

CANADA

BUDGET SPEECH

DELIVERED BY

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

MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS

THURSDAY, AUGUST 20

1914



OTTAWA

PRINTED BY J. DE L. TACHÉ, PRINTER TO THE KING'S MOST EXCELLENT MAJESTY.

1914

66178—1

10-10-1918

10-10-1918

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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: I shall preface the introduction of the fiscal measures which I have to propose to the House by a brief statement of the financial position of the Dominion and of the new situation, as it presents itself to me, with which we are confronted as a result of the outbreak of war.

FINANCIAL SITUATION—EFFECT OF WAR.

Owing to widespread financial and economic conditions, to which I referred at length in my Budget speech of April, our revenues since September last have shown a marked decline. During the first four months of the present fiscal year, April, May, June and July, we have experienced a reduction, as compared with the same four months of the previous fiscal year, of over ten million dollars.

In consequence of a general increase in commercial activity, due to easier money conditions, a marked improvement became perceptible about the end of July. The extent of this improvement is reflected in the returns of the first ten days of August, the loss of revenue being \$500,000, or at the rate of say \$1,500,000 for the month, as compared with an average decline of 2,700,000 for each of the four preceding months.

As the decline in revenue for the last fiscal year had begun in October, we had calculated that during the remainder of the calendar year we would gradually overtake the revenues of the

corresponding months of the previous year and could look forward to gains in January, February and March which would have recouped in some measure our earlier losses.

This outlook has been wholly changed by the war. Its startlingly sudden outbreak between Austria-Hungary and Serbia and the appalling rapidity of its extension to Russia, Germany, France, Belgium and Great Britain threw the civilized world into a panic such as was never known before. The shock to international finance was immense. In the general loss of confidence which ensued there arose an instantaneous and universal demand for gold. Huge volumes of securities were thrown upon the market and sold for what they would realize. Liquidation proceeded upon a colossal scale until the prodigious losses of individuals and the vast drainage of gold from all great financial centres compelled the closing of the bourses and exchanges of the world. The demand for gold still continuing in the financial world and general hoarding having begun on the part of the general public, a widespread suspension of specie payment inevitably resulted. In consequence of such suspension accompanied in Great Britain and elsewhere in Europe by moratory proclamations whereby the payment of maturing obligations was postponed, and by reason of the fact that gold could no longer be shipped across the Atlantic owing to the menace of hostile cruisers, the exchange system of the world at once experienced collapse. In the meantime international trade was prostrated by the blow which severed at once all intercourse between belligerents and caused immediate cessation of commerce between Europe and America.

All these cataclysmic events have been compressed within the period of two or three weeks; and yet such is the flexibility of the financial organization of the world, that already order is emerging out of what seemed hopeless chaos, and the vast and complicated machinery of commerce and finance is with hourly-increasing efficiency resuming its normal function.

For the purposes of this presentation it remains for me to estimate, so far as possible, our expenditures for the year, indicate my view as to revenue and submit the measures proposed by the Government to meet the altered conditions with which we are confronted. I should not be frank if I did not at once say that I put forth my view as to both revenue and expenditure with the utmost diffidence, because it is not possible for any one to forecast with any measurable degree of certainty what lies ahead of us under either of these headings.

Before the outbreak of war we had calculated upon a revenue of one hundred and forty-five million dollars and an expenditure of about one hundred and seventy-five million dollars of which \$135,000,000 would have been upon Consolidated Fund

Account and \$40,000,000 upon Capital, Special, and Investment Accounts.

In June last we floated a loan of £5,000,000, the proceeds of which with our expected revenues would have carried us into next fall when a further loan of say £3,000,000 would have sufficed for our requirements until the end of the fiscal year, including the retirement of £1,700,000 Treasury Bills maturing in November next.

Our present cash position is normal, our bank balances both in Canada and in London having been well maintained.

ESTIMATED REVENUE, 1914-15.

