipts in recent years are no doubt due in chief measure to greater consumption consequent upon capital expenditure on railways, and other productive undertakings, the extension of industrial enterprise, the increasing wants of a rapidly growing and generally prosperous community and not least the great stream of immigration from Great Britain, the continent and United States, attracted by the rich opportunities offered by the Dominion at this great period of its development.

CONSOLIDATED FUND: EXPENDITURE 1911-12.

I have dealt with revenue for the fiscal year of 1911-12 and turn now to its expenditure. This item embraces two headings, viz: ordinary current expenditure upon our various services and minor public works, and capital expenditure representing outlay upon undertakings of a permanent character or national plant or assets, so to speak.

The ordinary running expenditure for 1911-12 amounted to $98,161,440.77, or an increase of $10,387,242.45 over similar expenditure for the preceding year. A portion of this increase is more apparent than real because it represents outlays for post office and railway service which are counterbalanced by receipts on the other side. The principal items of increase were in the outlays for census, militia, public works and subsidies to provinces. In view of the larger public requirements of the country on account of the general expansion of business and growth of population, the increase is by no means abnormal. The amount of expenditure on this Consolidated Fund Account, as it is called, has slightly more than doubled in a period of twelve years.

I have already stated the amount of revenue for the year to have been $136,108,217.36, and the ordinary expenditure to have been $98,161,440.77. It will thus be seen that so far as the ordinary expenses of the country are concerned there was a surplus of $37,946,776.59.

Turning from this class to capital and special expenditures, we find the amount charged to those accounts to have been $38,980,641.43, or $1,161,440.77 more than estimated.

The items are as follows:

CAPITAL AND SPECIAL EXPENDITURE 1911-12.

National Transcontinental railway	$21,110,352 05
Other railways, canals and public works	9,829,223 90
Railway subsidies	859,400 25
Grand Trunk Pacific railway implementing	4,994,416 66
Charges of Management Loan Account	1,082,121 67
Various miscellaneous items	1,105,126 90
	$38,980,641 43

The expenditure on the Transcontinental railway reached the considerable sum of over $21,000,000, but as the years of heavy construction have passed the outlays for this service will in the future decline materially.

On other railways and cognate works there was an outlay of $3,151,900.74, of which $1,710,448.56 was spent on the Intercolonial railway and $1,153,778.27 on the Quebec bridge.

On canals there was an expenditure of $2,560,938.11, of which $1,746,095.48 represents outlay on the Trent Canal system.

For public works there was applied on capital account the sum of $4,116,385.05, of which $1,167,462.56 was spent on the River St. Lawrence ship channel.

In assisting the construction of sundry railways throughout Canada we paid as railway subsidies $859,400.25; and to meet the obligation of the Crown under the judgment of the Judicial Committee of the Privy Council, which has already been fully explained to the House, the sum of $4,994,416.66 was paid to the Grand Trunk Railway Company.

These amounts, with various other obligations, reached, as I have previously stated, a total sum of $38,980,641.43. As against this we had a surplus of Consolidated Fund receipts over Consolidated Fund or ordinary expenditure of $37,946,-776.59, to which if there is added the outlay of $1,156,458.16 on account of sinking fund (this, while an expenditure on the one side, representing an investment on the other) we have $39,103,232.75, giving us, as the result of the whole operations of the fiscal year 1911-12, a reduction in the debt of Canada of $122,591.32.

FISCAL YEAR 1912-13.

REVENUE, EXPENDITURE AND SURPLUS.

So far I have dealt with the affairs of the fiscal year 1911-12, and I am sure the results must have been most gratifying to the House, inasmuch as, notwithstanding the generous appropriations which were made for all the services of the country, the net result was practically an equilibrium between the revenue on the one hand and expenditure of all kinds on the other. I am happy to announce that the outcome of the last fiscal year, which ended on March 31, will prove even more satisfactory as reflecting by far the highest pitch to which our national revenues and prosperity have yet attained. The revenue for 1912, as I have stated, amounted to $136,108,217.-36. I have every expectation that when the books of the fiscal year 1913 are closed, it will be found that the total revenue will have reached the splendid total of $168,250,000, or an increase over the year 1911-12 of over $32,000,000. Some indication of the magnificent growth of the Dominion may be gleaned from the fact that this increase in revenue during the period of one year almost equals the entire revenue of the country twenty years ago.

The augmentation of revenue to which I have referred has not been irregular, spasmodic or intermittent in its nature, but has steadily characterized each month of the entire fiscal year. It was, of course, mainly derived from customs receipts, but the other sources of revenue—excise, post office and railways—also gave us very substantial increases.

So far as the ordinary running expenditure is concerned, the increase over the previous year was, as anticipated, considerable. The estimates for the year had made generous provision for public works. Provincial subsidies had increased, partially owing to the result of the census and partly on account of special legislation dealing with Manitoba and Prince Edward Island. The post office, railway, customs and other services demanded larger outlays. Notwithstanding these facts, however, the ordinary current expenditure, which in the previous year amounted to $98,161,440.77, will be found not to have exceeded $113,250,000, leaving a surplus of $55,000,-000, against outlays upon capital and special accounts, that is to say, upon public works, national and permanent in character, the National Transcontinental and other railways and canals. On these undertakings the expenditure will probably be found not to have exceeded $33,000,000, so that, bearing in mind that the expenditure out of consolidated fund for sinking fund purposes will amount to about $1,300,000, the result of the financial operations for the year will be a reduction of about $23,-300,000 in the net debt of the Dominion. That in a period of great financial stringency not only have we not been obliged to resort to the congested money markets of the world, but have been able to reduce so substantially the debt of the

Dominion, thus diminishing our interest charges and still further enhancing the high standing of our securities, must be a matter of gratification both to this House and the people of Canada.

MATURED LOANS 1912-13.

In my Budget Speech delivered in March of last year, I called attention to an issue of Dominion securities made a short time before to provide for the redemption of a $3\frac{1}{2}$ per cent loan made in 1908 and maturing on May 1, 1912. The total amount of this maturing obligation was £4,681,870 12s. 4d., of which £3,563,858 16s. 10d. was redeemed in cash and £1,118,011 15s. 6d. was converted into our $3\frac{1}{2}$ per cent 1930-50 stock in accordance with the terms of the refunding issue. In addition to this loan, there fell due on October 1, 1912, a balance of £1,235,000 outstanding of the 4 per cent loan issued in December, 1907. Owing to the favourable state of our finances we were in a position to pay off this loan in cash without having recourse to the issue of bills or securities.

For the same reason it has been possible to us to effect a substantial saving to the Dominion by the purchase, under legislation passed during the present session, of three per cent 50-year debentures of the Grand Trunk Pacific Railway Company, guaranteed as to principal and interest by the Dominion of Canada, issued in respect of the western division of the National Transcontinental railway, with regard to which the Dominion, by virtue of a judgment of the Judicial Committee of the Privy Council, was required to implement the net selling price so that the full par value of the securities would be obtained and applied on account of expenditure upon the construction of the railway. Under the authority of the legislation mentioned, securities of the par value of $13,961,006.65 have already been purchased; and, from month to month as funds are required, further purchases will be made until the remainder of the issue has been acquired. When the transaction is completed, if the entire amount of the authorized issue of £14,000,000 is required—and it is altogether probable that it will—the Dominion will hold about $35,000,000 par value of these securities. In addition to the gain to the Dominion of saving a portion of the so-called 'implementing money,' the purchase avoided the necessity of the placing of our guaranteed securities on the London market at a time last year when, owing to the severe market conditions prevailing, the price obtainable would necessarily have reflected adversely upon that of our own standard stock and of all other securities guaranteed by the Dominion. In other words, the excellent financial condition in which the Dominion happened to be during the year, and more especially last fall, enabled us to buy in to the extent of several millions of dollars the guaranteed securities of the Grand Trunk Pacific Railway Company of which otherwise an issue would have had to be made in order to provide money for the construction of the western division of the railway.

