CANADA

BUDGET SPEECH

DELIVERED BY

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

MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS

MONDAY, APRIL 6

1914

OTTAWA
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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, the Budget Speech of last year was delivered on May 12. Upon that occasion I indicated my views as to the outcome of the fiscal year ended on March 31 previously. The books when finally closed showed the actual results as somewhat better than the estimate which I had made. The main features were, however, substantially as predicted.

FISCAL YEAR 1912-13.

The fiscal year 1912-13 was characterized throughout by the greatest expansion the Dominion has yet known. The extraordinary activity in every department of effort, agricultural, industrial, commercial and financial, combined to produce a result strikingly in excess of anything of the kind in our previous fiscal experience. The revenue of the year exceeded that of the preceding year by no less a sum than $32,581,686.09.

The various sources from which this revenue was derived with comparative figures of the two years may be found in the table which I shall now read and place upon 'Hansard' for the information of members of the House, who may be interested in the statistical details:

CONSOLIDATED REVENUE FUND.

	1911–2.	1912–13.	Increase.
Customs..	$ 85,051,872.18	$111,764,698.73	$26,712,826.55
Excise..	19,261,661.97	21,447,444.94	2,185,782.97
Post Office..	10,492,394.18	12,051,728.86	1,559,334.68
Railways..	11,034,165.83	12,442,203.46	1,408,037.63
Miscellaneous..	10,268,123.20	10,983,827.46	715,704.26
	$136,108,217.36	$168,689,903.45	$32,581,686.09

It will be observed that the principal increase arose, as was to be expected, from customs, although the revenues from other sources showed also a marked expansion. The remarkable and, so to speak, abnormal activity which characterized the year is reflected in the general increase of the revenue under every heading.

CONSOLIDATED FUND EXPENDITURE, 1912-13.

The consolidated fund expenditure for the year 1912-13 amounted to $112,059,537.41, a sum considerably less than my estimate. The increase in expenditure upon current or ordinary account over that of the previous year amounted to $13,898,-096.64. This increase was due to larger appropriations made for the public service generally, to the readjustment of certain provincial subsidies and to enlarged expenditure in the Post Office and Railway Departments, the increase being partially offset by increases in earnings upon the other side of the accounts.

The consolidated fund revenue, amounting, as I have stated, to $168,689,903.45, and the expenditure to $112,059,537.41, the surplus on consolidated fund account for the fiscal year 1912-13 was $56,630,366.04 available for meeting capital and special expenditures, which, in the absence of any surplus, would have to be wholly met by borrowing.

CAPITAL AND SPECIAL OUTLAYS, 1912-13.

These capital and special outlays were as follows:

National Transcontinental railway	$13,767,011 44
Quebec bridge	1,512,825 96
Hudson Bay railway	1,090,063 15
Other railways	2,509,988 56
Canals	2,259,257 45
Public works	6,057,514 57

Railway subsidies	$4,935,507 35
Other special charges	255,647 89
	$32,396,816 37
On the one hand, then, we had a surplus of.	56,630,366 04
On the other, a capital and special outlay of.	32,396,816 37
Or a difference of	$24,233,549 67
If to this we add	1,384,285 36
Representing Consolidated Fund expenditure for investment in Sinking Funds, it will be found that the net debt of the country at the close of the year 1912-13 was reduced by the sum of	$25,617,835 03

This is a reduction without parallel in the fiscal history of the Dominion.

The reduction in net debt does not mean that we paid off to that extent the funded debt of Canada by the purchase or redemption of our sterling or currency securities. Out of the surplus which we had over and above all expenditure we invested under legislative authority over $11,000,000 in Grand Trunk Pacific bonds guaranteed by the Dominion, and $2,200,000 in Montreal harbour debentures.

I think I should say here, in connection with this statement, that we have taken into our account, at par, the Grand Trunk Pacific bonds guaranteed by the Government, which we have purchased to the amount I have mentioned for the fiscal year 1912-13. The value of these bonds is about 75, and, if the statute had permitted, I should have been disposed to write them down to their true value and enter them at that figure upon the books of the Dominion. But there is no statutory authority for so writing them down. The reason I mention the matter here is because the $11,000,000, which we have on our books as the investment for the year 1912-13 in Grand Trunk Pacific bonds, guaranteed as to principal and interest by the Dominion, would be reduced by about twenty-five per cent of that amount, and to that extent the reduction in net debt I have mentioned would be diminished. I think it only fair that I should make that statement. Notwithstanding that, the reduction in the net debt, even if so diminished, would still be without parallel in the previous history of the Dominion.

FISCAL YEAR 1913-14.

Turning to the fiscal year 1913-14, which ended on March 31, we find an important factor which has exercised a marked influence upon our finances. I refer to the severe, prolonged and world-wide financial stringency, which, becoming marked in the autumn of 1912 when the Bank of England rate was raised to five per cent, has continued uninterruptedly almost to the present time. This stringency was accompanied, as was to be expected, by a restriction of commercial credits and by a serious limitation of the supply of capital hitherto available in the international money markets for the enterprise of borrowing nations such as Canada. The result has been a sharp check upon expansion and a trade slackening, which appears to be not confined to any particular country, but to be general throughout the world. Later in my speech I shall deal with this condition at greater length. I refer to it now because of its bearing upon the financial result of the year.

The fiscal year 1913-14 ended on March 31, but, under the provisions of the law which authorizes an extension of time for the closing of the accounts of the year, it will be some weeks later before the books are closed and all the items brought to account. It is possible, however, to make a fairly close estimate of what the ultimate result will be shown to be.

It is estimated that the revenue for the year 1913-14 will reach $163,000,000. This estimated revenue will fall short of the revenue for the previous fiscal year 1912-13 by nearly six million dollars. In connection with this falling-off in revenue caused by the financial stringency and consequent trade slackening to which I have alluded, it is instructive to recall the years 1907 and 1908, when somewhat similar conditions were attended by similar results. The money stringency of 1907, while more acute while it lasted, was neither so prolonged nor widespread as the stringency of the past two years. It was followed, as was to be expected, by a trade depression of many months' duration, which exercised a similar influence upon the revenues of the Dominion. To particularize: the revenues of the Dominion, which for the fiscal year 1907 had reached a total of $96,000,000, showed in the following year a diminution of about eleven million dollars, a reduction of over eleven per cent.

The expansion which characterized the revenues of 1912-13 continued, although in diminishing degree of increase, until the end of September last. At the expiration of that period the revenue for the six months from April 1 to September 30 exceeded that for the corresponding six months of the previous fiscal year by $5,499,065.40. From October to the end of March this increase had been turned into a decrease of $5,039,598.54. In other words, during the six months' period from October 1 to March 31 the decrease in the revenue amounted to $10,538,663.94. I place upon 'Hansard' a tabular statement showing the gross revenues for the corresponding months of the two fiscal years:

	1912-13.	1913-14.
April	$11,019,445 77	$12,145.445 78
May	13,636,718 10	14,818,918 33
June	13,181,946 75	14,304,316 25
July	14,619,207 22	15,811,914 26
August	14,445,849 42	14,547,853 20
September	14,475,483 52	15,249,258 36
October	14,758,946 72	14,225,598 16
November	14,297,778 28	13,536,981 32
December	14,142,180 59	12,931,466 77
January	13,442,378 80	11,529,753 30
February	13,135,870 58	9,698,120 91
March	14,372,331 40	11,688,901 97

The decline has been experienced chiefly in the customs revenue. The receipts from other sources of revenue have held fairly well, and the set-back in customs, while substantial, cannot be regarded as serious when the volume of the revenue is taken into consideration. The causes of the shrinkage are undoubtedly those which I have indicated, viz: the financial stringency and its concomitants, restriction of credit and contraction of business enterprise.

The revenue for the present year will, then, approximate $163,000,000.

Let us now consider the expenditure. First of all, the ordinary Consolidated Fund expenditure will probably reach $126,500,000, or about $14,500,000 in excess of last year. At the last session of Parliament fairly generous appropriations were made for all divisions of the ordinary services of the country. The main increases will be found in Public Works (expenditure chargeable to income) and in the expenditure on account of post office, railways, agriculture, and militia. With the growth of the country the other services have required additional outlays, with the result that for the current fiscal year, as I have stated, there will be an increase in the expenditure on account of Consolidated Fund of about $14,500,000. A revenue of $163,000,000 and an expenditure of $126,500,000 leaves a surplus of revenue over and above the amount required for expenditure upon current account of $36,500,000.

The surplus for the year, then, will be thirty-six million five hundred thousand dollars as compared with fifty-six million dollars last year.

In connection with this matter of surpluses, it may not be out of place for me to point out that from the year 1902 forward there have been substantial surpluses of revenue over current expenditure, running from $14,000,000 in 1902-3 to $22,000,000 in 1909-10, to $30,000,000 in 1910-11. For the year 1911-12 our surplus was $37,000,000, for 1912-13, as I have stated, $56,000,000, and for last year, 1913-14, the figure which I have just given, $36,500,000. So we have had during the last three years the largest surpluses in the financial history of the Dominion.

In addition to the ordinary or running expenditure, we have further the capital outlays upon our larger public works and national undertakings, such as the Transcontinental railway, the Intercolonial railway, Hudson Bay railway, Quebec bridge and other works involving heavy expenditures, which have always been regarded as being properly the subject of borrowing. It must be obvious to all that the taxpayer of the day is not to be expected to defray each year the entire capital cost of works such as railways, canals, harbour improvements, dry docks, and other expensive undertakings which once constructed become national assets of great productive value to the Dominion for generations to come. The propriety of constructing these works, partially at least, with funds raised upon the credit of the country does not appear to me to be open to challenge or controversy.

SPECIAL SUBSIDIES TO RAILWAYS.

The House will recall that last year it was considered advisable to render material assistance to railways in order that their work of construction might not be interrupted by reason of the prevailing adverse monetary conditions and the consequent stoppage of funds which previously had been obtainable in the London money market by the railway companies themselves through sales of securities. For this reason and because it was thought proper that, having regard to the cost, magnitude and national importance of the enterprise, further government aid might fairly be granted them, subsidies to a large amount were granted to the companies embraced in the Canadian Northern railway systems. On account of these and other railway subsidies the sum of $19,000,000 has been expended during the fiscal year 1913-14. A loan of $15,000,000 was also authorized to the Grand Trunk Pacific Railway Company, secured by the guarantee of the Grand Trunk Railway Company.

My estimate of the expenditure upon capital account, upon railway subsidies and other special accounts, is the sum of $57,000,000. To meet this we have on revenue account a surplus of $36,500,000, leaving a debit balance of $20,500,000, from which we must deduct $1,500,000, representing investments made in sinking funds. The result then will be that in respect of capital and special accounts aggregating, as I have stated, the sum of $57,000,000, the net debt of Canada will be increased by the sum of $19,000,000. Putting the matter another way, our revenues will have been found sufficient to meet all current and capital expenditures including railways, canals, harbour and public buildings expenditure, and we have been obliged to increase the debt only by reason of the unusual and abnormal expenditures upon railway subsidies. I believe I am fully justified in making the statement that in the trying financial conditions which prevailed last year the action of the Government in coming to the assistance of the railways alone rendered the continuation of their enterprises possible, at all events for the year in question. The consequences of the interruption of the work of construction would, I need scarcely say, have been of the most serious character to the Dominion as a whole.

Under all the circumstances of the year, an increase in the net debt in the sum of $19,000,000 must be regarded as eminently satisfactory, especially when it is borne in mind that in the fiscal year 1908-09, following a much less trying period of financial stringency in 1907-08, the net debt of the Dominion was increased by no less a sum than $46,000,000. It is also to be noted that, notwithstanding this increase, the net debt of Canada when the books for 1913-14 are closed will be less by several million dollars in amount than it was in 1911 when the present Government assumed office. The explanation of this lies in the fact that during the year 1912-13, when the revenues amounting to upwards of $168,000,000 were abnormal, and due in considerable measure to commercial inflation, the Government was able to achieve a reduction in the net debt which more than offsets the increase rendered necessary by the abnormal conditions of the year just closed.

MATURITIES AND BORROWINGS, 1913-14.

In my Budget of last year I made mention of the fact that only two loans remained to be provided for until the year 1930. One of these for £1,700,000, being portion of a 4 per cent loan guaranteed by the Imperial Government and issued in 1878, matured on October 1 last, and was duly paid off, as was also a small currency loan originally issued in Canada in 1883 at 4 per cent, but subsequently extended at the rate of 3½ per cent and amounting to $1,446,565. The other loan to which I referred was originally issued for £6,000,000, of which £5,487,080 is now outstanding, the difference representing a cancelled sinking fund investment. This loan was issued in the form of bonds and is redeemable on July 1, 1919, with the option to the Government to redeem the whole or any part by drawings at par on or after July 1, 1914, on giving three months' notice. With the money market in its present condition, and our borrowings in consequence being upon a 4 per cent basis, it is not our intention to redeem this loan on July 1 next. Unless indeed there is a marked change in monetary conditions in the early future it is probable that this loan will run its full length to July 1, 1919. So much for our maturities, as to which the situation must be regarded as entirely satisfactory, there being no funded loans becoming payable for five years to come.