I proceed now to deal with the situation as changed by the war. As to revenues for the remainder of the year it is with much hesitation that I venture upon an estimate. For some time past I have had the tariff experts of my Department and of the Customs Department considering the question. That we shall experience a sharp decline in customs revenue due to decreased importations seems certain. The war itself shuts off automatically our trade with the enemy. The increased risk of ocean traffic must have a most serious effect upon our sea-bourne commerce. Above all, the temporary cessation of the stream of our borrowings in Great Britain will diminish our capital and other expenditures and express itself in a marked diminution in our imports. On the other hand we shall probably increase our imports from the United States, through whose ports goods from Europe will no doubt find their way. The enhanced prices of our grain, food and other products will give us greater buying power than we should have otherwise possessed from this source. After careful consideration of all these aspects of the question we are of the view that our revenues from present sources for the year should reach from \$130,000,000 to \$135,000,000.

ESTIMATED EXPENDITURE, 1914-15.

With regard to expenditures it will be the policy of the Government so far as possible to maintain the existing programme of public works under construction. New works will not, however, be undertaken until the financial situation clears, and in this connection we must ask the forbearance and co-operation of members of both sides of the House. On the one hand we do not desire to shut down construction now under way with the consequent resulting unemployment, and on the other we must have in mind existing financial conditions and embark upon new expenditure only when we have in view the source

of funds with which it may be defrayed. Under this policy I estimate that our revenue will just about suffice to meet our ordinary running expenditure; at least I am hopeful that it will do so.

This leaves to be otherwise provided, for capital, special and investment expenditure, a sum totalling probably \$30,000,000, together with such special expenditure as we may make for the common defence of Canada and the Empire. We are asking Parliament for a vote of \$50,000,000. What portion of this may be expended during the remainder of the fiscal year is problematical, but we must assume at least the greater part. With the world at war and our national existence at stake it is not the part of patriotism to spare either blood or treasure, and the Government may be depended upon to continue to uphold to the utmost of its power the arm of Britain in the fateful contest in which she is now engaged for the preservation of the Empire and the freedom of the world.

Assuming a capital and special expenditure of say \$60,000,000, we must further provide \$8,500,000 for the retirement of Treasury Bills maturing in November, making a total of \$68,500,000, which must be met by the proceeds of borrowing or special taxation. We have already borrowed \$25,000,000 by the issue of June. This leaves a balance of \$43,500,000 which we must now devise ways and means to meet.

WAR TAXATION—CUSTOMS AND EXCISE.

To partially meet the special war expenditure I have to propose certain increases in customs and excise duties upon articles and commodities to the taxation of which resort is usually had in the emergency of war.

The special war taxation which I have to propose to the House will affect the rates of duties of customs and of excise upon coffee, sugar, liquors and tobacco. On green coffee, which was free when imported direct from the country of growth and production or purchased in bond in the United Kingdom, it is proposed to place a duty of $2\frac{1}{4}$ cents per lb. under the British preferential tariff and 3 cents per lb. under the general tariff. The increased revenue on coffee for the year will be about \$500,000. As to sugar, we propose that upon the raw commercial article testing 75 degrees by the polariscope, the rate of duty will be increased from 25 cents under the British preferential tariff to 88 cents per 100 lbs., and from $31\frac{1}{4}$ cents under the general tariff to \$1.11 $\frac{1}{4}$ per 100 lbs. No change is proposed in the rates respecting each additional degree over 75 degrees. In other words an increase is proposed of 63 cents per 100 lbs. under the British preferential tariff and 80 cents per 100 lbs. under the

general tariff. On raw sugar which tests 96 degrees an increase is made in the British preferential tariff from $40\frac{1}{2}$ cents per 100 lbs. to $\$1.03\frac{1}{4}$ per 100 lbs. and an increase in the general tariff from $57\frac{1}{2}$ cents per 100 lbs. to $\$1.37\frac{1}{2}$ per 100 lbs. On refined sugar testing 88 degrees by the polariscope the British preferential tariff rate will be increased from 72 cents to $\$1.52$ per 100 lbs., and under the general tariff from 93 cents to $\$1.93$ per 100 lbs. No change is made in the rates respecting each additional degree over 88 degrees. In other words an increase is proposed of 80 cents per 100 lbs. under the British preferential tariff and $\$1.00$ per 100 lbs. under the general tariff.