THE NET DEBT.

As I have already stated the result of the financial operations of the year 1911-12 was a decrease of $122,591.32 in the net debt of the Dominion. This reduction left the amount of the net debt as of March 31, 1912, at $339,919,460.71. As I have pointed out a further reduction of $23,300,000 was effected during the past fiscal year so that on March 31 last, the net debt was approximately $316,619,460. The precise figure cannot be given until the books are finally closed during the course of a month. It may be affirmed without question that this amount of indebtedness is not only not excessive but exceptionally reasonable in amount for a country with the territory, resources, wealth and development of Canada. It represents less than two years' revenue on the basis of the past fiscal year, and about $40 per head of population. As I pointed out to the House last year only two loans remain to be provided for until 1930. Of these, one of £1,700,000, being a portion of the four per cent loan guarantee by the Imperial Government and issued in 1878, matures on October 1 next, and provision will be duly made for its payment. The other is a three and three-quarters per cent loan repayable between 1914 and 1919 upon three months' notice by the Government of the Dominion.

Sir WILFRID LAURIER: How much is that loan?

Mr. WHITE: I will obtain that figure in a moment. It was inadvertently omitted from my notes; I observed that myself. The amount is £6,000,000.

FINANCIAL CONDITIONS.

While dealing with the matter of our maturing loans it might not be out of place to refer to prevailing financial conditions both here and abroad. While the year 1912 was on the whole marked by exceeding prosperity not only in Canada but in the United Kingdom and throughout the world, various occurrences have had a serious effect in producing a protracted money stringency which is still making itself felt both in Europe and America. In our own Dominion the requirements of our agricultural, industrial and commercial communities, together with their progressive and rapidly developing provinces, cities and municipalities have produced large demands for money. Abroad, the financial outlook has been dark and threatening for more than a year, due at an earlier period to industrial disturbances of an unsettling character and later to the outbreak of the war between the Balkan States and Turkey and to complications connected therewith menacing the peace of Europe. As a result there has been a marked scarcity of money with the accompanying phenomena of high rates of interest not only for short but for long terms and in consequence a change in the basis upon which high class securities have been marketed. The Bank of England official rate of discount, which at the beginning of 1912 was three and a half per cent, falling in May to three per cent, rose to four per cent by the end of August, and was further increased to five per cent in October. Recently it has been reduced to four and one-half per cent. I rather look for improved conditions, so far as interest rates are concerned, towards the end of the calendar year, but, notwithstanding, I think it may be stated that, speaking of the coming year generally, we may look for reasonably high rates of interest. Usually a money stringency contains within itself, as I have said before, the seeds of its own remedy or cure. Financial houses throughout the world are constantly putting themselves in a stronger position, apprehensive of the future, and as a result there is an accumulation of money from which, in time—as in the case of Europe to-day the prospects of peace having materially brightened—lower rates of interest are certain to result. At all events that has been the general experience. As an outcome of the conditions mentioned some of our provinces, cities and other municipalities have been obliged to pay a higher rate than hitherto upon new issues of securities. In common with all other high-priced securities our three and one-half per cent 1930-50 stock has suffered a slight decline in quotation, but on the whole its price, having regard to the conditions referred to, has been exceptionally well maintained. The House will recall that the last issue we made, a year ago in February, was underwritten at ninety-eight. A loan such as that would net the Dominion ninety-six or a little over. A recent quotation for our Dominion three and one-half per cent stock was ninety-four to ninety-six. I believe that during this period of exceptional money stringency the credit of the Dominion as reflected in the quotations of its securities has maintained itself among the highest in the world.

TRADE STATISTICS.

The fiscal year of 1911-12 was characterized by a very considerable trade expansion, the aggregate of imports and exports totalling $874,637,794, or over $105,000,000 in excess of the previous year. Large as was this trade, the statistics of the past year show, I am happy to say, a still greater increase, and a total volume amounting to over one billion dollars.

For the information of the House I present herewith a table showing the total imports and exports and aggregate of trade of Canada since 1908 and the percentage of imports thereto.

TOTAL TRADE OF CANADA WITH ALL COUNTRIES (INCLUDING COIN AND BULLION).

Fiscal year.	Total imports.	Total exports Canadian and foreign produce.	Aggregate trade.	Percentage of value of imports with aggregate trade.
	$	$	$	%
1908	370,786,525	280,006,606	650,793,131	56·97
1909	309,756,608	261,512,159	571,268,767	54·22
1910	391,852,692	301,358,529	693,211,221	56·52
1911	472,247,540	297,196,365	769,443,905	61·37
1912	559,320,544	315,317,250	874,637,794	63·94
1913 (unrevised)	691,943,515	393,232,057	1,085,175,572	63·76

It will be observed that during the past three years the percentage of the value of imports to the aggregate trade has materially risen and in 1912-13 represented nearly sixty-four per cent of the total trade. This condition has called forth criticism on the part of some who put forward the view that if imports continue greatly to exceed exports a country may expect to be drained of its gold in order to meet its international obligations. Without attempting to deal with this balance of trade theory which has so frequently been shown to be illusory and misleading, it may be pointed out that in five years our total exports have grown from $280,000,000 to $390,000,000, and that while our imports have increased in greater degree, explanation is to be found in the fact that during this period of rapid material development and national progress a vast amount of capital expenditure has been and is being made upon railway construction and equipment by our three transcontinental systems, upon great public works and undertakings, in industrial and commercial enterprise and in municipal services and improvements to meet the needs of rapidly growing communities. That is to say, we are in the era of the construction of railways and great national works. Our cities have been growing so rapidly in population and area that their needs have greatly increased, with the result that they have had to make large expenditures of a capital nature upon their various public services. The greater portion of the funds required for this capital and productive expenditure has been borrowed from the British public by the Government of Canada by the several provinces and by cities and towns, and railway, industrial and other corporations. The money so borrowed has come to Canada not in the form of cash or gold, but in importations of commodities and of materials from Great Britain or elsewhere. In addition to this we must bear in mind the important fact that the stream of immigration coming to our shores from year to year, while bringing sufficient capital for its temporary maintenance and adding to our consumption, does not immediately become a producing element in the community. In the light of these considerations it would appear that the apparent adverse balance of trade is due to causes making for the development of the Dominion, and need be the occasion of no anxiety.

The House and the country being always interested in the subject of our trade with the Mother Country, I have prepared and submit herewith a statement showing imports and exports, and establishing that the United Kingdom has shared in the marked expansion of our trade in recent years:

TRADE WITH THE UNITED KINGDOM—MERCHANDISE ONLY.

Fiscal year.	Imports for Consumption from the United Kingdom.	Exports to the United Kingdom Canadian and Foreign Produce.	Aggregate Trade.
	$	$	$
1908	94,417,314	134,477,124	228,894,438
1909	70,682,101	133,745,123	204,427,224
1910	95,336,427	149,630,488	244,966,915
1911	109,934,665	136,962,971	246,897,636
1912	116,906,212	151,833,379	268,739,591
1913 (unrevised)	138,652,198	177,982,002	316,634,200

It will be observed that for the past six years, with the exception of one year, 1909, when there was a temporary retrogression, there has been a steady advance in the aggregate trade between Canada and the Mother Country. It will also be observed that whereas the amounts of increase for the period covered in imports and exports are nearly the same, viz: $40,000,000, in each case the percentage of increase in imports is greater than of exports. This is due partly to the considerations which I have previously referred to as to national expenditure upon capital account, and partly owing to the increased demands of the home market for the products of mixed farming, especially that class described as animal products such as bacon, poultry, cheese, butter and eggs. I do not know of anything more indicative of the increase in the demands of the home market than the falling off that has taken place in the exports of some of the principal items under the heading of animal products, such as butter, eggs and bacon.