I have stated that notwithstanding that our estimates last year were exceptionally large, we have paid our way out of revenue so far as current and capital outlay are concerned. I have also stated that the net debt of the Dominion would be increased by practically the amount of our special outlays upon subsidies and other special accounts.

But while this is the case, our borrowings for the year were considerably greater than the amount by which the net debt of the Dominion has been increased. This was occasioned by the additional large expenditure which we were obliged to make upon investments which constitute a set-off to the increase in the gross debt which they render necessary. Let me recapitulate the special outlays and investments for which it was necessary to borrow during the past fiscal year:

Railway subsidies and other charges, $20,000,000; investment in Grand Trunk Pacific bonds, guaranteed by the Dominion, $12,872,333.27; Grand Trunk Pacific loan, $8,500,000; advances to Montreal and Quebec Harbour Commissioners, $5,312,000; total, say $46,684,333.27. Add loans matured, $9,719,898; total, $56,404,231.27.

In June, July and August last the London money market was most unfavourable for the issue of new permanent loans. The Balkan war, greatly disturbing in itself to all the money centres of the world and much more so by its menace to the peace of Europe, was still being waged, with the intermission of a futile truce, with the most relentless ferocity on the part of the combatants. While it held the stage there could be no settled financial conditions and no promise of amelioration of the worldwide stringency. In further aggravation, anarchy in Mexico became an additional and potent factor to trouble the exchanges and bourses of Great Britain and the continent. Many important issues of governments, states, provinces and municipalities, which had been obliged, owing to the adverse conditions, to resort to temporary borrowings to be met by funding operations, were overhanging the market awaiting a favourable opportunity for emission. In these circumstances, the Bank of England rate being five per cent, it was not considered expedient, during the months mentioned, to attempt to make a permanent issue, and resort was had to treasury bills, of which £1,000,000 were discounted on August 25, 1913, due February 16, 1914, at the rate of 4 15/16 per cent per annum.

In September further treasury bills were issued to the amount of £1,000,000 maturing March 16, half at 4½ per cent, and the remainder at 4¾. On November 19, £1,700,000 of bills were discounted at 4⅝. These fall due on November 19, 1914.

In all £3,700,000 of treasury bills were discounted during the year.

To meet the maturities I have previously referred to, amounting to about ten million dollars, and to provide additional funds for the special outlays of the Dominion, £3,000,000 of four per cent stock redeemable October 1, 1960, with the option of the Government to redeem the whole or any portion thereof in 1940 on giving three months' notice, was issued on September 25, at the price of 99, and on December 3, a further amount of £4,000,000 similar stock was issued at 97, making a total of £7,000,000 of permanent stock issued before the close of the calendar year 1913. Of the last mentioned loan £1,000,000 was used to redeem treasury bills due February 16, 1914.

To meet £1,000,000 treasury bills maturing March 16, to provide for the balance of the Grand Trunk Pacific loan amounting to $7,500,000 and to complete the purchase of Grand Trunk Pacific bonds guaranteed by the Government of Canada to the amount of about $10,000,000, it became necessary to issue a further loan of £5,000,000, of the same character as previous loans, which we were able to accomplish in the recent improved condition of the market at 99, two points in advance of the previous issue.

The purchase of Grand Trunk Pacific bonds has not only enabled the Dominion to make a substantial saving upon the amount it would otherwise have been obliged to pay in implementing to par the price which would be realized for these securities if sold as they would have been from time to time, but also has served to protect the credit of the country from the consequence of the issue of such low interest-bearing debentures upon the London market. There is the further fact that so far as the public are concerned our outstanding guarantees are less than they would have been by the amount of our purchases. From the London financial community I have heard nothing but commendation of the action of the Government in this regard. It should therefore be borne in mind in connection with our borrowing that no less a sum than $24,005,806 has been required so far to take up these bonds which are, of course, an asset in the treasury of the Dominion.

I think I may fairly set forth to the credit of the Government the fact that notwithstanding our heavy borrowings the net debt of Canada is less than it was when we took office, and that guarantees of securities have been reduced so far as the outside world is concerned by over $24,000,000.

The House has long known that the Dominion, in common with all other Dominions of the empire, has been obliged to go upon a four per cent basis in the sale of its securities.

The causes for the increase in the price that has to be paid for money have been frequently discussed and it is not necessary that I should go over the ground again. So far as I can see it will be some considerable time before there is likely to be even the prospect of a return to the lesser rates. However, no one's opinion upon a question such as this is of much value because rates of interest are dependent upon causes and conditions infinitely varied, complex and fortuitous, and not at all susceptible of forecast.

The rates of interest which we were obliged to pay on treasury bills and the permanent issues we have made were such as the stringent conditions of the year demanded. I am glad to be able to say that they were on the whole relatively low and that the Dominion still retains the premier place among the self-governing dominions so far as the price of her securities in the London market is concerned.

There has been a good deal of comment of a critical and sometimes of an adverse character upon the fact that the public has subscribed for only a small percentage of Dominion loans offered upon the London money market. The House is no doubt familiar with the mode of raising money by loan in that financial centre. The first step is to get our loan underwritten through our fiscal agent in London, and when it is underwritten it is a success so far as we are concerned, because our money is certain. The only object of underwriting and paying a commission to the underwriters is to ensure that if the public do not respond when the issue is made the underwriters will, to the extent that the public do not respond, take up the instalments as they mature. As I have said, when the loan is underwritten the money is secured. There has grown up in London of recent years a habit on the part of the public, particularly in connection with large government loans, of waiting until the lists are closed in the hope that the underwriters, being saddled with a large proportion of the loan, will be willing to sell at a small discount. For the information of the House and as illustrating that custom, to which I have referred as growing up in connection with government loans, I desire to place upon 'Hansard' the record of the past two years as to Dominion of Canada issues and issues made by other dominions of the empire.

Dominion of Canada loans:			
£5,000,000, Feb., 1912,	underwriters got	65	per cent.
£3,000,000, Oct., 1913	"	50	"
£4,000,000, Dec., 1913	"	82	"
£5,000,000, Feb., 1914	"	78	"
West Australia:			
£1,000,000, Feb., 1912	"	74	"
£1,000,000, Dec., 1912	"	44	"
£2,000,000, Apr., 1913	"	54	"
£1,000,000, Nov., 1913	"	70	

Queensland:			
£2,000,000, July, 1912,	underwriters got	89	per cent.
£2,000,000, Jan., 1913	"	80	"
New Zealand:			
£4,500,000, June, 1912	"	85	"
£3,500,000, Oct., 1913	"	92	"
New South Wales:			
£1,500,000, Oct., 1912	"	52	"
£3,000,000, Mar., 1913	"	84	"
£3,000,000, Jan., 1914	"	90	"
Government of India:			
£3,000,000, Apr., 1912	"	87	"
Union of South Africa:			
£4,000,000, July, 1912	"	94	"
Tasmania:			
£1,300,000, Jan., 1913	"	85	"
Government of Victoria:			
£3,000,000, June, 1913	"	40	"
£2,000,000, Sept., 1913	"	53	"

On the other hand, I should point out that there were several issues made in January of this calendar year which were almost immediately over-subscribed, there being at that time a certain amount of speculation in connection with these gilt-edged securities due to the loosening up of money and the expectation that monetary conditions would be materially easier in the comparatively near future. After a sudden outbreak of speculative activity in gilt-edged securities, which resulted in a number of issues being over-subscribed in a day or two, the market has resumed its accustomed condition and we have found the underwriters taking a large percentage of loans recently issued to the public.

THE DEBT OF CANADA.

In connection with the subject of our loans, a word as to the debt of Canada may not be out of place, especially as our borrowings have been made the subject of criticism for the most part entirely uninformed in certain of the British and Canadian press.

The Public Accounts for 1913 show the following figures relating to the debt of Canada:

	Total Debt.	Total Assets.	Net Debt.
1911..	$474,941,487	$134,899,435	$340,042,052
1912..	508,338,591	168,419,131	339,919,460
1913..	483,232,555	168,930,929	314,301,625

The year 1911-12 showed, therefore, a reduction in the net debt of $122,591.32, and last year a reduction of $25,617,-835.03. This year we shall show an increase of $19,000,000, but notwithstanding this, the net debt of the Dominion will be over six million less than it was two years ago. Since Confederation there are shown in the Public Accounts only eight reductions in the net debt of Canada, of which two belong to the present regime.

Of the total debt the amount of the funded debt payable in London on March 31 of last year was $258,679,819. This amount has since been increased by about fifty-eight million dollars for the purposes I have mentioned. The balance of the total debt is represented by small funded currency debts payable in Canada amounting to $2,190,767; Dominion notes to the amount of $112,101,885 for which, save as to the amount of $22,500,000, the Dominion holds dollar for dollar in gold; savings banks deposits of $57,140,483 for which ten per cent in gold is held; provincial notes $39,220; compensation to seigniors, $38,091; trust funds, $15,167,803; province accounts, $11,920,481, and miscellaneous accounts, $25,954,002. The assets of the Dominion which are deducted from the gross to ascertain the net debt, were at the end of last fiscal year as follows:

Sinking funds	$ 13,737,567
Investments	43,885,324
Province accounts	2,296,327
Miscellaneous accounts	109,011,709

In the last named account is included specie amounting to $98,725,822.

FINANCIAL CONDITIONS.

Looking back upon the year 1913, it is apparent that the whole world passed through one of those severe financial crises with which the student of economics is familiar as regularly recurring phenomena in the financial world. The Balkan war, while immediately responsible for the critical conditions which developed, probably disclosed rather than caused the situation. World-wide expansion in trade, unprecedented demand from all parts of the world upon the loanable capital in the international financial centres, the constantly increasing expenditures upon militarism and armaments, the exhausting wars of the past few years, personal and public extravagance, speculation and price inflation, all co-operated to bring about the financial conditions under review. The banking community, always the first to sense approaching money-scarcity, took precautions well in advance, curtailing credits and limiting the commitments of their customers. Liquidation was forced throughout the world, with the result that at length, about the end of last year, the money supply was more nearly equalized to demand. Since the turn of the year the Bank of England rate has fallen to three per cent, and the outlook for easier money conditions appears much more favourable than at any time during the past two years.

Our own financial institutions stood the strain well. As evidencing their ability to cope with unusual emergency, I need only refer to the ease and celerity with which the financing of the western harvest was accomplished under the arduous monetary conditions of last fall. So far as the financial stringency is concerned, we may consider that the worst is over. From this time forward until the culmination of the next economic cycle, we are, on the experience of the past, justified in looking for much more normal monetary conditions. For the immediate future it must not be forgotten that vast refunding operations must still be carried out in London, Paris and other centres, making heavy demands upon the money supply available. During the past year there was much criticism of Canadian borrowing. Some of this criticism was just, most of it unjust, but perhaps not blame-worthy under the trying conditions which beset the London market. The criticism which I describe as unjust regarded not at all the question of the security offered nor the price at which the company, municipality, province or Dominion offered its securities, but only the fact that money was being sought. On the other hand, it was realized by all sensible financial men and journals that a borrowing country, such as Canada, in the midst of a vast constructive epoch in her history, could not suddenly discontinue her borrowings without the most serious risk of loss to British and other investors who have so freely furnished the capital for railway and industrial undertakings which must be finished to be productive. On the whole, Canada received generous treatment at the hands of British capital last year. More money was borrowed than in any previous year, but it is probable that a very substantial part of the total was devoted to the liquidation of floating indebtedness or Treasury bills negotiated at an earlier date.

When we consider, apart altogether from its physical resources and its economic strength as a community, the great public works owned and paid for by the Dominion—its canals, railways, including the Intercolonial and the now almost completed National Transcontinental—it can be affirmed with certainty that the national debt of Canada has been kept within very moderate bounds indeed.

TRADE.