On refined sugar which tests 99 degrees we propose to increase the British preferential tariff from 83 cents per 100 lbs. to $\$1.63$ per 100 pounds and the general tariff from $\$1.07\frac{2}{3}$ to $\$2.07\frac{2}{3}$ per 100 lbs. That is to say, we propose to increase refined sugar four-fifths cents per lb. under the British preferential tariff rate and one cent per lb. under the general tariff rate. The revenue we shall derive from this special taxation on sugar will probably exceed $\$5,000,000$ per annum upon the basis of last year's importations of sugar.

On whisky, brandy, gin and other distilled spirits of like character, it is proposed to increase the duty from $\$2.40$ to $\$3$ per proof gallon. The increased revenue on spirits so imported will exceed $\$2,500,000$ per annum upon the basis of last year's consumption. Certain other minor changes will be proposed, which it is unnecessary to advert to here, on account of the increase in coffee, sugar and spirits duty—there are certain changes, known as consequential changes, which it is necessary to make in the duties on certain commodities by reason of the increased duties imposed on articles which are raw materials in their production. On cigars and cigarettes we propose to increase the specific rate from $\$3$ per lb. to $\$3.50$ per lb., and on manufactured tobacco we propose an increase of 10 cents per lb. The increased revenue from this source will be over $\$200,000$ per annum. I may explain that on account of schedule C of the French treaty no increase can be made in the rates of customs duties on wines and champagnes. The reason is that the customs rates under the French treaty are fixed and specific and not susceptible to increase during the continuation of the treaty.

So much for our proposal as regards customs. I now turn to the measures which we propose with reference to duties of excise. Our proposals in this respect are as follows: upon spirits from $\$1.90$ to $\$2.40$ per gallon; on malt liquor from 10 cents to 15 cents per gallon; on malt from $1\frac{1}{2}$ cents to 3 cents per lb.; on cigars, from $\$2$ to $\$3$ per thousand; on cigarettes from $\$2.40$ to $\$3$ per thousand; on manufactured tobacco from

5 cents to 10 cents per lb. We anticipate an increased revenue from excise calculated upon the consumption of last year, of about \$6,600,000 per annum.

In connection with the increases which I have proposed in customs and excise rates upon liquors and tobaccos, it has come to our knowledge that certain brewers, distillers and dealers, in expectation that a special war tax would be necessary upon these commodities, have during the past two weeks taken exceedingly large amounts out of bond. I have particulars of the abnormal increases in customs and excise revenue under my hand which I shall later lay before the committee. If we fail to deal with the situation thus created, our fiscal measure, so far as it relates to the commodities in question, would be defeated and we should be deprived in large part of the revenue which for the remainder of the year we have calculated upon from these sources. I have to propose, therefore, that part of the legislation relating to duties of customs and excise be deemed to come into effect on August 7, 1914.

These special war taxes, representing only a small fraction of our increase in military and naval expenditure, due to the critical situation which has arisen, will fall upon the entire community. In paying them each citizen will feel that the amount he pays is a direct contribution to the defence of Canada and the Empire.

From these special war taxes I estimate we shall derive additional revenue of about seven million dollars during the remainder of the fiscal year. This leaves a sum of over \$36,000,000 to be provided by borrowing. We shall, as opportunity offers, issue further loans, but I must state to the House that the amount upon which we can rely from this source is conjectural and dependent upon the course of events.