TRADE WITH THE UNITED STATES.

Of greater volume than our trade with the United Kingdom, and particularly as showing marked increase in imports, the statistics of our commercial dealings with the United States, our great neighbouring republic to the south, will be no doubt of interest to the House and I shall place upon 'Hansard' a comparative statement covering the past six years:

MERCHANDISE.

Fiscal Year.	Imports for Consumption from the United States.	Exports to the United States, Canadian and Foreign Produce.	Aggregate Trade.
	$	$	$
1908	204,648,885	96,920,138	301,569,023
1909	170,056,178	91,022,387	261,078,565
1910	217,502,415	110,614,327	328,116,742
1911	274,844,858	112,208,676	387,053,534
1912	330,428,502	112,956,295	443,384,797
1913 (unrevised)	435,783,343	150,961,675	586,745,018

Thus it will be seen that our total trade with the United States has doubled in the past six years, but it will be observed that whereas the imports have more than doubled in the period mentioned until they now reach the large aggregate of over $400,000,000 the exports to the United States show only a fifty per cent increase and reach a total of but $150,000,000 or a so-called balance of trade in favour of the United States of $250,-000,000 during the past fiscal year. As to this vast yearly increase in imports it must be borne in mind that it has been much more than counterbalanced, as I shall show later, by the aggregate of capital brought to Canada by the steady influx of American settlers who have taken up land in our great West and who speedily assume a commanding place among our most capable, energetic and prosperous agricultural producers. Speaking generally, the imports from the United States embrace almost all classes of commodities, the principal being manufactures of iron and steel and other metals. Anthracite coal, corn and cotton aggregating over $40,000,000 are on the free list.

With regard to our exports to the United States it may be said that for the most part they consist of our raw material, the product of the forest and the mine. A tariff representing an average of over forty per cent upon dutiable goods has been effectual to practically close their markets to our manufacturers.

With regard to our exports generally, I think it advisable to place before the House for its information a classification of the values of Canadian exported produce since 1908. The largest increase has been in the chief item of agricultural produce (consisting principally of grains and flour), totalling $66,000,-000 in 1908 and $150,000,000 in 1913.

VALUE OF GOODS EXPORTED (BY CLASSES) FROM THE DOMINION.

MERCHANDISE ONLY (CANADIAN PRODUCE).

Fiscal Year.	The Mine.	The Fisheries.	The Forest.	Animals and their Produce.
	$	$	$	$
1908	39,177,133	13,867,368	44,170,470	55,101,260
1909	37,257,699	13,319,604	39,667,387	51,349,646
1910	40,089,017	15,663,162	47,517,033	53,926,515
1911	42,787,561	15,675,544	45,439,057	52,244,174
1912	41,324,516	16,704,678	40,892,674	48,210,654
1913 (unrevised)	57,442,546	16,336,721	43,255,060	44,784,593

Fiscal Year.	Agricultural Products.	Manufactures.	Miscellaneous.	Total.
	$	$	$	$
1908..................	66,069,939	28,507,124	67,674	246,960,968
1909..................	71,997,207	28,957,050	54,931	242,603,584
1910..................	90,433,747	31,494,916	125,161	379,247,551
1911..................	82,601,284	35,283,118	285,815	274,316,553
1912..................	107,143,375	35,836,284	111,676	290,223,857
1913 (unrevised)........	150,145,661	43,692,708	97,311	355,754,600

While dealing with the matter of our trade generally I may be permitted to refer briefly to a phase of our economic activity which in recent years has shown very marked improvement. I allude to the mineral production of Canada which has more than doubled in the last ten years. In 1912 the total output was set down as $133,000,000 or an increase of over $30,000,000 over the preceding year. The increase was principally under the headings of coal, copper, nickel, gold and silver.

IMMIGRATION.

I turn now to the important subject of immigration. The steady progress which has characterized our material development and advancement for years past is attributable in an important measure to the tide of immigration which has flowed into Canada from abroad, principally from Great Britain and the United States. I present herewith information respecting this immigration under three headings, Great Britain and Ireland, other countries except United States, United States, for a period of five years past:

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
1911-12.........	138,121	82,406	133,710	354,237
1912-13.........	150,542	112,881	139,009	402,432

In dealing with these figures respecting this subject it must not be forgotten that while the personal element is by far of the greatest importance both from the economic, moral, sociological and national standpoint, the amount of actual wealth brought into the country by the immigrant has been very great. Potentially the desirable homeseeker is a very valuable asset both as a producer of wealth and as a citizen. But when he brings with him in addition to his character and energy working capital he assures an economic productivity almost from the beginning of his citizenship which would not otherwise be possible. From compilations carefully made by the Department of the Interior it has been conservatively estimated that the class of immigration we receive from the United States, that is to say of farmers who have sold out their holdings in the States, and have taken up land in western Canada, brings with it capital (including settlers' effects) to the amount of over $1,000 per head or say $5,000 per family of five persons. The total number of such immigrants for the calendar year 1912 was 140,143. Applying the rate above mentioned per head the amount of capital and effects accompanying this immigration would reach a total exceeding $140,000,000 in value. When considering the excess of imports from United States over our exports to United States this large influx of capital to be productively employed in our agriculture must, as I have pointed out previously, not be overlooked.

FISCAL YEAR 1913-1914.

Thus far I have dealt only with the financial results of the two preceding years, the position of our debt, maturities of loans, the state of our trade and other features of our national economy which it seemed important to specially note in passing. I now proceed to consider the affairs of the fiscal year upon which we have entered and which ends on March 31, 1914. In this, I shall be obliged to confine myself to statements general in character because the factors entering into the problem are subject to influences and conditions which, belonging to the future, cannot be forecasted with any reasonable degree of certainty.

The main features of our income and expenditure can be fairly well indicated because our revenues on the one hand are principally derived from Customs and Excise and as the rates are established the results depend upon the volume of business. On the other hand, a large portion of the expenditure may be termed fixed or uncontrollable and apart from this the programme for the year will be found substantially in the main and supplementary estimates, although it is always necessary to supplement these again about the close of the fiscal year to meet expenditure for which adequate provision had not been made.

EXPENDITURE.

Dealing first with expenditure, the main and supplementary estimates are now before the House. They provide for consolidated fund or ordinary running expenditure $125,850,338 and for capital services $53,301,845 or a total expenditure of $179,152,183. To this must be added supplementary estimates to be brought down and such amount as may be required in the second set of supplementary estimates which as I have stated, are usually presented towards the close of the fiscal year, together with railway subsidies under legislation of this and preceding sessions. The aggregate of all these estimates will probably be close to $200,000,000. Then we must further provide for the purchase of Grand Trunk Pacific railway bonds guaranteed by the Dominion to the amount of about $1,000,000 per month under the authority of the legislation to which I have earlier alluded. There will be also the further amount required during the year to meet progress payments on account of construction of the three dreadnoughts which Canada proposes to place at the disposal of His Majesty in order to increase the strength of the Imperial navy, the guardian of our shores and commerce.

On the whole, Mr. Speaker, this constitutes a large and comprehensive programme but not greater than the needs and duty of Canada demand or our revenue and credit abundantly warrant. While the total appears large, having regard to the expenditures of the past and preceding years, it must not be forgotten that a considerable portion of our estimates always lapse and remain unexpended. In this regard it is usually safe to make an allowance of ten per cent or even more.