The trade of Canada, as measured by the aggregate of the total imports and total exports, reached in 1913 the record figure of over one thousand million dollars. In the Budget of last year I called attention to the fact that during the last three years the total imports had increased at a very much greater ratio than the exports, and that the marked difference between the amount of the imports and the amount of exports in 1913 had evoked criticism on the part of some who put forward the view that we might expect to be drained of our gold if the condition continued. I pointed out at the time that Canada was a large borrower of capital required for the construction of our transcontinental railways, of great public works, for industrial and commercial enterprises, and for the municipal services of our rapidly growing communities. Expenditure of this kind is of a capital nature, and money borrowed for the purpose of making it is loaned, not upon terms of immediate repayment, but for investment. As a great part of our imports represented our borrowings, and found their way into works and undertakings of the character mentioned, it is obvious that the situation was very different from what it would have been had our imports been for immediate consumption, in which case the adverse balance of trade would have been fraught with serious consequences, if indeed it would have been possible for it to exist at all. The question then was whether Canada would be in a position to pay with her exports not for all her imports, but such only as did not represent capital borrowed abroad for productive undertakings and interest upon her borrowings, past and present. Keeping this distinction in view, and the further fact of the vast amount of capital and effects reaching the Dominion by immigration, it became apparent that the adverse balance of trade gave rise to no cause for alarm. But, while this was so, it is a gratifying feature of the trade of 1913-14 that the exports have increased in a marked ratio, and that the excess of imports over exports, which characterized the previous year, has been materially cut down. While in 1912-13 the percentage of the value of imports to the aggregate trade was nearly 64 per cent up to the end of February, 1913, the percentage of imports to the aggregate trade for the eleven months ended February 28 last was over 57½ per cent, or about the same proportion as in the year 1908. The increase in exports, as shown in the following table, while chiefly in agricultural products, will be found to apply to the products of mines, fisheries, forests, animals and their products and manufactures.

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	40,087,017	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	57,442,546	16,336,721	43,255,060	44,784,379
11 months ended Feb. 28, 1914	52,469,690	19,153,286	40,097,151	50,147,059

Value of Goods Exported (by classes) from the Dominion—Merchandise only (Canadian Produce.)

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	279,247,551
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	150,145,661	43,692,708	97,311	355,754,386
11 months ended Feb. 28, 1914	191,707,483	51,204,162	108,617	404,887,448

Notwithstanding the fact that during the current fiscal year Canada has been experiencing with the rest of the world a severe strain upon commercial credits, owing to the financial stringency to which I have previously adverted, I am pleased to be able to announce that the trade statistics for the year will exceed those of last year, when they reached the record figure of over one billion dollars. For the eleven months ended 28th February, 1914, the total imports amounted to $597,420,545, and the total exports to $440,631,104, or a total of $1,038,-051,649. With the figures for March added, the record of last year will be substantially exceeded. I place upon 'Hansard' in tabular form the comparative figures since 1908:

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	692,032,392	393,232,057	1,085,264,449	63·76
11 months ended Feb. 28, 1914	597,420,545	440,631,104	1,038,051,649	57·55

It will be of interest to the House if I show the percentage of value of imports with aggregate trade, because the question of balance of trade has been so much discussed in Canada and Great Britain. In 1908 the percentage of value of imports with aggregate trade was 56.97 per cent; in 1909, 54.32 per cent; in 1910, 56.52 per cent; in 1911, 61.37 per cent; in 1912, 63.94 per cent; and I have shown that this year the percentage has fallen to 57 per cent, which was about the rate in 1908.

I also present for the information of the House a table showing the aggregate of our imports and exports from and to the United Kingdom and the United States:

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	138,652,198	177,982,002	316,634,200
11 months ended Feb. 28, 1914	120,819,158	214,632,520	335,451,678

The table indicates that there will be a falling off in the imports to Canada from the United Kingdom.

There has been a very large increase of exports to the United Kingdom from Canada during the past fiscal year.

Now, I have some figures showing the trade between Canada and the United States of America. I may say for the information of the House that Canada is the second customer of the United States to-day. The largest part of the export trade of the United States is with Great Britain and the second is with Canada. On the other hand, Canada is fifth in her sales to the United States, coming, I believe, even after Cuba as far as the figures of the United States disclose. The following table shows the imports from and exports to the United States:

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	435,783,343	150,961,675	586,745,018
11 months ended Feb. 28, 1914	361,948,599	161,203,378	523,151,977

There was a falling off in our imports from the United States in the past year, as there was in our imports from Great Britain. On the other hand, as in the case of Great Britain, our exports to the United States substantially increased. I think the increase is due, in large measure, to the Underwood Tariff, which has placed live stock, dairy and certain other farm products, fish, manufactures of lumber, and other natural and manufactured products of Canada, upon the free list.

An hon. MEMBER: What is the aggregate trade with the United States?

Mr. WHITE: The agggregate trade with the United States in the year 1912 was $443,384,797, in 1913 it was $586,745,018, and for the eleven months ended February 28, 1914, it was $523,151,977.

Mr. A. K. MACLEAN: Will the minister give the increased exports to Great Britain this year over last year?

Mr. WHITE: In 1913 the exports to Great Britain were $177,982,002, and, for the eleven months ended February 28, 1914, our exports were $214,632,520. I am of the view that a large contributing cause to the result was the export of our wheat. It will be recalled by the House that the western harvest was exceptionally early last year and, as I have stated before, it was moved to market with great celerity and despatch.

IMMIGRATION.

I turn now to the statistics of our immigration. It is gratifying to know not only that the stream of new settlers continues to flow into the Dominion, but that there is also apparent from year to year a marked improvement in the class arriving due to restrictive regulations. The arrivals for the past five fiscal years and eleven months of the present fiscal year have been as follows:

Fiscal Year.	Great Britain and Ireland.	Other Countries except United States.	United States.	Totals.
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
1913-14 (11 mos.)	136,699	128,933	97,406	363,038

For the whole fiscal year 1913-14 the total immigration will likely reach 390,000; that is four times the population of our smallest province or enough persons if settled in a community to make thirteen constituencies according to the present units of representation.

For the calendar year 1913 the total immigration to Canada was 418,909, divided into 156,984 from the British Isles, 115,751 from the United States and 146,174 from other countries. According to official estimate the value of effects together with the capital brought in by these immigrants would exceed the sum of $100,000,000. This is, however, the least important part of their contribution, the most valuable as a national asset being the energy, intelligence and character which they bring to the upbuilding of the nation.

FISCAL YEAR 1914-15.

I now approach consideration of the fiscal year which commenced on April 1. Preliminary to such consideration it may not be out of place to make some brief observations as to prevailing business conditions in Canada and elsewhere. There is no doubt that the severe and prolonged financial stringency through which the business world has passed and from which it is only now emerging marked the culmination of one of those so-called trade cycles well known to economists. The phenomena of these cycles are well known. First a surplus of loanable capital attended with easy money conditions and low interest rates, next commercial activity promoted and sustained by abundant supplies of such capital resulting in profitable trade and rapid extension of enterprise, next, in consequence of such rapid extension, an undue proportion of the money supply of the world finding its way into fixed capital, then shortage of liquid resources among financial institutions, followed as a matter of necessity in order to rectify conditions, by advancing rate of interest with curtailment of credit and consequent restriction of trade. When this last condition is reached and has prevailed for such time as is necessary to permit of the accumulation of loanable capital in sufficient surplus to bring about easy interest rates, another cycle, such as I have described, after a more or less prolonged commercial pause during which confidence is being gradually regained, is entered upon at its beginning. Viewing world-wide conditions during the past few years, it is apparent that such a period has been passed through. We have seen normal money conditions, good times throughout the world, the expansion of enterprise, vast increase in capital expenditure upon railway and other construction in Asia, India, Egypt, and in North and South America. Last year there was experienced a shortage of capital in all the financial centres with constantly increasing interest rates until, after a period of prolonged and severe liquidation and the elimination of vast amounts of inflated values, something like normal money conditions again prevail. The world is now in a period of general but it is to be hoped temporary trade slackening. Without such slackening the financial stringency must have continued. The trade slackening alone could bring it to its appointed end.

The conditions to which I have referred are world-wide. We are particularly interested in those of Canada. Our production has shown a most gratifying increase in all the great departments of our national activity. As I have previously shown, in foreign trade this has been our greatest year. What is the present outlook? Bankers and business men unite in the opinion that while it is a time for prudence and caution, it is also a time for confidence and courage. The strength of Canada lies in her vast natural resources. That is the rock upon which our prosperity is soundly based and founded. Any depression, generally speaking, can be but temporary in character until such time as normal money conditions, joined with business confidence again restores the wonted activity of the nation. While this is so we must not close our eyes to the fact that we have been passing through a period of considerable inflation. Our railway policy has resulted in the construction of two vast new systems within the past dozen years. Construction upon the main lines of these systems is nearing completion. It must, however, be borne in mind that railways are never completed, are always building and rebuilding, always extending their branches and feeders. I do not therefore look for any abrupt cessation in connection with our railway construction. There has been in real estate throughout Canada a long-expected set-back in values of speculative suburban properties. On the other hand the values of farm and central business and residential city properties are, generally speaking, not only being maintained but will undoubtedly, with the growth of the Dominion, tend to appreciation. On the whole the readjustment which is going on in real estate conditions throughout Canada is recognized as inevitable and salutary. Commercial prospects for the immediate future seem to me to be encouraging. Conditions will, I think, gradually improve with returning confidence and easier money. By reason of the autumn conditions of last year which permitted soil preparation on an unusual scale in all parts of the Dominion, the outlook for agricultural production this year is most favourable and we may look forward to increased production in those other great departments, our fisheries, forests and mines.

ESTIMATES, 1914-15.

Dealing now with the Budget aspects of the year, the main estimates for the fiscal year 1914-15 have been before the House since January. For the outlays on account of consolidated fund there is a total appropriation of $146,786,126, and for capital $43,949,050. There will be Supplementary Estimates presented later during the present session, but it is not expected that they will be of large amount. In view of decreasing revenues, which were to be apprehended in a year such as this on the analogy of 1908, which followed the financial stringency of 1907, it has been considered advisable that the Estimates should be kept within as reasonable bounds as possible, having regard to the needed requirements of the country as to public services and national undertakings in progress or necessary to be begun forthwith.

In considering the matter of Estimates as compared with revenue it must be kept in mind that appropriations do not always mean expenditure, partial or complete, and that on the experience of the past it may be confidently predicted that a considerable portion will be unexpended and lapse.

The revenue for the present fiscal year will reach about $163,000,000. The amount of revenue we shall receive during the coming year will depend very much upon the trend of business throughout Canada. We have experienced a considerable falling off during the past few months but it is my expectation that these declines will with the coming of spring be relatively smaller and my hope that next fall we may regain the losses, if any, of the earlier part of the year. In any event, I think I may say with confidence that the revenues of the coming year will provide fully for Consolidated Fund expenditure and in large measure for all capital and special outlays.

TARIFF.

I now proceed to the consideration of certain matters relating to the tariff. In my Budget of last year I enunciated the general principle that alterations in the schedules of the tariff should be sparingly made if at all until the period has arrived for a general revision. I said also that to give this principle rigid and inflexible application would lead to occasional public detriment and inconvenience. I further stated that having regard to the then prevailing conditions of the Dominion and the fact that there is always a delicate adaptation of business to the rates of the tariff there was a general consensus of opinion that any thing in the nature of an extensive revision of the tariff was not called for by existing conditions and would be contrary to public interest. This general statement holds good to-day as it did a year ago, but on account of changing conditions affecting certain industries it has become necessary to make a number of changes, modifications and adjustments, some of a rather important character.

Before taking these up in detail I desire to affirm the adherence of the Government to a fiscal policy of reasonable protection to Canadian industries including of course the great basic industry of agriculture. That policy is the historic National Policy of Sir John Macdonald, inaugurated by him and continued by his successors in office down to the present time. We believe it is the best, indeed the only and in a sense the inevitable policy for Canada, situated as it is geographically and in the existing fiscal conditions of the world to-day. Under that policy Canada has prospered in the past and will continue to prosper in the future. We believe it to be the true policy for Canada and for every part of it if we are to regard as desirable stable business conditions and a diversified national life throughout the Dominion. It means the development of our natural resources, the maintenance and extension of our industries, a fair wage standard for our artisans and a stable and profitable home-market for our farmers, thus justifying its name as a national policy—a policy in the interests of the nation as a whole. The evils of a high protective tariff are too well known to make it necessary that I should discuss them here. The tariff of Canada has not been a high tariff but one affording a moderate degree of protection only. The best evidence of this is to be found in the fact that our tariff of to-day imposes an average rate of duty upon dutiable goods of about twenty-six per cent whereas the Underwood Tariff of the United States which was designed to substantially cut down the protective duties of the Payne-Aldrich Tariff has been authoritatively represented as imposing an average duty upon dutiable goods of about the same percentage as ours of to-day.

While making this declaration of reaffirmation of fiscal policy I do not wish to be understood nor do I wish the National Policy to be understood as laying down the proposition that individual duties may not with changing conditions be lowered or abolished when circumstances warrant or the public interest so requires.

DUTY UPON WHEAT AND FLOUR.

A matter which has engaged during the year the careful attention of the Government has been the so-called question of 'free wheat,' which has been so much discussed in the West and throughout Canada. The Underwood Tariff of the United States which came into effect on October 3, 1913, provides by item 644 that wheat, wheat flour, and semolina and other wheat products shall be entered free of duty from countries which do not impose a duty on wheat or wheat flour or semolina imported from United States; otherwise the duty upon wheat is fixed at 10 cents per bushel and upon wheat flour at 45 cents per barrel and upon semolina and other products of wheat 10 per cent ad valorem.

It is clear, therefore, that if Canada should place wheat, wheat flour and semolina upon the free list our wheat and wheat products would gain free entry to the markets of the United States.