NOTES ACT AMENDMENT.

In these circumstances I am taking authority, by legislation amending the Dominion Notes Act, to increase the amount of notes which may be issued against a 25 per cent margin of gold from thirty to fifty million dollars. This will give us an additional fifteen million dollars free money borrowed from our own people upon the Dominion's credit. We shall avail ourselves of this emergency measure to the extent that it may be found necessary to supplement our borrowings otherwise. I have already given notice of the legislation in that behalf.

INDUSTRIAL CONDITIONS.

As to the effect of the war upon industrial and commercial conditions in Canada, I do not regard it necessary that I should

upon this occasion make any special pronouncement. Injury there will no doubt be to some of our enterprises, but such injury may be most marked at the beginning and not of long duration. In the circumstances I feel that I can confidently appeal to all employers of labour to continue to carry on their operations to such extent as may be feasible to them in order that the distress of unemployment may be minimized as much as possible, and that the first brunt of the war may not fall too heavily upon the working community.

To many of our industries, and notably to agriculture, there should be pronounced stimulation and quickening of activity. Trade between Canada and the motherland will undoubtedly receive an impetus, the importance of which to our future relations it would be difficult to overstate. If I have any general advice to offer it is that the people of Canada will, as I am sure they will, continue to maintain the calm, sane judgment for which they have always been noted. Above all, confidence is a supreme patriotic duty—confidence in one another, confidence in our country and its institutions, in the Empire, in the righteousness of our cause and, under Providence, in the certain ultimate triumph of our arms.

I beg, Mr. Speaker, to give notice that when this House goes into Committee of Ways and Means, I shall move the following resolutions:

CUSTOMS DUTIES.

1. Resolved that it is expedient to amend Schedule A to the Customs Tariff, 1907, as amended by chapter 15 of the Acts of 1913, and by chapter 26 of the Acts of 1914, and to strike thereout tariff items: 21, 22, 23, 25, 26, 27, 28, 29, 43, 44, 45, 66, 103, 104, 105, 106, 107, 113, 134, 135, 135a, 141, 143, 144, 145, 146, 147, 150, 151, 152, 156, 159, 160, 161, 162, 168, 220, 243, the several enumerations of goods respectively, and the several rates of duties of Customs, if any, set opposite each of the said items, and to provide that the following items, enumerations and rates of duties be inserted in said schedule A:

Tariff Items.		British Preferential Tariff.	Inter-mediate Tariff.	General Tariff.
21	Cocoa paste or 'liquor' and chocolate paste or 'liquor,' sweetened, in blocks or cakes not less than two pounds in weight.....per pound	4 cents.	4½ cents.	4½ cents.
22	Preparations of cocoa or chocolate in powder form	22½ p.c.	27½ p.c.	27½ p.c.
23	Preparations of cocoa or chocolate, n.o.p., and confectionery coated with or containing chocolate, the weight of the wrappings and cartons to be included in the weight for duty per pound and	1 cent. 22½ p.c.	1 cent. 35 p.c.	1 cent. 35 p.c.
25	Chicory, kiln-dried, roasted or ground, per pound.....	2 cents.	3 cents.	3 cents.
25a	Coffee, extract of, n.o.p., and substitutes therefor of all kinds, per pound	5 cents.	6 cents.	6 cents.
26	Coffee, roasted or ground, and all imitations thereof and substitutes therefor, including acorn nuts, n.o.p., per pound.....	4 cents.	5 cents.	5 cents.
27	Coffee, roasted or ground, when not imported direct from the country of growth and production...per pound and	4 cents. 7½ p.c.	5 cents. 10 p.c.	5 cents. 10 p.c.
28	Coffee, green, imported direct from the country of growth and production, and green coffee purchased in bond in the United Kingdom...per pound	2½ cents.	3 cents.	3 cents.
28a	Tea imported direct from the country of growth and production, and tea purchased in bond in the United Kingdom.....	Free.	Free.	Free.
29	Coffee, green, n.o.p.....per pound and	3 cents. 10 p.c. 10 p.c.	3 cents. 10 p.c. 10 p.c.	3 cents. 10 p.c. 10 p.c.
29a	Tea, n.o.p.....	10 p.c.	10 p.c.	10 p.c.
43	Condensed milk, the weight of the package to be included in the weight for duty.....per pound.	2½ cents.	3½ cents.	3½ cents.
44	Condensed coffee with milk.....	25 p.c.	35 p.c.	35 p.c.
45	Milk foods, n.o.p.; prepared cereal foods, in packages not exceeding twenty-five pounds weight each....	20 p.c.	27½ p.c.	27½ p.c.
66	Biscuits, sweetened.....	20 p.c.	30 p.c.	30 p.c.
103	Fruits preserved in brandy, or preserved in other spirits, and containing not more than forty per cent of proof spirit in liquid contents thereof	60 p.c.	60 p.c.	60 p.c.