REVENUE.

Now, as to the revenue from which the whole, or, we hope, at least, the greater part of this expenditure is to be met, I have already indicated its principal sources in customs, excise, railways and post office. For the year 1912-13 there was, as I have previously shown, a total income of approximately $168,250,000, which represented an unprecedently large increase over the year before. It is too much to expect that this abnormal rate of increase will be maintained during the present year, especially in view of the stringent financial conditions to which I have alluded previously and which always have a repressive influence on trade. Without attempting to forecast with any degree of accuracy, I feel confident that the revenues of the year will not only prove adequate to meet the current expenditure but to meet possibly the whole and certainly the greater portion of capital and special expenditure for the year. It is, I think, too much to hope that we shall always be able out of revenue to meet capital expenditure upon great national undertakings of a permanent character, the advantages of which enure for the benefit of generations to come, but it would nevertheless seem a wise policy that in times of abounding prosperity we should conserve our credit and establish as close an equilibrium as may be possible between national income and outgo.

TARIFF CHANGES.

I come now to the matter of tariff changes. For reasons within the knowledge of the House and the country, and to which it is therefore unnecessary that I should specially allude, the budget is unusually late this session. As it has been generally known that no tariff revision of a comprehensive or far-reaching character has been in contemplation it is probable that no serious public inconvenience has been occasioned by the delay. The spring season being now well advanced, any changes made must be of a strictly limited and necessary character and in connection generally with tariff modifications it is, I think, the sound view that they should be made sparingly if at all until the period arrives for a general revision of the schedules, because nothing can be more disturbing to commerce and industrial enterprise than continuous tariff uncertainty or apprehension of tariff change. The commercial and manufacturing community must be in a position to make contracts in advance and to calculate with reasonable exactitude their costs before arranging their business programme for the year. But while this principle is admittedly sound, to give it rigid and inflexible application would lead to occasional public detriment and inconvenience and, therefore, while the rule has been acknowledged, exceptions have continually been made. Our tariff, like all other tariffs, presents many anomalies, but has for over thirty years been based upon the two-fold principle of providing by indirect taxation for our revenue requirements and, by affording a reasonable degree of protection to such production as is properly native to the Dominion, of developing our natural resources, promoting the establishment of diversified national industries, building up our great commercial centres, creating our home markets for our agricultural producers and generally promoting the welfare of the entire community.

General revision of the tariff becomes advisable when it is found necessary to rearrange the rates out of regard to changed or changing economic conditions or to the revenue requirements of the Dominion. Having regard to the prevailing prosperity of the Dominion, as disclosed by the trade statistics which I have presented to the House, and the fact that there is always a delicate adaptation of business to the rates of the tariff, there is, I believe, a general consensus of opinion that anything in the nature of an extensive revision of the tariff is not called for by existing conditions and would be contrary to public interest.

With this general introduction I now turn to the changes which we have to propose for the consideration of the House. The major part of these are rendered necessary by the terms of the trade agreement entered into between representatives of the Dominion and certain of the West Indian colonies as the result of a convention held here a year ago and validated by Parliament during the present session. As the policy of the agreement was fully discussed during the progress of the Bill it will be unnecessary for me to deal with it now further than to say that the principle of promoting closer trade relationship and improving the steamship and cable communications between Canada and the West Indies has met with the approval of both parties in the House and has been warmly endorsed throughout the Dominion. It is also realized that apart from the material considerations of increased trade, a fresh and powerful impetus has been given to the policy of the promotion through preferential trade arrangements of the great cause of Imperial unity throughout the Empire.

In general terms the agreement provides that upon a specified list of commodities, the produce or manufacture of the West Indian colonies, the duties of customs shall not be more than four-fifths of the duties imposed upon similar goods when imported from any foreign country and that upon certain other goods there shall be no duties as against the West Indian colonies but certain minimum duties as against the same goods when imported from any foreign country. The West Indian colonies have for many years enjoyed the benefits and advantages of the British preferential tariff and therefore, in cases where the existing preference is sufficient to cover the twenty per cent preference stipulated for in the agreement, and where, speaking generally, the articles mentioned are on our free list, no tariff adjustment is necessary. The British preference was extended to the West Indian colonies by the Government of my right hon. friend (Sir Wilfrid Laurier) in 1899 without any consideration in return. I think the view was expressed at that time that Canada felt it to be her duty to assist in restoring prosperity to the West Indian colonies and to the sugar industry especially which was then in a languishing condition. Therefore legislation was introduced in 1899 under which the benefits of the British preference were extended to the West Indian colonies. Of the scheduled list of West Indian goods entitled to the benefits of the agreement many are on the free list and in the case of many others the British preference is amply sufficient to satisfy the terms of the agreement. There are, however, a few articles—principally under the unenumerated item of our tariff—as to which we propose to increase the British preference so that it shall exceed the twenty per cent called for by the agreement. It is also necessary to provide for the imposition of duties upon the specified list of goods mentioned above upon which we are obliged to impose certain minimum rates when imported from foreign countries. These goods are raw cocoa beans, limejuice, raw and concentrated and fresh limes. These goods are to be on the free list when imported from the West Indies, but in accordance with the terms of the agreement, there is to be a minimum duty imposed when they are imported from foreign countries.

With regard to sugar, which is by far the most important commodity covered by the agreement and which constitutes nine-tenths of our imports from the West Indies, specific provision is made that the privilege which our refiners have hitherto enjoyed of importing raw foreign sugar at preferential rates to an amount equal to twenty per cent of their production shall be abrogated so that the planters of the West Indies may enjoy the stipulated minimum preference as against all foreign raw sugar entering Canada.

I explained the other day in the course of another debate that the British preference amounting to thirty-one cents per hundred pounds upon raw sugar had been practically all taken at certain seasons of the year, and substantial portions of it taken at other seasons of the year by the planters of the West Indies. I pointed out also that the duty upon refined sugar had been fixed having regard to the British preference, which our refiners were supposed to obtain the benefit of upon raw sugar. The Hon. Mr. Fielding, my predecessor, having it brought to his attention that the planters took either a substantial portion or the whole of the British preference, was obliged to give a privilege to the sugar refiners in order to put them in the position which it was thought they would occupy when the preferential tariff upon sugar was established. The privilege he gave them was to import foreign raw sugar at preferential rates, to the amount of twenty per cent of the amount they refined in any calendar year from raw sugar. The Royal Commission upon whose report this agreement with the West Indies was founded, investigated the matter very fully and came to the conclusion that if the preference were cut down from thirty-one cents per hundred pounds on raw sugar to about fifteen cents, that it would be fair to all parties. The representatives of the West Indian colonies were very desirous, in fact it was a condition precedent to their entering into the agreement, that this twenty per cent privilege which Mr. Fielding had given to the sugar refiners of Canada should be abrogated, so that they would have an exclusive preference as against all raw foreign sugar to the extent of at least twenty per cent, and a minimum of fifteen cents per hundred pounds, and the agreement provides accordingly.

Certain tariff changes are therefore specifically called for by reason of the agreement which has been already adopted and validated by this House, and there are some further modifications of a consequential character to which I shall briefly call attention.

Cocoa manufacturers will be obliged to pay duty upon foreign raw cocoa beans which they require for the blends necessary in their manufacture, and there will have to be an adjustment in the duty upon cocoa products.

Similarly, as the twenty per cent privilege is taken away from our sugar refiners there will have to be a readjustment of the duties upon refined sugar. In the result there will be a considerable loss of revenue upon sugar, of which, however, the public will reap the advantage in slightly reduced prices.