The Government has heard influential deputations and received many representations upon both sides of the question. On the one hand, it is contended that the price of wheat at the great milling centre of Minneapolis is frequently or rather usually higher by several cents per bushel than it is at Winnipeg, and that the western wheat-grower would, in the event of wheat having free entry into United States, get the advantage of the higher price. Particularly is it pointed out that the 'spread' in price prevails at certain seasons of the year when the farmer needs to sell his grain and that it is most marked in the case of wheat of poorer quality for which the demand for export to Great Britain is comparatively limited. It is also put forward that with 'free wheat' the western agriculturalist would be benefitted by the development of further competitive shipping facilities.

As against these contentions it is represented that the higher price at certain seasons at Minneapolis is due to local demand on the part of the milling industry there for hard wheat to mix with the softer varieties for the manufacture of flour; that such demand is limited and that consequently in the event of free entry of our wheat to the American market the tide of our hard wheat descending upon Minneapolis would at once equalize prices on both sides of the line. It is further argued that as both Canada and the United States are wheat exporting countries the export price at Liverpool governs and would continue to govern, subject to freights and other charges, the price of wheat in Canada and the United States. The opinion has also been expressed that free entry of wheat to the United States would be a detriment rather than an advantage to the grain-growers of western Canada, on the ground that by reason of mixing in the United States his wheat would lose its identity and consequently its higher value in the world market.

Representatives of the milling interests of Canada have protested strongly against the abolition of the present duty of sixty cents per barrel upon flour. They point out that the materials entering into the construction of their buildings, their plant and machinery are all subject to duty, and that with the abolition of duties upon flour they would be in a worse position than under a system of national free trade. They contend that by reason of the geographical situation of the United States wheat fields and the climatic conditions which give the American miller the benefit of both early and late wheat, he enjoys an advantage over them which would speedily give control of Canadian markets to the milling interests of the United States. They claim also that placing flour on the free list would have the effect of limiting or preventing the extension of the milling industry into the Northwest. They urge as a further important consideration that there is no such guarantee of permanence of the Underwood tariff provisions to which I have referred as to justify them in making the costly attempt to create a market for their higher grade flour in the United States in competition with the highly specialized and powerful milling industries which now control the field. Representatives of the mixed farming agricultural community have put forward the view that bran and shorts, the by-products of flour milling, are essential to the live stock industry, upon which all successful agriculture must ultimately depend, and they counsel against any step which might close or limit the output of our mills upon whose operation mixed farming so much depends. They point out further that offal is dearer in the United States than in Canada, and that the removal of the duty would equalize prices on both sides of the line to their disadvantage.

So much for these opposing arguments and contentions. Speaking generally it is not advisable that a nation's tariff should be so arranged as to fit into the particular features of that of another nation. This, however, would not be a conclusive reason for not making a change clearly in the national interest. In addition to the weight of arguments which have been presented against the proposed tariff change, and to which I have alluded, it must be borne in mind that Canada has at present nearing completion two transcontinental lines of railway in addition to the Canadian Pacific, which have cost hundreds of millions to construct, and whose purpose and object is to carry the grain of the West to the markets of the world and the products of the East to the consumers of the West. The Government of Canada is also building a railway to Hudson Bay, with the object of gaining a shorter route to Great Britain and consequently lower freights to the western grain growers. On the Pacific coast we are spending vast sums to be prepared for the opening of the Panama canal.

Having regard to all these considerations, we have been unable, after having given the question most painstaking attention, to bring ourselves to the view that so great a change, involving by possibility such serious consequences, should be favourably considered until at least we are more certain as to the outcome of our vast railway development and the result to the western grain-grower of the opening of the competitive routes which will be afforded by the Hudson Bay railway and the Panama canal. It is surely the part of wisdom to await the outcome of these developments rather than to take a step now which might involve the risk of grave and irreparable injury to our milling industry and by consequence to our live stock industry and to our transportation systems through the diversion of traffic to routes other than Canadian. In the meantime, realizing the economic conditions surrounding grain production in the West and the supreme and vital necessity that the net price of his grain to the farmer should be as high as the circumstances of storage facilities and rail, lake and ocean transportation will by possibility permit, the Government will continue to devote itself to the solution in the interests of the grain-growers of the question of rates of elevator companies, railway and steamship companies, and other agencies whose aggregate of charges take, under present conditions, such a formidable toll from the price at which the product of western grain fields sells on the world-market at Liverpool.

IRON AND STEEL INDUSTRY.

During the past two years the condition of the iron and steel industry of Canada has from time to time been brought to the attention of the Government, and it has been suggested that further aid or additional protection should be granted to it by a continuance of bounties or an increase in the tariff upon its products. Before dealing with the subject further I might be permitted to make some general observations as to the industry itself and the matter of bounties and duties upon iron and steel products. Great efforts have been made in the past by bounties and protective duties to develop and promote this industry. From 1896 to 1910 alone sums aggregating at least fifteen million dollars were paid out by way of bounties upon the production of pig-iron, steel billets and other steel manufactures. In 1910 the legislation providing for bounties came to an end and was not renewed by the late Government, who were evidently of the view that the iron and steel enterprises at Sydney and elsewhere, which had been called into being or had been promoted by such liberal outpourings of public moneys, should with the protection afforded by the tariff be able to continue and prosper without further direct aid from the public treasury. Since the date in question the bounties have not been renewed although the matter on more than one occasion has been brought to the attention of the Government. There is no doubt that among a large portion of the public there is a decided objection to the principle of bounties. My own view is that bounties are justifiable to call into being new industries where capital, which is always timid as to experimental ventures, requires special inducement to enter upon their development, but after such enterprises have been called into being and firmly established it is difficult to justify further aid of a direct character.

Speaking generally with regard to the iron and steel schedule of the tariff, it is my view and I believe it has been the view of most at least of my predecessors in office that the tariff upon pig-iron and billet steel, which are the raw materials to such a wide variety of industries, should be of moderate amount only. To raise the existing duties on these products would necessitate an increase of duty upon nearly all the products into which they enter as material. These would embrace all agricultural implements, all foundry and machine manufacturers' products, stoves and a multitude of other articles in general use whose price would be raised to the consumer. The difficulties in the way of increasing the duties upon pig-iron and billet steel will be apparent to all and requires no further demonstration. So far as the more finished articles of production are concerned, with the exception of wire rods, about which I shall speak later, the range of protection extends from 25 per cent to 35 per cent, and it must be borne in mind that the larger plants use the whole or the greater part of their pig-iron and billet steel in the production of these more finished articles. During the past two years, 1912 and 1913, the steel companies, speaking generally, enjoyed a prosperous trade. The enormous amount of construction and especially railway construction going on throughout Canada afforded a wide market for their products of all varieties. Particularly was there activity in steel rail production at good prices, two of the larger plants devoting almost their entire efforts to this line of manufacture. Following the financial stringency of last year there has come somewhat of a check, but as railroad building and rebuilding must always continue the outlook for the coming year and for the future in this regard must still be considered as good. It is a fact, however, that conditions have changed to this extent that the demand for steel rails is not likely to be as great in the near future as in the recent past, and the steel plants must now consider a variation in output to meet the changing conditions.

Now, I have certain proposals to make with reference to the items in the iron and steel schedules of the tariff. Item 379 of the tariff provides that rolled iron or steel beams, channels, angles and other rolled shapes weighing not less than thirty-five pounds per lineal yard have a tariff duty of $2 British preferential, $2.75 intermediate and $3 general, per ton. The House will observe that these rates are confined to what are called merchant mill products, weighing not less than 35 pounds per lineal yard. By item 377, in which the same products are included, n.o.p., the tariff is $4.25 preferential, $6 intermediate, and $7 general. That is to say, upon the smaller merchant mill products up to 35 pounds per lineal yard, the duty is $4.25 British preferential, $6 intermediate and $7 general, whereas upon the heavier products weighing over 35 pounds per lineal yard, the tariff rate is $2 British preferential, $2.75 intermediate and $3 general. That distinction was made at the time the present tariff was enacted, because the larger merchant mill products were not manufactured in Canada. They are not made in Canada in large tonnage to-day, but representation has been made to the Government by the Algoma Steel Company and by other companies, that if the tariff rates which now prevail in respect to the less heavy products be extended to the heavy structural merchant mill products, they will be able to obtain capital for the erection of larger merchant mills capable of producing products of a weight of 120 pounds per lineal yard. They do not ask that a rate of that kind should become immediately effectual; they ask that authority be taken by the Governor in Council to put into effect and operation those higher rates as soon as the Governor in Council is satisfied that the heavier merchant mill products of 120 pounds per lineal yard can be manufactured in Canada. The House will remember that that course was followed in connection with the tariff on steel rails; it was tentatively put on at the rate of $7 a ton until the Government was satisfied that steel rails could be manufactured in substantial quantities in Canada. We propose, therefore, to take authority to bring the tariff in respect of merchant mill products up to 120 pounds per lineal yard at the rate that I have mentioned into effect when the Government is satisfied that those products can be manufactured here in substantial quantities.

Sir WILFRID LAURIER: What are the rates?

Mr. WHITE: The rates will be those which now prevail in respect of lighter products, namely, $4.25, $6 and $7 per ton.

The Government has been requested upon many occasions during the past two years to impose a duty upon wire rods. Wire rods, which are the raw material for the production of wire nails, drawn wire and other products, are at present on the free list. There are two mills in Canada to-day manufacturing wire rods, one at Sydney and one at Hamilton. The Dominion Iron and Steel Company has invested about $1,000,-

000 in a wire rod mill, which, I believe, is not fully devoted to wire rod production. The Steel Company of Canada has a wire rod mill at Hamilton which has cost them, I believe, in the neighbourhood of $750,000. The capacity of the Sydney mill—that is to say, the mill of the Dominion Iron and Steel Company—is 100,000 tons a year, and the capacity of the Hamilton mill—that is, the mill of the Steel Company of Canada—is 75,000 tons a year. Both these mills are at the present time, and have been for some time past, only in partial operation; indeed, the mill of the Dominion Iron and Steel Company has, I believe, always been in only partial operation. The importations of wire rods for the year 1913 were 92,000 tons. The demand in Canada is from 150,000 to 200,000 tons. Wire rods are imported chiefly from the United States and Germany. The price in Pittsburg to-day is about $25 per long ton. As the House is aware, depressed conditions exist to-day in the iron and steel industry of the United States, and this accounts, no doubt, for the comparatively low price at which wire rods are selling in Pittsburg. The price of wire rods at Pittsburg, plus freight to, let us say, Hamilton, is less than the average factory cost of production in Canada. As I have stated to the House, I have been approached on many occasions during the past year by the two large steel companies, who have made representations that they are ready to supply wire rods to meet the entire demand of the people of the Dominion of Canada, and that their mills are only in partial operation because of the very large tonnage which is being imported at prices which, as I have said, are lower than the average cost of production in Canada. They have asked the Government for a moderate degree of protection, setting forth that theirs is an important industry, that their product is on the free list and that they are entitled, on a fiscal policy of reasonable protection to Canadian industries, to such a tariff as will enable them to compete in fair terms for the market of Canada with the steel manufacturers of the United States, Germany and other countries. It is only fair to the House that I should say that this request upon the part of the large steel companies, the Dominion Iron and Steel Company and the Steel Company of Canada, has been opposed by the nail makers other than those two companies.

I should explain to the House that these two companies of which I have spoken manufacture not only wire rods but also wire nails, which are a product of wire rods. The wire nail makers, whom I shall call in the course of my remarks the smaller nail makers, because their combined output is much less than the combined output of the two large companies, urge that the two steel companies which manufacture wire rods and also nails are in competition with them in respect of their nail product. The smaller nail makers to whom I have referred have factories in Montreal, Toronto, Collingwood, Hamilton, Owen Sound, Winnipeg, Vancouver, St. John and other places. They expressed the fear, in connection with the application of the two large companies for a protective tariff on wire rods, that the price of their raw material might be enhanced to them, and that the larger companies, under such circumstances, might be able to undersell them in their finished product, that is wire nails. I may say that the two large steel companies are the largest producers of nails in Canada. The capacity of Canadian production is 1,500,000 kegs per annum. The Dominion Iron and Steel Company and its allied company, the Pender Company of St. John produce 17 per cent of that output, and the Steel Company of Canada about 52 per cent, leaving about 30 per cent as the annual production of the smaller nail makers of Canada, the other firms to which I have alluded. I have said that the Dominion Iron and Steel Company and the Steel Company of Canada have urged that they are entitled to a moderate degree of protection upon their finished product, wire rods. At this stage it is proper for me to say that the tariff upon wire nails is 60 cents per keg, an average duty of about 30 per cent; so that the nail manufacturers are protected by a duty averaging about 30 per cent, whereas wire rods are upon the free list and enjoy no protection whatever. The two large companies, the Dominion Iron and Steel Company and the Steel Company of Canada, allege that it is their object to sell rods and build up their Canadian business, and that the granting of a duty would not injure any interest in Canada and by no means injure those engaged in nail making. The Government have given full consideration to the opposing views. We have reached the conclusion that the apprehension on the part of the nail-making firms who have opposed the granting of a duty is not well founded. We believe it is in the interest of the nail-making industry as well as the wire rod industry that a duty should be imposed. I do not believe for a moment that any attempt will be made to take any unfair advantage of the smaller nail manufacturers, but if any unfair advantage should be taken or any oppressive course of conduct exercised towards the purchasers of wire rods, the Government have, of course, the right and the power under the Customs Act, at any time they think it expedient, to lower the duty upon wire rods. We believe that it is most desirable that the important industry of wire rod manufacturing should be firmly established in the Dominion of Canada. This can only be done by a protective tariff on wire rods. To refuse the duty asked for would be to determine that from this time forward Canada should be dependent for wire rods upon foreign manufacturers. This alternative the Government does not feel that it should assume the responsibility for accepting. I have to propose, then, a duty of $2.25 British preference; $3.50 intermediate tariff and $3.50 general tariff, upon wire rods. I may add that in connection with this imposition of duty no adjustment will be required; there will be no increase of duty on wire or on nails which are the product of wire rods.