CUSTOMS DUTIES.—Continued.

Tariff Items.		British Preferential Tariff.	Intermediate Tariff.	General Tariff.
104	Fruits preserved in brandy, or preserved in other spirits, and containing more than forty per cent of proof spirit in the liquid contents thereof. per gallon. and	\$3.00 30 p.c.	\$3.00 30 p.c.	\$3.00 30 p.c.
105	Fruits in air-tight cans or other airtight packages, n.o.p., the weight of the cans or other packages to be included in the weight for duty. . per lb.	1½ cents.	2½ cents.	2½ cents.
106	Jellies, jams, preserves and condensed mince meats. per pound.	2½ cents.	3½ cents.	3½ cents.
107	Preserved ginger.	25 p.c.	35 p.c.	35 p.c.
113	Cocoanut, desiccated, sweetened or not. per pound.	3½ cents.	4½ cents.	4½ cents.
134	All sugar above number sixteen Dutch standard in colour, and all refined sugars of whatever kinds, grades or standards, testing not more than eighty-eight degrees by the polariscope, per one hundred pounds. And for each additional degree over eighty-eight degrees. . per one hundred pounds. Provided that fractions of five-tenths of a degree or less shall not be subject to duty, and that fractions of more than five-tenths shall be dutiable as a degree. Provided that refined sugar shall be entitled to entry under the British Preferential Tariff upon evidence satisfactory to the Minister of Customs that such refined sugar has been manufactured wholly from raw sugar produced in the British colonies and possessions, and not otherwise.	\$1.52 1 cent.	\$1.93 1½ cents.	\$1.93 1½ cents.
135	Sugar, n.o.p., not above number sixteen Dutch standard in colour, sugar drainings or pumpings drained in transit, melado or concentrated melado, tank bottoms, sugar concrete, and molasses testing over fifty-six degrees and not more than seventy-five degrees by the polariscope, per one hundred pounds. And for each additional degree over seventy-five degrees, per one hundred pounds. Provided that fractions of five-tenths of a degree or less shall not be subject to duty, and that fractions of more than five-tenths shall be dutiable as a degree. Provided that all raw sugar, including sugar specified in this item, the produce of any British colony or possession, shall be entitled to entry under the British Preferential Tariff, when imported direct into Canada from any British country. Provided that sugar imported under this item shall not be subject to special duty.	88 cents. ¾ cent.	\$1.11½ 1½ cents.	\$1.11½ 1½ cents.

CUSTOMS DUTIES.—Continued.