In connection with the sugar tariff—I shall read the resolution a little later—I desire at this stage to point out that upon raw sugar, the rate under the existing preference upon standard raw sugar is fifty-two and a half cents per hundred pounds, preferential rate, and eighty-three and a half cents per hundred pounds, general rate, or a preference of thirty-one cents.

The existing preference upon refined sugar, testing ninety-nine degrees by the polariscope as compared with ninety-six for the raw sugar by the polariscope, is eighty-three and the general rate is one hundred and twenty-four and a half cents, being a difference of forty-one and a half cents.

There will therefore have to be an adjustment of tariff duties upon raw sugar and upon refined sugar, upon the special articles which the agreement itself required us to deal with, and certain consequential changes by reason of the imposition of duties against foreign goods, upon these articles.

Apart from the West Indian trade agreement, I have comparatively few changes to propose.

Mr. MACLEAN (Halifax): Would the minister give us the proposed changes in the sugar tariff now?

Mr. WHITE: On sugar above No. 16 Dutch standard, in colour, and all refined sugar of whatever kind, grade, or standard, testing not more than eighty-eight degrees by the polariscope, for one hundred pounds preferential tariff seventy-two cents, intermediate tariff ninety-three cents, general tariff ninety-three cents; and for each additional degree over eighty-eight degrees per hundred pounds, preferential tariff one cent, intermediate tariff one and one-third cents, and general tariff one and one-third cents. If my hon. friend from Halifax (Mr. Maclean) will add eleven to the seventy-two, it will give eighty-three; if he will add to the ninety-three, one and one-third upon eleven, he will get $1.07 2-3, so that what I am proposing as the new rate, is eighty-three cents per hundred pounds preference, and a general tariff rate of $1.07 2-3 on refined sugar.

I suppose my hon. friend would now like me to deal with raw sugar. On raw sugar the former preferential rate was fifty-two and a half cents and the general rate eighty-three and one-half cents for ninety-six degrees, which made a preference of thirty-one cents. Under the new rates proposed, the preferential will be forty and three-quarters cents for the ninety-six degrees, and the general fifty-seven and a half cents making sixteen and three-quarters of a preference. Let me say in connection with this that it will be observed that the preference is diminished, but as I have stated that was suggested by the report of the Imperial Commission, and it was further rendered necessary by the fact that we are abrogating the privilege given by my predecessor the Hon. Mr. Fielding to the Canadian sugar refiners to import foreign grown raw sugar at preferential rates to an amount equal to twenty per cent of their product for the year.

In connection with that, for the information of my hon. friend from Halifax (Mr. Maclean) I may say that the difference on the preferential tariff between raw and refined sugar under our proposals is 42¼ cents, and on the general tariff between raw and refined is 50⅛ cents. In connection with that, I propose to read for the information of my hon. friend an extract from the budget speech of my predecessor, the Hon. Mr. Fielding, in the year 1906. He had gone very carefully into this question of the tariff on sugar, and this is what he said:

> We think that the schedule of sugar duties we adopted a few years ago was eminently fair. In 1896, the duty on refined sugar was $1.14, and on the raw, 50 cents per 100 pounds, a difference of 64 cents per hundred in favour of the refiners. We reduced the duty on refined to $1, and left the duty on the raw 50 cents, so that the difference in favour of the refiner became 50 cents. It has been our idea, all through, to give the refiner about that much advantage. Of course, he has to take into account the loss in manufacture and the cost of manufacture.

Passing from the West Indian trade agreement, I come to a few other changes which we propose.

Sir WILFRID LAURIER: Do I understand that under the new tariff the privilege of importing raw sugar at preferential rates is abolished?

Mr. WHITE: It is abolished. We shall have to repeal that item in the tariff. My right hon. friend will recall that that is required by the express terms of the West Indian trade agreement which was recently validated by Parliament. In other words, the West Indian representatives were very desirous of getting an exclusive preferential market in Canada, and consequently that had to be abolished.

The House will recall that during the summer, on account of the shortage of cement, particularly in western Canada, a temporary reduction of fifty per cent of the duty on cement was made, in order to meet a situation which I believe will not frequently arise. It was due in some measure to lack of transportation facilities. So far as this year is concerned, I believe the transportation facilities available to the cement companies have been so increased that there is not likely to be a recurrence of the shortage. In fact I have rather definite assurances upon that point. We came to the conclusion that it would be possible to make a reduction in the duties upon cement without injuring existing industries. Speaking for myself, I would like to see the cement plants of Canada in a position to supply the needs of the Canadian people. I think it goes without saying that, if an industry is native to this country, we would rather see manufactories established through the country able to supply the requirements of the people, thus giving employment to industrial citizens and building up our Dominion, than see that product imported from abroad. If the tariff however, is too high, there is always a danger that prices may be fixed to the detriment of the public. I do not suggest that that is so in the case of cement.

The duty on cement is specific, twelve and one-half cents per hundred pounds. A barrel of cement contains 350 pounds. Therefore the duty on a barrel of cement would be forty-three and three-fourths cents. The cost of production of cement, by reason of improved methods, has been somewhat lessened during the past few years. In view of that fact and in view of the fact that the rate is specific, we think that, without injuring a Canadian industry or preventing Canadian enterprise from establishing cement plants throughout Canada, we can make a slight reduction in the duty. It is an article in almost universal use. It is used by the farmer; it is used in the construction of buildings, in connection with the paving of our streets and for many other purposes. The production in 1909 was about 4,000,000 barrels, and in 1912 the production had increased to 7,000,000 barrels. The British preferential tariff is eight cents, intermediate, eleven cents, and general, twelve and one-half cents. We came to the conclusion that we would be justified in reducing the tariff to British preferential, seven cents, intermediate, ten cents, and general, ten cents, that is to say in reducing the duty on cement from twelve and one-half cents per hundred pounds to ten cents, or from forty-three and three-fourths cents a barrel to thirty-five cents. The average selling price of cement in the United States is, say, $1.10 or $1.15 per barrel. In some seasons, especially when there is over-production, the price of cement in the United States has gone as low as seventy cents per barrel. I have been informed that a large cement plant is to be established in the West during the coming year. I hope that it will be one of many, because Canada has abundant raw materials for the production of cement. There is no reason why we should not produce practically the whole of the cement required in Canada.

Another item I have is typecasting and typesetting machines, which are in use in the printing offices throughout Canada. They are made use of by all our newspapers, large and small. For some considerable time past, it has been drawn to the attention of the department that these machines were not manufactured nor likely to be manufactured in Canada. They are manufactured by a large concern in the United States which, I believe, has an agency in Toronto. I therefore propose that typecasting and typesetting machines shall be placed upon the free list. I think we will admit that the newspaper proprietors of Canada as a whole do not make undue profits either upon their capital or upon the intelligence with which they conduct their enterprises. I think we shall also admit that it is in the interest of the public of Canada that the newspapers of the day should find their way into the homes of the people at as little cost as possible. This concession, therefore, while not very far-reaching in effect, will, I think, conduce to reducing the cost of the production of newspapers, or at all events will go to increase the profits, which as I have stated are very moderate indeed, made by our newspaper proprietors throughout the Dominion, and especially those who are conducting small weekly journals.

Mr. MACLEAN (Halifax): What is the present tariff?

Mr. WHITE: It is, preferential, twelve and a half per cent; intermediate, seventeen per cent; general, twenty per cent.

Mr. KNOWLES: What is the average cost of typesetting machine?

Mr. WHITE: Prices vary, and I am unable at the present moment to answer my hon. friend.

Mr. MACLEAN (South York): About $3,000 to $5,000.