DRAWBACK.

There is another matter to which I wish to draw the attention of the House. At present wire rods are on the free list. Wire rods enter into the production of wire used in wire fencing. Wire fencing is used by the farmers of Canada. I propose to recommend to the House that a drawback shall be granted in respect of the duties which I shall propose upon wire rods used in the manufacture of wire of 9, 12 and 13 gauges for wire fencing.

I desire to call the attention of the House to section 288 of the Customs Act. That section relates to drawbacks of duty paid on goods exported. The House is no doubt aware that if a Canadian manufacturer exports a product from Canada he is entitled to a drawback in respect of duty paid upon the imported raw material entering into the manufacture of such exported product. Regulations have been established by Order in Council under authority of section 288 of the Customs Act, to which I have referred. But a curious anomaly exists in connection with the administration of the drawback regulations, which has been a very serious detriment to the iron industry of Canada. The amendment which I have to propose has as its object the enabling of a drawback to be paid on pig-iron used in articles exported, but not exceeding the quantity imported and entered for duty. The explanation of the necessity for the amendment is as follows:

When manufacturing the same article for export and for home consumption it is found impracticable to keep the melts of foreign and domestic iron separate, so that only foreign pig-iron will be used in the article exported and domestic pig-iron in the like article for home consumption; so that a mixture of pig-iron occurs in the course of the manufacture of other articles made from pig-iron. The proposed amendment is designed to enable drawback to be paid to the extent of the weight of pig-iron used in the exported article, but not in excess of the quantity imported and on which duty has been paid. Let me illustrate by a concrete example. A manufacturer of agricultural implements requires, let us say, 30,000 tons of pig-iron in respect of his entire business, both home and foreign, during the year. Let us say that his export business is 10,000 tons of product. Now, it was the intention of the section of the Customs Act which I have read, and the regulations made thereunder, that the manufacturer should be able to obtain a drawback in respect of the duties upon the foreign pig-iron entering into the 10,000 tons of product exported. Let us further suppose that of the 30,000 tons of pig-iron purchased our manufacturer buys 10,000 tons from the United States and 20,000 tons in Canada. They are melted up together, and when he claims his drawback in respect of the 10,000 tons of exported product, the customs officers, under the authority of this statute, are only able to give him a drawback of one-third the duty upon the 10,000 tons of imported foreign pig-iron. The reason for that is that the 20,000 tons of domestic pig-iron which he had purchased are melted together with the foreign pig-iron. The customs officers say that it cannot be demonstrated that the 10,000 tons of American pig-iron went into the 10,000 tons of manufactured product. Therefore, they say, we will not allow you a drawback in respect of the 10,000 tons of pig-iron which you have imported from the United States; we must assume that only one-third of that went into the 10,000 tons of exported product; and we shall allow you, therefore, one-third of the duty which you paid on the 10,000 tons. The result is that Canadian manufacturers who manufacture for export have a special inducement to buy all their pig-iron from abroad. If the manufacturer whose case I have taken had bought the whole 30,000 tons of pig-iron from the United States, no question would have arisen with the customs officials. He would have been entitled to a drawback in respect of the amount exported. The pig-iron industry of Canada has suffered by reason of the inducement which is held out to manufacturers under the drawback regulations to purchase all their requirements in the way of pig-iron in the United States. We propose to remedy that, and on behalf of my hon. friend, the Minister of Customs (Mr. Reid), I beg to give the following notice of motion:

Resolved, that it is expedient to provide that the Governor in Council may, under regulations made for the purpose, allow, on the exportation of goods manufactured in Canada and into the manufacture of which pig-iron imported into Canada mixed with pig-iron made in Canada has entered, a drawback, equal to the duty paid, less such deductions therefrom as is provided in such regulations, on all the pig-iron imported and used by the manufacturer of such goods in manufacturing the goods exported and other goods, and the drawback may be computed on the total quantity of pig-iron, including pig-iron made as aforesaid, entering into such exported goods.

Mr. GERMAN: That will cover all imported pig-iron?

Mr. W. T. WHITE: If 10,000 tons of pig-iron come in and are purchased by a manufacturer who exports 10,000 tons of pig-iron in his exported product, he will get a drawback in respect of the duty paid upon the entire 10,000 tons imported.

Sir WILFRID LAURIER: Will my hon. friend give us the text of the present clause which he proposes to amend?

Mr. W. T. WHITE: Section 288 of the Customs Act reads as follows:

The Governor in Council may, under regulations made for that purpose, allow, on the exportation of goods which have been imported into Canada, and on which a duty of Customs has been paid, a drawback equal to the duty so paid with such deductions therefrom as is provided in such regulations.

2. In cases mentioned in such regulations, and subject to such provisions as are therein made, such drawback, or a specific sum in lieu thereof, may be allowed on duty-paid goods manufactured or wrought in Canada into goods exported therefrom.

3. The period within which such drawback may be allowed, after the time when the duty was paid, shall be limited in such regulations.

I have read the resolution, and the effect of the change will be as I have already indicated to the House.

COAL FOR COKE.

At the present time in Canada the fuel used for the production of pig-iron is coke and charcoal. Coke is already on the free list; charcoal is among the unenumerated items on the tariff and subject to the duties in respect of unenumerated items. There are two furnaces in Canada engaged in the manufacture of charcoal pig-iron, one at Deseronto and the other at Parry Sound. I believe both are closed at the present time on account of the depressed condition of the iron industry. We propose to put charcoal pig-iron upon the same basis as the pig-iron produced from coke, and I shall therefore propose that charcoal, when imported for purposes of pig-iron production shall receive a drawback of 99 per cent of the duty paid. That will be somewhat of an assistance to the charcoal pig-iron industry.

I wish now to deal with a cognate subject. At present coke is free for all purposes, that is to say, an American manufacturer located at Buffalo and having his bituminous coal free of duty, can manufacture coke and supply the needs say, of Hamilton or other parts of Canada. Bituminous coal is dutiable under the present tariff at 53 cents per ton. Bituminous coal is free under drawback provision when imported by proprietors of smelting works and converted into coke at the works for the smelting of metals from ores. The drawback section in the tariff is No. 1019. That means that the proprietors of smelting works may bring in bituminous coal and when the coal is converted into coke at their works for the smelting of metals from ores a drawback of 99 per cent is allowed in respect to the duties paid upon that coal. It is reported to us that large works would be erected in Canada, at Hamilton for one place, and possibly in other places, if proprietors of coke ovens were allowed the same privilege for the same purpose, that is to say, for the smelting of metals from ores and for foundry purposes.

Let me illustrate. A manufacturer of coke at Buffalo to-day can send his coke free to Canada for use in the smelting of metal or for foundry or other purposes. It is only open to the coke manufacturer in Canada to-day to get a drawback in respect of the duty paid upon bituminous coal or coal from which coke is produced if such coke is used at the works in the smelting of metals from ores. We propose to amend that section No. 1019 so as to provide that there shall be a drawback in respect to all duties paid upon bituminous coal when imported by proprietors of coke ovens for the smelting of metals from ores and for foundry purposes. We have made careful inquiry into this matter and we have not been unmindful of the coal interests of Canada, especially those of the Maritime provinces, and we are satisfied that there will be no injurious effect to the great coal mining industries of Canada by reason of the extension of the drawback so as to enable coke manufacturers who desire to supply the Canadian market to locate in the city of Hamilton, say, instead of being obliged, under the present law, to locate in the city of Buffalo.

Mr. MACDONALD: Will the minister tell me what that limitation is exactly, under the change he proposesæ

Mr. WHITE: When I read the resolution I will give my hon. friend the wording.

Mr. EMMERSON: I would like to ask the hon. minister whether there are coke ovens at Buffalo or whether the coke ovens are not located at the mines in the United States.

Mr. WHITE: I understand that there is a question at the present time as to whether a large industry will be located at Buffalo for the purpose of supplying the Canadian market, or whether it will be located in Hamilton.

Mr. EMMERSON: There are none in Buffalo now?

Mr. WHITE: I would not say that there are any. I am not aware as to whether there are or are not. I would like to meet the question of my hon. friend from Pictou (Mr. Macdonald). The wording is:

When imported by proprietors of coke ovens and converted at their coke ovens into coke for use in the smelting of metals from ores and in the melting of metals.

They must convert the coal at their works into coke and its use is limited to the smelting of metals from ores and the melting of metals. The latter will be for foundry purposes.

Dealing further with the iron and steel industry, I would call the attention of the House to item 398 of the tariff. That item is as follows:

Wrought or seamless iron or steel tubing, plain or galvanized, threaded and coupled or not, over 4 inches in diameter, n.o.p., British preferential tariff, 10 per cent; intermediate tariff, 12½ per cent; general tariff, 15 per cent.

The House will observe that there is a limitation to 'wrought and seamless iron or steel tubing over four inches in diameter,' whereas the tariff item 399 is as follows:

Wrought or seamless iron or steel tubing, plain or galvanized, threaded and coupled or not, 4 inches or less in diameter, n.o.p., British preferential tariff, 20 per cent; intermediate tariff, 30 per cent; general tariff, 35 per cent.

At the time the customs tariff of 1907 was enacted this tubing over four inches in diameter was not being manufactured in Canada. It is being now, and has been for some time, manufactured by the Page, Hersey Company of Welland. We intend therefore to give an increase up to 10 inches so as to meet the changed conditions regarding the manufacture of this article in Canada. In that connection we shall amend drawback clause 1017, making it uniform and granting a drawback of 50 per cent instead of 99 per cent in respect of one of its parts.

Mr. MACDONALD: What will be the exact position of item 398? Will it be amended or is it only the drawback?

Mr. WHITE: That will drop out and will be re-enacted under two items.

Mr. NESBITT: What is the reason of the dropping of seamless tubing?

Mr. WHITE: I will explain the matter in committee. It will take considerable time to explain it. I hope that will be satisfactory to my hon. friend. I can assure him that this drawback is a comparatively unimportant matter. That concludes the tariff changes that I have to propose in connection with the iron and steel industry.

AGRICULTURAL IMPLEMENTS.

I come now to deal with the important subject of agricultural implements, and with the consent of the House I shall treat of it somewhat at length, especially in view of the debate which took place recently upon the resolution of my hon. friend from Moosejaw (Mr. Knowles), asking for the abolition of all duties upon agricultural implements.

At six o'clock the House took recess.

The House resumed at eight o'clock.

Mr. WHITE: Mr. Speaker, when the House rose at six o'clock, I was entering upon a consideration of the question of duties upon agricultural implements. I stated that it was my intention to deal with the matter somewhat at length on account of the resolution which was moved by my hon. friend from Moosejaw (Mr. Knowles), in this House recently, and the debate thereon which ensued. I did not take part in that debate, because, although the resolution was entirely in order, I felt that a discussion upon a matter relating to duties could more properly take place upon the occasion of the Budget Speech. Now, Mr. Speaker, it has been recognized, I think, by all governments that it is most important that duties upon agricultural implements should be fixed at rates as reasonable as possible having regard to fiscal policy. Agriculture is recognized as the great basic industry, and it is important that the implements which the farmer uses—his plant, so to speak—should cost him as little as possible. This principle, Sir, is recognized in the tariff of to-day. The average rate of duty upon dutiable goods under the present tariff, the tariff of 1907—the tariff of the late Government as well as of the Government of to-day—is 26 per cent. The duties upon agricultural implements are chiefly 17½ per cent and 20 per cent.