Tariff Items.		British Preferential Tariff.	Intermediate Tariff.	General Tariff.
135a	Raw sugar as described in tariff item 135, when imported to be refined in Canada by Canadian sugar refiners, to the extent of the quantity of sugar refined during the calendar years 1912 and 1913, by such refiners from sugar produced in Canada from Canadian beet-root under regulations by the Minister of Customs, per one hundred pounds, testing not more than seventy-five degrees by the polariscope..... And per one hundred pounds for each additional degree over seventy-five degrees..... Provided that sugar imported under this item shall not be subject to special duty. This item to expire December 31, 1914.	88 cents. $\frac{3}{4}$ cent.	88 cents. $\frac{3}{4}$ cent.	88 cents. $\frac{3}{4}$ cent.
141	Sugar candy and confectionery, n.o.p., including sweetened gums, candied peel, candied pop-corn, candied fruits, candied nuts, flavouring powders, custard powders, jelly powders, sweetmeats, sweetened breads, cake, pies, puddings and all other confections containing sugar, the weight of the wrappings and cartons to be included in the weight for duty.... per pound and.....	$\frac{1}{2}$ cents. 22½ p.c.	$\frac{1}{2}$ cent. 35 p.c.	$\frac{1}{2}$ cent. 35 p.c.
143	Cigars and cigarettes, the weight of cigars to include bands and ribbons and the weight of cigarettes to include the paper covering...per pound and.....	\$3.50 25 p.c.	\$3.50 25 p.c.	\$3.50 25 p.c.
144	Cut tobacco.....per pound	65 cents.	65 cents.	65 cents.
145	Manufactured tobacco, n.o.p., and snuff per pound.....	60 cents.	60 cents.	60 cents.
146	Ale, beer, porter and stout, when imported in casks or otherwise in bottle per gallon.....	30 cents.	30 cents.	30 cents.
147	Ale, beer, porter and stout, when imported in bottles.....per gallon Provided that six quart bottles or twelve pint bottles shall be held to contain.....one gallon.	42 cents.	42 cents.	42 cents.
150	Limejuice and fruit juices, fortified with or containing not more than twenty-five per cent of proof spirits.....per gallon	75 cents.	75 cents.	75 cents.
151	Limejuice and fruit juices, fortified with or containing more than twenty-five per cent of proof spirits, per gallon and....	\$3.00 30 p.c.	\$3.00 30 p.c.	\$3.00 30 p.c.

CUSTOMS DUTIES.—*Continued.*

Tariff Items.		British Preferential Tariff.	Inter-mediate Tariff.	General Tariff.
152	Limejuice and fruit syrups, and fruit juices, n.o.p.	17½ p.c.	22½ p.c.	22½ p.c.
156	Ethyl alcohol, or the substance commonly known as alcohol, hydrated oxide of ethyl or spirits of wine, n.o.p.: gin of all kinds, n.o.p.; rum, whisky and all spirituous or alcoholic liquors, n.o.p.; amyl alcohol or fusel-oil, or any substance known as potato spirit or potato oil; methyl alcohol, wood alcohol, wood naphtha, pyroxylic spirit or any substance known as wood spirit or methylated spirits, absinthe, arrack or palm spirit, brandy, including artificial brandy and imitations of brandy, n.o.p.; cordials and liqueurs of all kinds n.o.p.; mescal, pulque, rum shrub, schiedam and other schnapps; tafia, angostura and similar alcoholic bitters or beverages; and wines, n.o.p., containing more than forty per cent of proof spirit, per gallon of the strength of proof.	\$3.00	\$3.00	\$3.00
	Provided, as to all the goods specified in this item when of less strength than the strength of proof, that no reduction or allowance shall be made in the measurement thereof for duty purposes, below the strength of fifteen per cent under proof.			
	Provided also, that when the goods specified in this item are of greater strength than the strength of proof, the measurement thereof and the amount of duty payable thereon shall be increased in proportion for any greater strength than the strength of proof.			
	Provided further, that bottles and flasks and packages of gin, rum, whisky and brandy of all kinds, and imitations thereof, shall be held to contain the following quantities (subject to the provisions for addition or deduction in respect of the degree of strength), viz.:—			
	Bottles, flasks and packages, containing not more than three-fourths of a gallon per dozen, as three-fourths of a gallon per dozen;			
	Bottles, flasks and packages, containing more than three-fourths of a gallon but not more than one gallon per dozen, as one gallon per dozen;			
	Bottles, flasks and packages, containing more than one gallon but not more than one and one-half gallons per dozen, as one and one-half gallon per dozen;			
	Bottles, flasks and packages, containing more than one and one-half gallon but not more than two gallons per dozen, as two gallons per dozen;			

CUSTOMS DUTIES.—Continued.