Mr. WHITE: There is another article drawn to my attention for some time by hon. members representing rural constituencies on both sides. I suppose there is hardly a representative of a rural constituency in the House who has not either directly or indirectly brought this matter to the attention of myself or the department. I refer to traction ditching machines. They are expensive machines, not manufactured in Canada, and hardly likely to be manufactured in Canada in the near future. Ditching machines are of immense value in draining agricultural land. Some of the results achieved by proper underdraining of low-lying agricultural lands are almost unbelievable. It is not too much to say that these traction ditching machines are a boon indeed to the farming community. The Minister of Agriculture of the province of Ontario made a special plea in favour of tariff abolition on these machines, and in addition to that I had heard from the heads of agricultural colleges of of Canada strongly recommending that the duty be taken off.

In accordance with all these representations, and for the benefit of the farming community, we propose, as I have stated, that traction ditching machines up to the value of $3,000—I am informed that the highest listed price for machines used by the farmers is $2,600 or $2,700—be admitted free. The present general tariff is twenty-seven and a half per cent.

Then, apart from items of a minor character to which I need not draw special attention just now—though I will read the whole list—we propose to place upon the free list glassware and other scientific apparatus for laboratory work in hospitals, also apparatus for sterilizing purposes not including washing or laundry machines—all articles in this item when imported bona fide for the use and by order of any public hospital. It has been brought to our attention by hospital boards that it would be a great boon and would injure no industry in Canada if requirements of this kind in connection with their philanthropic work could be admitted free of duty, and we have met the request by the proposal I have now made. Then, in addition we have another rather important item added to the free list, viz: miners' rescue appliances, designed for emergency in mines where artificial breathing is necessary in the presence of the poisonous atmosphere and automatic resuscitation apparatus for artificial breathing to aid in the saving of human life.

Mr. KYTE: Are these manufactured in Canada?

Mr. WHITE: I am informed that they are not, of the class referred to in this item.

TARIFF RESOLUTION.

I have touched upon the leading items; there are others of a minor character with which I do not propose to weary the House in detail. But I give notice that when the House goes into Committee of Ways and Means I shall move the following resolution:

1. Resolved that it is expedient to amend schedule A to the Customs Tariff, 1907, as amended by chapter 10 of the Acts of 1909, by chapter 16 of the Acts of 1910, and by Orders in Council, and to strike thereout tariff items:—20, 21, 22, 23, 39a, 77, 101, 109, 110, 111, 112, 113, 134, 135, 135a, 135b, 135c, 137a, 141, 152, 153, 263, 264, 290, 441, 535;

The several enumerations of goods respectively, and the several rates of duties of Customs, if any set opposite each of the said items, and to provide that the following items, enumerations and rates of duties be inserted in said schedule A:

Tariff Items.	—	British Preferential Tariff.	Intermediate Tariff.	General Tariff.
20	Cocoa paste or "liquor" and chocolate paste or "liquor," not sweetened, in blocks or cakes..........per pound.	$3\frac{1}{2}$ cents.	4 cents.	4 cents.
20a	Butter produced from the cocoa bean..................per pound.	$1\frac{1}{2}$ cents.	2 cents.	2 cents.
21	Cocoa paste or "liquor" and chocolate paste or "liquor," sweetened, in blocks or cakes not less than two pounds in weight....................per pound.	$3\frac{1}{2}$ cents.	4 cents.	4 cents.
22	Preparations of cocoa or chocolate, in powder form	20 p.c.	25 p.c.	25 p.c.
23	Preparations of cocoa or chocolate, n.o.p., and confectionery coated with or containing chocolate, the weight of the wrappings and cartons to be included in the weight for duty.....per pound. and	$\frac{1}{2}$ cent. $22\frac{1}{2}$ p.c.	$\frac{1}{2}$ cent. 35 p.c.	$\frac{1}{2}$ cent. 35 p.c.
39a	Rice flour, sage flour, cassava flour, tapioca flour, and rice meal..per pound.	$\frac{3}{4}$ cent.	1 cent.	1 cent.
39b	Arrowroot....................per pound.	$\frac{3}{4}$ cent.	1 cent.	1 cent.
63a	Rice bran..............................	$12\frac{1}{2}$ p.c.	$17\frac{1}{2}$ p.c.	$17\frac{1}{2}$ p.c.
69a	Cattle food containing molasses........	15 p.c.	20 p.c.	20 p.c.
77	Beans, viz:—tonquin and vanilla, crude only; locust beans; locust bean meal.	Free.	Free.	Free.
77a	Cocoa beans, not roasted, crushed or ground......per one hundred pounds.	Free.	75 cents.	75 cents.
101	Oranges, shaddock or grape fruit and lemons..............................	Free.	Free.	Free.
101a	Limes	Free.	10 p.c.	10 p.c.
109	Nuts of all kinds, n.o.p., including shelled peanuts..................per pound.	1 cent.	2 cents.	2 cents.
110	Cocoanuts, n.o.p. . . per one hundred	25 cents.	75 cents.	75 cents.
111	Cocoanuts, when imported from the place of growth, by ship, direct to a Canadian port..........per one hundred.	Free.	50 cents.	50 cents.
113	Cocoanut, desiccated, sweetened or not.......................per pound.	2 cents.	4 cents.	4 cents.
113a	Copra or broken cocoanut meat, not shredded, desiccated or prepared in any manner..............per pound.	Free.	$\frac{3}{4}$ cent.	$\frac{3}{4}$ cent.
134	All sugar above number sixteen Dutch standard in colour, and all refined sugars of whatever kinds, grades or standards, testing not more than eighty-eight degrees by the polariscope.........per one hundred pounds.	72 cents.	93 cents.	93 cents.
	And for each additional degree over 88 degrees....... per hundred pounds.	1 cent.	$1\frac{1}{3}$ cents.	$1\frac{1}{3}$ cents.
	Provided that fractions of five-tenths of a degree or less shall not be subject to duty, and that fractions of more than five-tenths shall be dutiable as a degree.			
	Provided that refined sugar shall be entitled to entry under the British Preferential Tariff upon evidence satisfactory to the Minister of Customs that such refined sugar has been manufactured wholly from raw sugar produced in the British colonies and possessions, and not otherwise.			

Tariff Items.	—	British Preferential Tariff.	Intermediate Tariff.	General Tariff.
135	Sugar, n.o.p. not above number sixteen Dutch standard in colour, sugar drainings or pumpings drained in transit, melado or concentrated melado, tank bottoms, sugar concrete, and molasses testing over fifty-six degrees and not more than seventy-five degrees by the polariscope........per one hundred pounds.	25 cents.	$31\frac{1}{4}$ cents.	$31\frac{1}{4}$ cents.
	And for each additional degree over seventy-five degrees .... per one hundred pounds	$\frac{3}{4}$ cent.	$1\frac{1}{4}$ cents.	$1\frac{1}{4}$ cents.
	Provided that fractions of five-tenths of a degree or less shall not be subject to duty, and that fractions of more than five-tenths shall be dutiable as a degree.			
	Provided that all raw sugar, including sugar specified in this item, the produce of any British colony or possession, shall be entitled to entry under the British Preferential Tariff, when imported direct into Canada from any British country.			
	Provided that sugar imported under this item shall not be subject to special duty.			
135*a*	Raw sugar as described in Tariff item 135, when imported to be refined in Canada by Canadian sugar refiners, to the extent of the quantity of sugar refined during the calendar years 1912 and 1913 by such refiners from sugar produced in Canada from Canadian beet-root under regulations by the Minister of Customs, per one hundred pounds, testing not more than seventy-five degrees by the polariscope............. :	25 cents.	25 cents.	25 cents.
	And per one hundred pounds for each additional degree over seventy-five degrees	$\frac{3}{4}$ cent.	$\frac{3}{4}$ cent.	$\frac{3}{4}$ cent.
	Provided that sugar imported under this item shall not be subject to special duty. This item to expire December 31st, 1914.			
136*a*	Molasses of cane, testing by polariscope under thirty-five degrees but not less than twenty degrees.......per gallon.	Free.	$1\frac{1}{2}$ cents.	$1\frac{1}{2}$ cents.
140*a*	Shredded sugar cane.....	$12\frac{1}{2}$ p.c.	$17\frac{1}{2}$ p.c.	$17\frac{1}{2}$ p.c.
141	Sugar candy and confectionery, n.o.p., including sweetened gums, candied peel, candied pop-corn, candied fruits, candied nuts, flavouring powders, custard powders, jelly powders, sweetmeats, sweetened breads, cakes, pies, puddings and all other confections containing sugar.	$22\frac{1}{2}$ p.c.	35 p.c.	35 p.c.
152	Lime juice, fruit syrups, and fruit juices, n.o.p	15 p.c.	20 p.c.	20 p.c.
152*a*	Papaine.............................	$12\frac{1}{2}$ p.c.	$17\frac{1}{2}$ p.c.	$17\frac{1}{2}$ p.c.
153	Lime juice, raw and concentrated, not refined...................per gallon.	Free.	5 cents.	5 cents.
180a.	Photographs sent to the press, for use only as news pictures, under regulations by the Minister of Customs.....	Free.	Free.	Free.