Now, there is one point to which I desire to refer in this discussion. The tariff of this or of any other country—and especially of a protective country—is a structure; one part is dependent upon another part; the rates of the tariff are related one to another; the rates on finished products are related to and largely dependent on the rates on raw materials which are usually finished product of other manufactures, and dutiable. This solidarity, so to speak, of the tariff cannot be lost sight of. Usually it is impossible to deal with a single item without at the same time dealing also with other related or dependent items. To arbitrarily single out special products and lower or abolish the duties upon them without dealing also with necessarily related duties would not only result in the grossest injustice to those affected thereby but would exercise a most harmful effect upon the entire industry of the nation by the ensuing loss of confidence on the part of the business community. On account of this consideration, it is unusual to make many tariff changes except upon occasions of general revision when the tariff can be dealt with as a whole after due inquiry and consideration as to the scope and bearing of all changes proposed. If modifications are then regarded as necessary, upon a range of products or commodities, any other modifications dependent thereon or necessary thereto may also be made, to the end that injustice and disturbance of business may, as far as possible, be avoided.

Now, Mr. Speaker, this is by way of preface to the remarks which I propose to offer in respect of the resolution which was supported, I believe, unanimously by the Liberal members of this House to the effect that:

In the opinion of this House the time has arrived when, in the interests of the farmers, and consequently in the interests of the whole of Canada, the duties on agricultural implements should be forthwith removed.

Sir, there is no reservation or exception about that resolution. It is a drastic resolution calling for the abolition of all duties upon all agricultural implements of every kind and nature whatsoever. Upon the occasion of the debate on the Address, I referred to the declaration at Hamilton and at Montreal by my right hon. friend the leader of the Opposition (Sir Wilfrid Laurier), in favour of a policy of free food, and I said on that occasion, and I say now, that free food means free trade. I say further now, that free agricultural implements mean free trade.

Mr. TURRIFF: Free trade in implements.

Mr. WHITE: Free trade. Having gone so far, my right hon. friend must inevitably go further. The logical and inevitable outcome and conclusion of his declaration respecting free food and of the policy respecting free agricultural implements is the fiscal policy of free trade. Sir, I have no exception to take to my right hon. friend espousing a policy of free trade. I simply desire to say this—that we on this side of the House are ready to accept that gauge of battle, whenever he chooses to throw it down.

Now, I am going to ask this House to consider the position of the manufacturer of agricultural implements with all his duties abolished. But first, what is his position under the tariff of to-day? The manufacturer of agricultural implements, as the manufacturer of other commodities in Canada buys subject to duty, his stone, his brick and all other building materials that enter into the composition of his establishment. He buys subject to duties his engines, his machinery and his plant generally. He pays fifty-three cents a ton upon the coal that he consumes in his furnaces. He buys subject to duty his iron, his steel, his bars, his shapes, sheets, wire, forgings, plates, nuts, washers, tubing, chains, castings and practically all other articles entering into his product. The range of duties upon the articles I have mentioned is for the most part from twenty to thirty per cent. With practically everything he uses dutiable, on what principle can we sweep away the duties upon the product of the manufacturer of agricultural implements? I ask this House, upon what principle can it be done? Now, is my right hon. friend prepared to take the further logical step and to vote for the abolition of all duties upon the raw and finished products entering into the manufacturing of agricultural implements? To do so would work the most serious damage to all industries concerned: to the coal industry, to our great basic iron and steel industry, to our machinery and foundry industry, to say nothing of a multitude of others of minor importance. A large part of their tonnage would be lost to foreign manufacturers, and many establishments would undoubtedly close their doors. Let us assume for a moment that my right hon. friend was ready to go so far as that; would he then accomplish the end that he had in view? Could the manufacturer of agricultural implements—and by agricultural implements I mean all agricultural implements, because that is what the resolution had in contemplation—could he, if he had all the products constituting his material upon the free list, hold his own in competition with the implement makers of the United States? The cost of production is necessarily higher in Canada, even under those conditions, for this reason: it is a well-known fact that cost of production is in inverse ratio to the tonnage: the greater the tonnage, the greater the number of implements manufactured, the less the cost of production, and until this country has developed its industry to the extent to which it has been developed in the United States, it will not be possible for us to compete on even terms with the highly specialized and powerful industries of that republic.

One of the greatest markets for agricultural implements in Canada is the Northwest. I have been looking into the question of freight rates and I find that the freight rates between Chicago and Winnipeg upon agricultural implements are lower than they are between Hamilton and Winnipeg. Therefore, even if the duties upon raw materials were abolished the Canadian manufacturer of agricultural implements would be at a disadvantage with his American competitors. That being so, what would be the inevitable result of the policy, advocated by the hon. gentlemen opposite, of the abolition of duties on all agricultural implements of every kind and nature whatsoever? The effect would be this: it would transfer the entire agricultural implement business of Canada to the United States; it would depopulate some of our most thriving towns, and for what? That an American trust ultimately might gain control of the Canadian market from east to west and dictate prices at its own sweet-will.

I propose to examine this agricultural implement industry; to see where are the manufactories engaged in the production of agricultural implements, and to see how important is this industry to Canada. According to the census of 1911 there are in Canada seventy-seven of these establishments, with a capital of $45,000,000. The number of employees at factories and head offices, nearly all men, is 9,560, and the amount of salaries and wages paid is $5,550,000. Materials used amount to $10,400,000, and the value of products is $20,700,000. There are fifty-four of these establishments in Ontario, located at forty-three different places and in thirty-five electoral districts. The capital invested in Ontario alone is $44,000,000. The other establishments are located in the province of Quebec, and at Winnipeg and Brandon in the province of Manitoba. I have a complete list of the places in which there are manufactories of agricultural implements. I shall not go through it in detail, but for the information of the House—because it was a surprise to me—I propose to mention to-night the names of the places in Canada in which agricultural implements of one kind or another are manufactured. This is the list: Hamilton, Brockville, Toronto, Peterborough, Preston, St. Mary's, Smith's Falls, Teeswater, Welland, Terrebonne, Guelph, Ingersoll, St. George, Woodstock, Brantford, Cowansville, Aurora, Ayr, Bolton, Goderich, Merrickville, Orillia, Paris, Laprairie, Montmagny, Tillsonburg, Brandon, Chatham, Waterloo, New Hamburg, St. Hyacinthe, Winnipeg, Ottawa, Ridgetown, St. André, Warwick, Summerside, P.E.I., Calgary, St. Thomas, St. Catharines, Stratford, Iberville, Joliette, Halifax, New Glasgow, Waterloo, Walkerville, Sorel, Waterville. So far as the record goes, there are agricultural implement establishments in every province except British Columbia. In these places there is invested $45,000,000 of capital, the manufactories supporting directly, in operatives and their families, probably 50,000 people—the mainstay industrially of many of the towns that I have mentioned, which afford a market for the surrounding country; these are the establishments that the policy of hon. gentlemen opposite, the policy of the abolition, root and branch, of duties on agricultural implements, would destroy.

What is the condition to-day of those engaged in the manufacture of agricultural implements? I have looked into this matter with a view of ascertaining the facts and dealing with them, I trust, fairly and judicially. Those engaged in the manufacture of agricultural implements have felt, in common with those engaged in all other enterprises, and are feeling to-day the financial conditions which have prevailed in Canada during the past two years. Those conditions have been aggravated by a credit system under which the manufacturers of agricultural implements become virtually the bankers for many of those to whom they sell their products. Last year their expectations were disappointed as to the demand there would be for their productions, and to-day the agricultural implement manufacturers of Canada are carrying large inventories because of the over-production of last year. They are confronted this year with the condition that prevailed to a large extent last year. Money is becoming easier, but they do not expect that their output of this year will at all reach the output of the last and preceding years. Having regard to the fact that the tariff rates upon one commodity are fixed with regard to the rates upon the raw material entering into its production; and having regard to the financial conditions which prevail to-day and affect that industry in common with all others, I say that any extreme, high-handed or arbitrary action could only result most disastrously to that industry. Sir, we are not here to destroy but to encourage and promote Canadian industry. I say that that is our mandate as a Government from the people of Canada. Now we have not been unmindful of the interests of the farmer. We have been desirous that the tariff upon his implements, his plant, should be as reasonable as possible, consistent with our fiscal policy and conditions as they exist in Canada to-day. But, Sir, we have approached the subject in a rational way. We have made inquiries. For considerably over a year past we have been making inquiries and investigations into the question of agricultural implements. We have made an investigation into the prices of agricultural implements on both sides of the line, in Canada and in the United States. We have made an inquiry as to the factory cost of production of the principal agricultural implements in Canada and the United States. We have examined the balance sheets of manufacturers with the idea of ascertaining what their position is and whether or not they are making undue profit upon their business.

Mr. TURRIFF: Would the hon. gentleman state whether, in making that examination, he also examined as to what amount of cash was in the stock and what amount of water?

Mr. WHITE: The examination as to selling price was made by a trusted official of the Customs Department, Mr. Thomas Costello. We examined into the cost of production. I examined the balance sheets myself and I think, without paying myself too much of a compliment, that I know something about a balance sheet. After having given this matter the most careful and painstaking consideration, we are satisfied that on only one range of implements can the duty be lowered without violation of the fiscal policy of reasonable protection which is designed to encourage and promote the establishment of industries in Canada. There is in the tariff an item respecting a range of implements which are much used in the northwestern provinces; I refer to harvesters, reapers, binders and mowers. I think I should point out to the House, because it is pertinent to the observations I made a short time ago with reference to the duties upon raw material entering into products, that there exists a drawback upon iron and steel, the principal commodities used in the production of these implements, harvesters, reapers, binders and mowers. We have been asked upon more than one occasion to repeal that drawback and to give the steel manufacturers the benefit of the market. There is much to be said for that course. It is a course which would commend itself to one seeking to follow a policy of protection. But, in the interests of the farming community and having regard to the tariff as it exists to-day, we have said: We will allow that drawback item to stand. That drawback upon iron and steel is equivalent to about two or two and a half per cent upon the value of a binder, reaper, mower or harvester. I differentiate the industry engaged in the manufacture of harvesters, reapers, binders and mowers from the others.

Mr. McCOIG: Would the minister state what he means by harvesters, reapers and binders?

Mr. WHITE: I am quoting the words used in the tariff.

Mr. McCOIG: A harvester and a binder are the same thing, it is one machine.

Mr. GERMAN: Does the minister refer to two classes of machine, or to one?

Mr. WHITE: We will call them one, anything for peace. We will say harvesters, reapers and mowers. The binder does not count, because it means the same thing as a harvester. When I was a boy we used to call them binders. There are three firms in Canada engaged to-day in the manufacture of harvesters, reapers and mowers, the Massey-Harris Company, of Toronto, the International Harvester Company, of Hamilton, and the Frost and Wood Company, of Smith's Falls.

Mr. NESBITT: And the Noxon Company, of Ingersoll.

Mr. WHITE: I had overlooked that firm; I shall be glad to learn of any others. I would make this distinction between the cases of harvesters, reapers and mowers and all other agricultural implements, that for home consumption there is a drawback upon iron and steel products entering into the manufacture of those three implements. That is one point of distinction between the industries engaged in the manufacture of those implements and industries engaged in the manufacture of all other agricultural implements. Another point of distinction is this. Those are among the most highly developed industries in the world. The manufacture of harvesters, reapers and mowers has been brought to an extraordinary point of perfection both in Canada and in the United States, and it is a matter of pride to me that the Canadian manufacturer of harvesters, reapers and mowers is not only able to hold his own but to do exceptionally well and sometimes to best his competitors in the markets of the world.

Mr. McCOIG: Will that include corn harvesters as well as grain harvesters?

Mr. WHITE: I am unable to answer that question immediately, it is a more or less technical question, and I have not the information at the moment.

Mr. McCOIG: They are both harvesters.

Mr. WHITE: I am covering, or intended to cover the item in respect of which a drawback is given on pig-iron and steel and their products entering into the manufacture of the implements. I think it does include corn harvesters, but I am unable to say definitely to my hon. friend, because the matter has not been called to my attention. What is, then, the position of these manufacturers of harvesters, reapers and mowers? The Massey-Harris Company has an export business equal to sixty-five per cent of its output. The International Harvester Company of Chicago has, of course, a large export business, but I understand that its export business in Canada is not large. Having regard to the highly developed condition of this industry, and to the fact that it enjoys a drawback in respect of iron and steel, which are the principal products entering into the manufacture of agricultural implements, we have, after the most careful consideration, reached the conclusion that the duty upon harvesters, reapers, binders and mowers which now stands at 17½ per cent in the customs tariff of 1907, can be reduced to 12½ per cent.

Mr. SCHAFFNER: Why do not gentlemen opposite cheer now?

Mr. WHITE: That is 2½ per cent lower than the rates upon harvesters, reapers, binders and mowers proposed in the celebrated reciprocity agreement. Having regard to the cost of production of these implements in the United States and in Canada to-day, and having regard to the greater tonnage of the United States output, and to the difference in freight rates in favour of the United States manufacturers of those implements, I say that that is as low a rate as we are able to obtain if we are to retain these great industries in the Dominion of Canada. Statistics of the Customs Department show that in respect of export of harvesters, reapers, binders and mowers, the drawback, which means all the duty that has been paid upon foreign material entering into their manufacture, is about equivalent to 5 per cent. If, therefore, we take into consideration the 2½ per cent which we are still allowing them and, further the 2½ per cent representing the balance of that 5 per cent, harvesters, reapers, binders and mowers are really, so far as protection is concerned, on a 10 per cent basis. I have dealt, I am afraid, somewhat at length, but I hope fairly and justly, with the question of agricultural implements.