Tariff Items.		Preferential Tariff.	Inter- mediate Tariff.	General Tariff.
	Bottles, flasks and packages, contain- ing more than two gallons but not more than two and four-fifths gal- lons per dozen, as two and four- fifths gallons per dozen ;			
	Bottles, flasks and packages, contain- ing more than two and four-fifths gallons but not more than three gallons per dozen, as three gallons per dozen ;			
	Bottles, flasks and packages, contain- ing more than three gallons but not more than three and one-fifth gal- lons per dozen, as three and one- fifth gallons per dozen.			
	Provided further, that bottles or phials of liquors for special pur- poses, such as samples not for sale to the trade, may be entered for duty according to actual measure- ment, under regulations prescribed by the Minister of Customs.			
159	Spirits and strong waters of any kind mixed with any ingredient or ingredients, as being or known or designated as anodynes, elixirs, essences, extracts, lotions, tinctures or medicines, or ethereal and spirit- ous fruit essences, n.o.p., per gallon and	\$3.00 30 p.c.	\$3.00 30 p.c.	\$3.00 30 p.c.
160	Alcoholic perfumes and perfumed spirits, bay rum, cologne and lavender waters, hair, tooth and skin washes, and other toilet pre- parations containing spirits of any kinds:— (a) When in bottles or flasks con- taining not more than four ounces each	60 p.c.	60 p.c.	60 p.c.
	(b) When in bottles, flasks or other packages, containing not more than four ounces each. per gallon and	\$3.00 40 p.c.	\$3.00 40 p.c.	\$3.00 40 p.c.
161	Nitrous ether, sweet spirits of nitre and aromatic spirits of ammonia per gallon and	\$3.00 30 p.c.	\$3.00 30 p.c.	\$3.00 30 p.c.
162	Medicinal or medicated wines includ- ing vermouth and ginger wine, con- taining not more than forty per cent of proof spirits	60 p.c.	60 p.c.	60 p.c.
168	Malt flour containing less than fifty per cent in weight of malt; also extract of malt, fluid or not, in- cluding grain molasses—all articles in this item upon valuation without British or foreign excise duties, under regulations by the Minister of Customs..... per pound and	3 cents. 35 p.c.	3 cents. 35 p.c.	3 cents. 35 p.c.

CUSTOMS DUTIES.—*Concluded.*

Tariff Items.		British Preferential Tariff.	Intermediate Tariff.	General Tariff.
220	All medicinal, chemical and pharmaceutical preparations, compounded of more than one substance, including patent and proprietary preparations, tinctures, pills, powders, troches, lozenges, syrups, cordials, bitters, anodynes, tonics, plasters, liniments, salves, ointments, pastes, drops, waters, essences and oils, n.o.p. :— (a) When dry (b) All others..... Provided that drugs, pill-mass and preparations, not including pills or medicinal plasters, recognized by the British or the United States pharmacopœia, or the French Codex as official, shall not be held to be covered by this item ; Provided, also, that any article in this item containing more than forty per cent of proof spirit shall be rated for duty at....per gallon and.....	20 p.c. 60 p.c.	25 p.c. 60 p.c.	25 p.c. 60 p.c.
		\$3.00 30 p.c.	\$3.00 30 p.c.	\$3.00 30 p.c.
248	Paints and colours, ground in spirits, and all spirit varnishes and lacquers per gallon	\$1.25	\$1.25	\$1.25

2. Resolved, that any enactment founded on the preceding resolution shall be deemed to have come into force on the twenty-first day of August, nineteen hundred and fourteen, and to have applied to all goods mentioned in the preceding resolution, except as hereinafter otherwise provided, 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:

Provided, however, that the foregoing provisions respecting goods specified in tariff items 146, 147 and 156 shall be deemed to have come into force on the seventh day of August, nineteen hundred and fourteen, and to have applied to the goods mentioned in said tariff items 146, 147 and 156 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.