Tariff Items.	—	British Preferential Tariff.	Intermediate Tariff.	General Tariff.
205a	Cassava root, unground...............	Free.	Free.	Free.
264	Essential oils, n.o.p. including bay oil, otto of limes, and peppermint oil.....	5 p.c.	7½ p.c.	7½ p.c.
276a	Cotton seed oil, n.o.p.................	12½ p.c.	17½ p.c.	17½ p.c.
277a	Cocoanut oil, n.o.p.	12½ p.c.	17½ p.c.	17½ p.c.
290	Cement, Portland, and hydraulic or water lime, in barrels, bags, or casks, the weight of the package to be included in the weight for duty........ .... per one hundred pounds.	7 cents.	10 cents.	10 cents.
441	Typecasting and typesetting machines and parts thereof, adapted for use in printing offices	Free.	Free.	Free.
447*a*	Traction ditching machines (not being ploughs) adapted for tile drainage on farms, valued by retail at not more than three thousand dollars each......	Free.	Free.	Free.
466*a*	Glassware and other scientific apparatus for laboratory work in public hospitals, also apparatus for sterilizing purposes, not including washing or laundry machines, all articles in this item when imported in good faith for the use and by order of any public hospital.	Free.	Free.	Free.
535	Cotton sewing thread in hanks.........	7½ p.c.	10 p.c.	10 p.c.
584*a*	Asphalt, not solid....................	12 p.c.	17½ p.c.	17½ p.c.
616*a*	Balata, crude, unmanufactured	Free.	Free.	Free.
664*a*	Nitrate compounds adapted for use in the manufacture of explosives........	Free.	Free.	Free.
680*a*	Sponges of marine production..	12½ p.c.	17½ p.c.	17½ p.c.
689*a*	Miners' rescue appliances, designed for emergency use in mines, where artificial breathing is necessary in the presence of poisonous gases, and automatic resuscitation apparatus for artificial breathing, to aid in the saving of human life..........	Free.	Free.	Free.

2. Resolved,—That it is expedient to provide that the provisions of the foregoing resolutions shall be deemed to have come into operation on the 13th day of May, one thousand nine hundred and thirteen, and to apply and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that day, and to have also applied to such goods previously imported for which no entry for consumption was made before that day.

Mr. WHITE: Item 135a is the one which relates to the manufacture of sugar from beet-root, under which Canadian refiners of sugar from beet-root have the privilege, up to December 31, 1914, to import raw sugar to an amount equal to their production. The agreement specifies that when that items expires on December 31, 1914, it is not to be renewed.

Mr. MACLEAN (South York): I believe the hon. minister said that there would be a very slight reduction in the cost of sugar to the consumer. Could he indicate what fraction of a cent that reduction will be?

Mr. WHITE: The revenue on sugar will be decreased, by the West Indian trade agreement, to the extent of about $600,000.

Mr. MACLEAN: Will that accrue to the consumer?

Mr. WHITE: I think there will be a slight reduction in the price of sugar. As I pointed out in the early part of my remarks, this will be a year of fairly large expenditure, and therefore we are not in a position to reduce the revenue substantially. If the West Indian trade agreement had not been entered into, there would have been no changes. But in the working out of that agreement it is expected that there will be a loss in the revenue, and the benefit of that loss will, I believe, go to the Canadian consumer.

Mr. MACLEAN (Halifax): How much raw sugar was imported into Canada last year under item 137b?

Mr. WHITE: I am afraid I have not the figures as to that.

Mr. OLIVER: Do I understand that the preference existing in favour of West Indian raw sugar, and of which the refiners of Canada got the benefit, is being abolished?

Mr. WHITE: We are cutting down the preference on raw sugar from 31 cents to $16\frac{3}{4}$ cents.

Mr. OLIVER: That is, raw sugar from the West Indies?

Mr. WHITE: Yes.

Mr. OLIVER: The importation of raw sugar which has been permitted to be imported, under the preference, from foreign countries by Canadian sugar refiners, is not to be further permitted?

Mr. WHITE: We have taken away the privilege formerly extended to the sugar refiners importing foreign raw sugar at British preferential rates to the extent of 20 per cent of their production.

Mr. OLIVER: What is to be the difference in the duty on refined sugar?

Mr. WHITE: Under the present tariff, which we propose to modify, 41½ cents.

Mr. OLIVER: I want to know the difference between the duty on refined sugar as it is now and the duty on refined sugar as it will be under the changes that are proposed?

Mr. WHITE: The duty on standard refined sugar, 99 degrees by the polariscope, is 83 cents under the preferential tariff and the general rate is $1.24½ per hundred pounds. Under the new rate, the preferential tariff remains the same and the general, $1.07⅔. It was understood at the time of the convention last year that this British preference of 31 cents would be cut down, as suggested by the Royal Commission, and that there would have to be an adjustment to meet the abolition of the 20 per cent privilege formerly extended to our refiners. Therefore the abolition of the 20 per cent privilege given by my predecessors to the sugar refiners of Canada is the key to the tariff changes which we now propose to make.

Mr. NESBITT: Your reduction is proportionately greater than 20 per cent, is it not?

Mr. WHITE: You cannot judge it from that standpoint; you have to consider the value of the 20 per cent privilege which has been extended to the sugar refiners of Canada. Having that in view, we have fixed the tariff rates upon raw sugar and refined sugar as I have indicated, as being the best method of being fair to all parties concerned.

Mr. MACLEAN (South York): It is, perhaps, not desirable to argue from the standpoint of probabilities, but there is a probability that a disturbance of the sugar industry in the United States will take place before the 1st of September of this year. Would that in any way involve a change in the policy in regard to sugar that you now propose to adopt?

Mr. WHITE: I prefer to wait until the changes take place, and would rather not discuss the matter except to say that our agreement with the British West Indies gives them a preference as against foreign sugar. In other words, we can adjust our tariffs as we wish, so far as foreign countries are concerned, as long as we observe the terms of this agreement and the preference which we have granted to the West Indian colonies. I do not know whether that fully answers the question of my hon. friend, but I believe it is the only answer I can give at the present time, as I would not like to express an opinion not knowing precisely what he has in view or the situation of which he speaks.

Mr. NESBITT: Why does the minister set the value of ditching machines at $3,000?