There is just one other matter that I have to deal with. Last year we placed upon the free list ditching machines, but inadvertently omitted parts of ditching machines. This year we shall put parts of ditching machines upon the free list.

BUILDING STONE.

I now come to another topic—the question of building stone. By item 306 of the tariff, there is a duty of 20 per cent on building stone dressed, and on rough stone a duty of 15 per cent. That is a difference of 5 per cent, but that margin is more than nullified by the freight rates, and for this reason: When a block of stone is dressed it loses a certain amount of its weight; dressed stone comes in at a 20 per cent duty, but in the dressing, which adds value to it, sufficient weight has been taken off the stone to more than counterbalance, having regard to freights, the margin between the duty upon rough stone and the duty on the finished product. This has been a very great disadvantage to the Canadian stonecutters. Notwithstanding the building activity of the past few years, there have been frequent periods of unemployment among the stonecutters of Canada. The stone comes from Ohio and Indiana, where, for the most part, the work is done. We have been repeatedly petitioned by the stonecutters throughout Canada for a modification of this tariff item, which will permit the rough stone to come in at precisely the same rate of duty existing to-day, and give the work upon that rough stone, the sawing, the dressing and the planing to the stonecutters of Canada. We propose, therefore, that stone sawn on two sides shall continue to come in at the present rate of duty but that on stone sawn on four sides the rate shall be fifteen cents per 100 pounds. There is very great difficulty in administering the tariff to-day on account of the difficulty in ascertaining the value of finished dressed stone coming in as an import. The average ad valorem of the specific rate which I have quoted is 30 per cent. Upon turned, planed, cut or further finished stone I propose a rate of forty-five cents per 100 pounds, which is equal to thirty per cent ad valorem. The reason why that higher rate is about the equivalent ad valorem rate to the lower specific rate on stone sawn on four sides is because of the greater value of the stone which has been planed, turned, cut or further finished. These are the proposals which the Government has to offer in regard to building stone, and I believe that the increase in the tariff rate will enure directly to the benefit of the stonecutters of Canada and indirectly to the country.

One further item—caustic soda and hypochlorite of lime. At present these two items are on the free list. The Canadian Salt Company at Windsor, which employs many men and has a large capital invested in its plant, has for three years been manufacturing these products made from salt. The manufacture of caustic soda and hypochlorite of lime—which is a by-product of caustic soda—is a natural industry in connection with salt production. The users of caustic soda and chloride of lime are the soap and paper manufacturers, but they use a very small proportion indeed, having regard to their production. Therefore, it is not necessary that there should be any readjustment or increase of the tariff by reason of the rates which I shall have the honour to propose to the House. The Canadian Salt Company at Windsor produces now one-third of Canada's requirements in caustic soda. They hope, with the aid of this duty, to produce all. Later, I shall give, in the resolutions which I shall propose, the rates of duties which I have to offer with respect to these two commodities.

I now come to another matter which has been brought to our attention; that is, the tariff with respect to brass. In the tariff of 1907 brass in sheets, bars and rods was dutiable at ten per cent. It was not manufactured in Canada, and, under a provision of the Customs Act, on August 11, 1908, the Governor in Council abolished the duty of ten per cent on brass bars and rods, and it consequently was placed upon the free list. I have stated that it was not then manufactured in Canada. However, I am now glad to say that it is manufactured in Canada. A new plant, involving a capital of about $250,000 modern, up to date, and well equipped, has been established at West Toronto for the manufacture of copper and brass. I propose now, and it also will involve no tariff adjustment, to restore the item of brass in sheets, bars and rods to the tariff, fixing the same duty as was fixed with respect to it in the tariff of 1907.

IRON ORE DEVELOPMENT.

Now, I approach the end of what I fear has been a somewhat long-drawn-out and tedious Budget. There are a number of minor changes, some of consequence, but chiefly for administrative purposes. Before reaching the resolutions which we have to propose, in order to give notice of them, there is a matter to which I desire briefly to advert and it is the question of a bounty upon iron ore. This matter has been brought to the attention of the Government by the hon. member for Thunder Bay and Rainy River (Mr. Carrick) who, in a very able speech, introduced the subject to the House. The matter has been discussed in the press, and I notice that it has been made the subject of a debate in the Legislature of the province of Ontario. Without dilating further upon this subject, because the debate which ensued was of a very illuminating and informing character, I desire to say that the Government feels that at the present time it has not sufficient information before it as a basis for intelligent legislative action. Speaking this afternoon with regard to the question of bounties generally, I said that personally, I saw no objection to bounties granted for the purpose of calling an industry into being, but that there was a strong objection to continuing bounties to industries that had been firmly established. We propose, in respect to this important matter, which has been brought to our attention by the hon. member for Thunder Bay and Rainy River to cause an inquiry to be instituted by the Mines Department during the coming summer for the purpose of ascertaining the extent and availability of Canada's ore deposits and the character of the ore, and securing information as complete as possible as to improved methods of treatment. We desire to ascertain, as a result of that inquiry, whether a bounty will induce development and place the Canadian iron ore industry in a reasonable time upon a secure basis, enabling it to compete with foreign ore without the adventitious aid of further bounties.

There is another matter also involving the question of bounties which I desire to call to the attention of the House. There has been placed before us recently, in fact since the beginning of the year, the question of the development in Canada of flax fibre production. I think that the development of the industry of flax fibre production would be of great advantage to certain parts of Canada provided it could be carried on successfully here. But the success of manufacturing flax fibre will depend upon the efficiency of the flax pulling machines and the flax fibre manufacturing machines. I am unable at present to express any opinion as to whether the flax industry is one which, having regard to the labour conditions that prevail in this country, and the stage of invention of the machinery required should be regarded as a possible industry, but during the summer it is our intention to look fully into the matter and see whether such an industry is possible of development in Canada, and whether a reasonable bounty would have the effect of contributing to its institution and development.

Mr. MURPHY: By whom will the inquiry be made?

Mr. WHITE: The first inquiry will be made by the Mines Department, and I am now communicating with Mr. Brock. The second inquiry will be conducted by the officers of the Finance Department, Tariff Branch. That is what I have in my mind at the present time. If it is necessary, we can easily obtain outside expert assistance in the matter.

I propose to offier an amendment to section 7 of the Customs Tariff Act of 1907. That section is as follows:

Articles which are the produce or manufacture of any foreign country which treats imports from Canada less favourably than those from other countries may be subject to a surtax over and above the duties specified in schedule 'A' to this Act, such surtax in every case to be one-third of the duty specified in the general tariff in the said schedule.

I would call the attention of the House to the fact that the provision of one-third is inflexible; that is to say, it must be one-third, no more and no less. In similar legislation in other countries—Germany, Japan and Italy—there is a provision that the surtax may be a rate not exceeding 50 per cent or 30 per cent; that is to say, it is in the discretion of the Government whether it will be 2 per cent, or 15 per cent, or more.

I purpose, Sir, offering an amendment to section 7 of the customs tariff, which will provide that imports from countries which discriminate against the imports of Canada or against shipping may be subject to a surtax over and above the duty specified in the Customs Tariff Act, to an amount not exceeding twenty per cent ad valorem. That is to say, it may be two per cent, or five per cent, or ten per cent, or fifteen per cent, but it must not, under any circumstances exceed twenty per cent, ad valorem. I desire to give notice that upon the House resolving into Committee I shall move the following resolutions:

Mr. SINCLAIR: Would the minister tell the House whether he has considered the application made last year and the year before for a reduction of the tariff on fishing twine, known as marlin. This duty discriminates against the lobster fisheries, all other fishing twine being free. The Minister of Customs told the House last year that when the tariff was dealt with this matter would be considered.

Mr. WHITE: The matter is not dealt with in the changes which I have to propose to the House. I understand that there would be difficulty in the administration of an item such as, I think, the hon. gentleman (Mr. Sinclair) has in mind, but the matter has not been drawn to my attention, so far as I recall, since the House was in Committee upon the Budget of last year.

RESOLUTIONS AND SCHEDULES.

I now beg to give notice that, upon the House resolving itself into Committee, I shall move the following resolutions:

1. Resolved, that it is expedient to provide, in substitution for section 7 of the Customs tariff, 1907:—

(a) that goods the product or manufacture of any foreign country which treats imports from Canada less favourably than those from other countries may be made subject by Order in Council in the case of goods already dutiable to a surtax not exceeding twenty per centum ad valorem, and in the case of goods not dutiable to a rate of duty not exceeding twenty per centum ad valorem:

(b) that goods the product or manufacture of any foreign country imported into Canada in vessels registered in such foreign country may, if such foreign country imposes higher duties of customs upon goods imported into such country in vessels registered in Canada than upon the like goods when imported in vessels of such country, be made subject by Order in Council in the case of goods already dutiable, to a surtax not exceeding twenty per centum ad valorem, and in the case of goods not dutiable to a rate of duty not exceeding twenty per centum ad valorem.

2. Resolved, that the customs tariff, 1907, be amended by authorizing the Governor in Council when satisfied that rolled iron or steel angles, beams, channels, and other rolled shapes or sections, or iron or steel weighing one hundred and twenty pounds and less per lineal yard, are manufactured in substantial quantities in Canada from steel made in Canada to direct that there be substituted for tariff item 379 in schedule A to the customs tariff, 1907, the following:

Tariff. Item.	—	British Preferential Tariff.	Intermediate Tariff.	General Tariff.
		$ cts.	$ cts.	$ cts.
379	Rolled iron or steel angles, beams, channels, and other rolled shapes or sections, of iron or steel, not punched, drilled or further manufactured than rolled, weighing over one hundred and twenty pounds per lineal yard, n.o.p. not being square, flat, oval or round shapes, and not being railway bars or rails per ton...	2 00	3 00	3 00

3. Resolved that schedule A to The Customs Tariff, 1907, as amended by chapter 15 of the Acts of 1913, and by Orders in Council be further amended by striking thereout tariff items: 113, 184, 208, 210a, 296, 306, 315, 361, 375, 398, 404, 410, 411, 445, 446a, 460, 471, 486, 542, 543, 545, 546, 575, 577, sections (a) and (d) of the Orders in Council dated 11th August, 1908, designated as items 717 and 720 of the Customs Tariff, the several enumerations of goods respectively, and the several rates of duties of customs, if any, set opposite each of 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.
		$ cts.	$ cts.	$ cts.
39c	Cassava flour, when imported by manufacturers of explosives, for use exclusively in the manufacture of such articles in their own factories..................	Free.	Free.	Free.
79a	Rooted carnation cuttings in their first year of introduction..................	Free.	Free.	Free.
99a	Dried or evaporated bananas..per pound	Free.	½ cent.	½ cent.
113	Cocoanut, desiccated, sweetened or not, per pound..............................	3 cents	4 cents.	4 cents.

Tariff Items.	—	British Preferential Tariff.	Intermediate Tariff.	General Tariff.
		$ cts.	$ cts.	$ cts.
157a	Amyl alcohol or refined fusel oil, when imported by the Department of Inland Revenue or by a person licensed by the Minister of Inland Revenue, to be denatured for use in the manufacture of metal varnishes or lacquers, to be entered at ports prescribed by regulations of the Ministers of Customs and Inland Revenue, subject to the Inland Revenue Act and to the regulations of the Department of Inland Revenue..........	Free.	Free.	Free.
178a	Provided that on the goods specified in item 178 and imported by mail on and after first day of July, 1914, duties may be paid by Customs Revenue stamps, under regulations by the Minister of Customs, at the rates specified in said item, except that on each separate package weighing not more than one ounce the duty shall be................each	1 cent.	1 cent.	1 cent.
184	Newspapers, and quarterly, monthly, and semi-monthly magazines, and weekly literary papers, unbound; tailors', milliners' and mantle-makers' fashion plates when imported in single copies in sheet form with magazines or periodical trade journals...........	Free.	Free.	Free.
188a	Decalcomania paper not printed when imported by manufacturers of decalcomania transfers to be used in their own factories in the manufacture of decalcomania transfers................	Free.	Free.	Free.
208	Boracic acid and borax in packages of not less than twenty-five pounds weight; hydro-fluosilicic acid; oxalic acid; tannic acid; ammonia, sulphate of; sal ammoniac and nitrate of ammonia; cyanide of potassium; cyanide of sodium and cyanogen bromide for reducing metals in mining operations; antimony salts, viz.:—tartar emetic, chlorine and lactate (antimonine); arsenious oxide; oxide of cobalt; oxide of tin; bichloride of tin; tin crystals; oxide of copper; precipitate of copper, crude; sulphate of copper (blue vitriol); verdigris or subacetate of copper, dry; sulphate of iron (copperas); sulphate of zinc; chloride of zinc; sulphur and brimstone, crude or in roll or flour; cream of tartar, in crystals or argols; tartaric acid crystals; iodine, crude; bromine; phosphorus; sulphide of arsenic; carbon bisulphide..................	Free.	Free.	Free.
208a	Chloride of lime and hypochlorite of lime:—			
	1. When in packages of not less than twenty-five pounds weight each per one hundred pounds................	10 cents.	15 cents.	15 cents.
	2. When in packages of less than twenty-five pounds weight each.....	17½ p.c.	25 p.c.	25 p.c.