Mr. WHITE: There are other ditching machines used for dredging and other like purposes, apart from farming altogether. On inquiry we find that $2,600 or $2,700 is the maximum paid for ditching machines by farmers and we desire to cover the case of the farmer.

Mr. NESBITT: You know it is the custom in Ontario for threshers, for instance, to go around and thresh for various people at so much a bushel or a day. These ditching outfits are worked in the same way.

Mr. MACLEAN (South York): But it is a different ditcher.

Mr. WHITE: I know that $2,500 or $2,600 is the value of the machines used in that way.

Mr. NESBITT: A little higher than that.

Mr. WILCOX: No, Sir, $2,200.

Mr. WHITE: Very careful inquiries were made as to this by my department and the Customs Department and I was advised that this would cover the cost of the machines required.

I wish to refer to one item which requires some explanation, item 535 in the present tariff reads:

Cotton sewing thread in hanks.

The present duty on that is ten per cent, twelve and one-half per cent and fifteen per cent. Item 532 provides that yarns number forty and finer, are on the free list. There had grown up a practice in the Customs Department at some of the ports of levying this duty upon twisted yarn of forty and finer. At other ports that has been classified as thread and ten per cent, twelve and one-half per cent and fifteen per cent has been imposed. In other words, there were different practices really on account of the difficulty of classification. There are manufacturers in the city of Montreal engaged in the manufacture of thread and in Toronto, Hamilton and elsewhere, there are small manufacturers who import this twisted yarn, forty and finer, which, when it is twisted, is undoubtedly thread and would come under item 535. These manufacturers import it free, size it, spool it and sell it. The question was brought to the attention of the Customs Department last year and there is no doubt whatever, and the Customs Department so decided, that yarn of the kind I mentioned, forty and finer and twisted is undoubtedly thread. The result is that since last February the Customs Department has been making uniform the practice of levying the duty of ten per cent, twelve and one-half per cent and fifteen per cent upon cotton sewing thread in hanks under tariff item 535. All the manufacturers who get that in as raw material and wind it as I have stated, size it and spool it and sell it, complain of the change of practice and, after going into the matter very carefully, we have decided, having regard to the whole situation, that it would be better that we should reduce the tariff on item 535.

Mr. MACLEAN (South York): Does that interfere with the big thread monopoly that controls the thread trade of the world now? The local manufacturers have been complaining of the arbitrary conduct of the monopoly.

Mr. WHITE: I think the company to which my hon. friend refers will complain of this reduction in the tariff item. We have reduced this. At present the position is that the Customs Department are levying ten per cent, twelve and one-half per cent and fifteen per cent upon yarn of forty and finer twisted, under a ruling that that is thread. It is undoubtedly thread. The effect of making uniform the practice of the department was, as I have stated, to impose this duty upon this twisted yarn which is the raw material of certain manufacturers in Toronto, Hamilton and other places who import it and spool it. We reduced that to seven and one-half per cent, ten per cent and ten per cent as the best mode of dealing with the whole situation.

Mr. SINCLAIR: In a discussion last year it was brought to the attention of the minister that cotton twine and unbarked marlin used for making lobster traps was taxed, and it was pointed out that it was not the intention to tax twine for fishing purposes. The minister said he would look into the matter during the recess. Has that matter been considered by the minister in his reductions?

Mr. WHITE: I think my department has considered it but I am unable at the moment to recall the circumstances connected with it. My hon. friend might take that up with the Department of Customs.

BOUNTY ON LEAD.

There is just one other matter with which I desire to deal. Under existing legislation there has been paid by the Dominion a bounty of seventy-five cents per hundred pounds on lead contained in lead-bearing ores mined in Canada and I shall recall very briefly the legislation bearing upon this matter. It is not a very important matter as to the amount but it is of extreme importance to the lead industry of British Columbia. It was provided by a statute passed in the session of 1903 that there should be paid 75 cents per 100 pounds on lead contained in lead-bearing ores mined in Canada, provided (*a*) that not more than $500,000 be paid in one fiscal year and, (*b*) that when the London price of pig lead exceeded £12 10s. per ton of 2,240 pounds the bounty should be reduced by the excess. The bounties were to cease on June 30, 1908. There were thus five years in which bounties could be paid, and the maximum payable was $2,500,000. By an Act passed in 1908, chapter 43, it was recited that there was unexpended of this $2,500,000 up to June 30, 1908, about $1,788,078. My predecessor in office, the Hon. Mr. Fielding, introduced a Bill extending the bounties for a further period of five years, or up to June 30, 1913. It was provided, however, that the London price controlling the payment of the bounties should be raised to £14 10s. per ton, and it provided further that only what remained of the appropriation of $2,500,000 should be available, so that he was not increasing the amount appropriated for bounties, or the aid given to this particular industry by way of bounty. He was simply extending the time during which this bounty could be availed of. Having gone into the matter very fully, we were of the opinion that it was in the interest of Canada, and especially of British Columbia, that this period should be further enlarged for another term of five years, so as not to exceed the amount appropriated, namely, $2,500,000, and to preserve practically the same terms and conditions as now exist until the last year of the term to which I have referred. There was expended under the Act of 1903 and the Act of 1908 to 31st March, 1913, $1,817,708.06 and an estimated sum payable before June 30, 1913, of $32,-291.94. This will leave $600,000 unexpended of the $2,450,-

000 on July 1, 1913. I say $2,450,000 because, out of the original $2,500,000, under chapter 37 of the statutes of 1910, $50,000 was made available for an investigation into processes connected with zinc production in Canada.

During the year ending 31st March, 1913, the amount of bounties paid on lead-bearing ores was as follows:

In British Columbia	$66,551 77
In Kingston, Ontario	1,513 16
Total	$68,064 93

The North American smelter at Kingston, Ontario, has smelted a small quantity of ore which was mined in British Columbia. This company has a mine about eighteen miles from Kingston, Ontario, but no ore has been smelted from this mine, as the branch railroad running between the mine and works is not yet completed.

The price of pig lead on the 31st March last was £16 7s. 6d. per ton, which would provide for a bounty of 23·4 cents per one hundred pounds on the lead-bearing ore mined in Canada.

The London Economist of April 26, 1913, quotes the price in London at £18 0s. 0d. When the price exceeds £17 18s. 9d. per ton (2,240 pounds) no bounty will be paid.

REFINED LEAD PRODUCED IN CANADA.

The refined lead produced in Canada from 1904 to 1912 was as follows:

1904	7,519,440
1905	15,804,509
1906	20,471,314
1907	26,607,461
1908	36,549,274
1909	41,883,614
1910	32,987,508
1911	23,784,969
1912	35,763,476

The House will see that the payment of bounties on lead produced has had a beneficent and wholesome influence upon the production of lead in Canada. I desire that it should be noted that this is not a new bounty, but an extension of time during which the appropriation already made may be availed of by the lead producers of Canada.

CONCLUSION.

Now, I have come to the conclusion of what I fear has been a rather long drawn out and tedious budget. I have to repeat my thanks for the courtesy extended to me by my right hon. friend the leader of the Opposition and my hon. friend from Halifax in acquiescing so willingly and generously in my proceeding with the budget without having given notice of the day upon which it was to be brought down. I have already explained to the House the reason why I found it necessary to depart from the usual rule, which is a very commendable one. I understand that my hon. friend from Halifax may not desire to continue the debate at once, because he has had no notice, such as is usually given, as to the figures which I have laid before the House. We are entirely agreeable to that course, or such other course with respect to proceeding with the budget debate as may commend itself to hon. gentlemen opposite. I have to thank the House for the patience, courtesy and attention with which it has listened to me.