Tariff. Items.	—	British Preferential Tariff.	Intermediate Tariff.	General Tariff.
		$ cts.	$ cts.	$ cts.
210a	Caustic soda:—			
	1. When in packages of not less than twenty-five pounds weight each per pound..........	1-5 cent.	3-10 cent.	3-10 cent.
	2. When in packages of less than twenty-five pounds weight each....	17½ p.c.	25 p.c.	25 p.c.
278a	Peanut oil for manufacturing soap or for canning fish; soya bean oil for manufacturing soap..........	Free.	Free.	Free.
296	Flint; ground flint stones; feldspar, fluorspar, magnesite; mica schist; cliff, chalk, china or Cornwall stone, ground or unground, refuse stone, not sawn, hammered or chiselled nor fit for flagstone, building stone or paving..........	Free.	Free.	Free.
306	Marble, sawn or sand rubbed, not polished; granite, sawn; paving blocks of stone; flagstone and building stone; other than marble or granite, sawn on not more than two sides..........	15 p.c.	20 p.c.	20 p.c.
306a	Building stone, other than marble or granite, sawn on more than two sides but not sawn on more than four sides, per hundred pounds..........	10 cents.	15 cents.	15 cents.
306b	Building stone, other than marble or granite, planed, turned, cut or further manufactured than sawn on four sides, per one hundred pounds..........	30 cents.	45 cents.	45 cents.
315	Carbons over six inches in circumference or outside measurement and not exceeding thirty-five inches in circumference or outside measurement..........	Free.	Free.	Free.
315a	Carbon electrodes exceeding thirty-five inches in circumference or outside measurement..........	12½ p.c.	20 p.c.	20 p.c.
327a	Silvered lenses for automobile lamps....	10 p. c.	15 p.c.	15 p.c.
353a	Aluminum leaf or foil..........	Free	Free	Free.
361	Gold and silver leaf; Dutch or schlag metal leaf; brocade and bronze powders.	15 p.c.	27½ p.c.	27½ p.c.
375	Iron in pigs, iron kentledge, and cast scrap iron; ferrosilicon containing not more than fifteen per cent silicon; ferromanganese and spiegeleisen, containing not more than fifteen per cent manganese, per ton..........	1 50	2 50	2 50
375a	Ferrosilicon containing more than fifteen per cent silicon, per ton..........	3 00	4 50	4 50
375b	Ferrmanganese and spiegeleisen, containing more than fifteen per cent manganese..........	Free.	Free.	Free.
378a	Galvanized rolled hoop iron or hoop steel, numbers twelve and thirteen gauge, per ton..........	$4 25	$7 00	$7 00

Tariff Items.	—	British Preferential Tariff.	Intermediate Tariff.	General Tariff.
		$ cts.	$ cts.	$ cts.
398	Wrought or seamless iron or steel tubing, plain or galvanized, threaded and coupled or not, over four inches in diameter but not exceeding ten inches in diameter, n.o.p....................	20 p.c.	30 p.c.	30 p.c.
398a	Wrought or seamless iron or steel tubing, plain or galvanized, threaded and coupled or not, over ten inches in diameter, n.o.p..........................	10 p.c.	15 p.c.	15 p.c.
404	Galvanized iron or steel wire, curved or not, numbers nine, twelve and thirteen gauge with variations from such gauges not exceeding four one-thousands of an inch, and not for use in telegraph or telephone lines......................	Free.	Free.	Free.
410	Coil chain, coil chain links including repair links, and chain shackles, of iron or steel, one and one-eighth of an inch in diameter and over.................	Free.	5 p.c,	5 p.c.
410a	Coil chain, coil chain links including repair links, and chain shackles, of iron or steel, n.o.p........................	15 p.c.	20 p.c.	20 p.c.
411	Malleable sprocket chain, and link belting chain of steel, when imported by manufacturers of agricultural implements for use in the manufacture of such implements in their own factories......	Free.	Free.	Free.
445	Mowing machines, harvesters, self binding or without binders, binding attachments, reapers, and complete parts thereof, not including shafting or malleable iron castings; also finished parts for repairs of the machines specified in this item............................	12½ p.c.	12½ p.c.	12½ p.c.
445a	Malleable iron castings when imported by manufacturers for use exclusively in their own factories in the manufacture of mowing machines, harvesters, binding attachments and reapers...........	15 p.c.	17½ p.c.	17½ p.c.
446a	Traction ditching machines (not being ploughs) adapted for tile drainage on farms, valued by retail at not more than three thousand dollars each, and complete parts thereof for repairs......	Free.	Free.	Free.
453a	Electric dental engines..................	15 p.c.	27½ p.c.	27½ p.c.
460	Sundry articles of metal as follows, when for use exclusively in mining or metallurgical operations, viz.:—Diamond drills, not including the motive power; coal cutting machines, except percussion coal cutters, coal augers and rotary coal drills; coal heading machines; core drills; miners', safety lamps and parts thereof, also accessories for cleaning, filling and testing such lamps; electric or magnetic machines for separating or			

Tariff Items.	—	British Preferential Tariff.	Intermediate Tariff.	General Tariff.
		$ cts.	$ cts.	$ cts.
	concentrating iron ores; furnaces for the smelting of copper, zinc and nickel ores; converting apparatus for metallurgical processes in metals; copper plates, plated or not; machinery for extraction of precious metals by the chlorination or cyanide processes; amalgam safes; automatic ore samplers; automatic feeders; retorts; mercury-pumps; pyrometers; bullion furnaces amalgam cleaners; blast furnace blowing engines; and integral parts of all machinery mentioned in this item.....	Free.	Free.	Free.
471	Rolled round wire rods in the coil, of iron or steel not over three-eighths of an inch in diameter, when imported by wire manufacturers for use in making wire in the coil in their own factories. per ton	$2 25	$3 50	$3 50
471a	Rolled round rods in the coil, of iron or steel, whether annealed or cleaned, or not when imported by manufacturers of chain for use only in their own factories in the manufacturer of chain........................per ton	$2 25	$3 50	$3 50
478a	Iron or steel bands, strips or sheets, number fourteen gauge or thinner, coated, polished, or not, and rolled iron or steel sections, not being ordinary square, flat or round bars, when imported by manufacturers of saddlery hardware and hames for use exclusively in the manufacture of such articles in their own factories..................	Free.	Free.	Free.
486	Iron tubing, brass covered, not over three inches in diameter, and brass trimmings, not polished, lacquered or otherwise manufactured, when imported by manufacturers of iron or brass bedsteads for use exclusively in the manufacture of such articles in their own factories............................	Free.	Free.	Free.
494a	Cork slabs, boards, planks and tiles produced from cork waste or granulated or ground cork........................	20 p.c.	30 p.c.	30 p.c.
533a	Garnetted wool waste in the white when imported by manufacturers of woollen goods for use exclusively in their own factories............................	Free.	Free.	Free.
542	Jute or hemp yarn, plain, dyed or coloured, when imported by manufacturers for use exclusively in their own factories for weaving purposes, or for insulating wire, or for the manufacture of hammocks and twines..................	Free.	Free.	Free.
543	Linen yarn when imported by manufacturers of towels, damask, or seamless linen fire hose duck, for use exclusively in the manufacture of such articles in their own factories..................	Free.	Free.	Free.

Tariff Items.		British Preferential Tariff.	Intermediate Tariff.	General Tariff.
		$ cts.	$ cts.	$ cts.
545	Jute and jute butts; jute cloth or jute canvas, as taken from the loom, not coloured, cropped mangled, pressed, calendered, nor finished in any way....	Free.	Free.	Free.
546	Jute cloth or jute canvas, uncoloured, not further finished than cropped, bleached mangled, or calendered...............	7½ p.c.	10 p.c.	10 p.c.
548a	Twine or yarn of paper when imported by manufacturers of furniture for use only in their own factories in the manufacture of furniture......................	Free.	Free.	Free.
575	Embroideries, n.o.p.; lace, n.o.p.; braids, n.o.p.; tapes of cotton or linen not over one and one-quarter inches in width, not including measuring tape lines; fringes, n.o.p.; cords; elastic, round or flat; garter elastic; tassels; handkerchiefs of all kinds; lace collars and all manufactures of lace; nets and nettings of cotton, linen, silk or other material, n.o.p.; shams and curtains, when made up, trimmed or untrimmed; corsets of all kinds; linen or cotton clothing, n.o.p.	25 p.c.	32½ p.c.	35 p.c.
577	Silk in the gum or spun silk, when imported by manufacturers of silk thread, silk underwear or of woven labels, for use exclusively in the manufacture of such articles in their own factories...	Free.	Free.	Free.
651a	Buttons of vegetable ivory....per gross.. and....	5 cents. 20 p.c.	5 cents. 30 p.c.	5 cents. 30 p.c.
671a	Metal tips, studs and eyes adapted for the manufacture of corset clasps and corset wires........................	Free.	Free.	Free.
692a	Articles presented from abroad in recognition of the saving of human life, under regulations by the Minister of Customs	Free.	Free.	Free.

4. Resolved, that Schedule B to The Customs Tariff, 1907, be amended by striking thereout tariff items 1017 and 1019, the several enumerations of goods respectively, and the several rates of drawback of customs duties set opposite each of the said items, and to provide that the following items, enumerations, and rates of drawback of customs duties be inserted in said Schedule B:

Item No.	Goods.	When subject to Drawback.	Portion of duty (not including special duty or dumping duty) payable as Drawback.
1,017	Lapwelded tubing of iron or steel, not less than four inches in diameter, threaded and coupled or not.	When used in casing water, oil and natural gas wells, or for the transmission of natural gas under high pressure from gas wells to points of distribution.....................	50 per cent.

Item. No.	Goods.	When subject to Drawback.	Portion of duty (not including special duty or dumping duty) payable as Drawback.
1,019	Bituminous coal..........	When imported by proprietors of coke ovens and converted at their coke ovens into coke for use in the smelting of metals from ores and in the melting of metals..........	99 per cent.
1,021	Rolled round wire rods in the coil, of iron or steel, not over three-eighths of an inch in diameter.	When used in the manufacture of galvanized iron or steel wire, curved or not, numbers nine, twelve and thirteen gauge, with variations from such gauges not exceeding four one-thousands of an inch	99 per cent.
1,022	Charcoal................	When used for the smelting of metals from ores..........	99 per cent.
1,023	Rolled hexagon iron or steel bars.	When used in the manufacture of cold drawn or cold rolled iron or steel bars, or turned and polished shafting........	99 per cent.
1,024	Yarns composed in chief value of wool, single, numbers thirty and finer, on mule cops, tubes or cones, or in hanks, dry spun on the French or Belgium systems, in white only, not doubles or twisted.	When used in the manufacture of socks and stockings........	99 per cent.

5. Resolved, that Schedule C (prohibited goods) to The Customs Tariff, 1907, shall be amended by adding the following:

1212. Aigrettes, egret plumes, or so called osprey plumes, and the feathers, quills, heads, wings, tails, skins, or parts of skins of wild birds either raw or manufactured; but this provision shall not come into effect until 1st January, 1915, and shall not apply to:

(a) the feathers or plumes of ostriches;
(b) the plumage of the English pheasant and the Indian peacock;
(c) the plumage of wild birds ordinarily used as articles of diet;
(d) the plumage of birds imported alive, nor to—
(e) Specimens imported under regulations of the Minister of Customs for any natural history or other museum or for educational purposes.

6. Resolved, that the foregoing provisions shall be held to have come into force on the seventh day of April, 1914, and to have applied to all goods imported or taken out of warehouse for consumption on and after that day, and to have also applied to goods previously imported for which no entry for consumption was made before that day, except as otherwise provided in the foregoing Resolutions: Provided, notwithstanding any increase in customs duties under the said Resolutions, that all goods actually purchased on or before the sixth day of April, 1914, for importation into Canada, on evidence satisfactory to the Minister of Customs of the purchase having been so made, and all goods in warehouse in Canada on such day, if entered for duty after importation prior to the first day of July, 1914, may be entered at the rate of duty in force on the said sixth day of April, 1914.

CONCLUSION.

Mr. Speaker, this is the third occasion upon which I have had the honour of presenting the Budget to the House, and I have again to express my most grateful thanks for the courtesy, attention and patience with which you have heard me.

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