EXCISE DUTIES.

1. Resolved, that it is expedient to amend the Inland Revenue Act, as amended by chapter 34 of the Acts of 1908, by repealing sections 154, 201, 222 and 279 thereof, and substituting therefor the following:—

154. There shall be imposed, levied and collected on all spirits distilled, the following duties of excise, which shall be paid to the collector, as herein provided, that is to say:

(a) When the material used in the manufacture thereof consists of not less than ninety per centum, by weight, of raw or unmalted grain, or when manufactured from sugar, syrup, molasses or other saccharine matter not otherwise provided for, on every gallon of the strength of proof by Sykes' hydrometer, two dollars and forty cents, and so in proportion for any greater or less strength than the strength of proof, and for any less quantity than a gallon;

(b) When manufactured exclusively from malted barley, taken to the distillery in bond and on which no duty of customs or excise has been paid, or when manufactured from raw or unmalted grain, used in combination, in such proportions as the department prescribes, with malted barley taken to the distillery in bond and on which no duty of customs or of excise has

been paid, on every gallon of the strength of proof by Sykes' hydrometer, two dollars and forty-two cents, and so in proportion for any greater or less strength, and for any less quantity than a gallon;

(c) When manufactured exclusively from molasses, syrup, sugar or other saccharine matter, taken to the distillery in bond and on which no duty of customs has been paid, on every gallon of the strength of proof by Sykes' hydrometer, two dollars and forty-three cents, and so in proportion for any greater or less strength, and for any less quantity than a gallon.

201. There shall be imposed, levied and collected on every gallon of any fermented beverage made in imitation of beer or malt liquor, and brewed in whole or in part from any other substance than malt, a duty of excise of fifteen cents, which shall be paid to the collector as herein required: Provided, that any brewer using sugar, syrup or other saccharine matter in the manufacture of beer, and having previously given ten days' notice in writing to the collector of his intention to use such sugar, syrup or other saccharine matter, and paying the duty hereinbefore mentioned on the beer made therewith, may receive a drawback equal to the duty of excise paid by him on the malt used with such sugar, syrup or other saccharine matter in making such beer, under such restrictions and regulations as the department prescribes.

222. There shall be imposed, levied and collected the following duties of excise on all malt, which shall be paid to the collector, as by this Act provided, that is to say:

(a) On every pound of malt manufactured in Canada, subject to excise regulations with respect to coomings and absorption of moisture in warehouse as provided by the Order in Council of the seventh day of February, one thousand eight hundred and ninety-one, three cents: Provided that malt may be removed from a malt-house to a distillery in bond, and the duty on such malt may be remitted upon proof satisfactory to the department that such malt has been used solely for the production of spirits, in which production no other material than malt is used; and provided further that malt used, in any licensed bonded manufactory, in the manufacture of malt extract or other similar medicinal preparation approved by the department may have duty thereon remitted under such regulations as the department establishes;

(b) On every pound of malt imported into Canada and warehoused, when taken out of bond for consumption, an excise duty of three cents: Provided that malt imported into Canada, crushed or ground, shall be subject to a duty of five cents per pound.

279. There shall be imposed, levied and collected on tobacco and cigars manufactured in Canada the following duties of excise, which shall be paid to the collector as by this Act provided, that is to say:

(a) On all chewing and smoking tobacco, fine-cut, cavendish, plug or twist, cut or granulated, of every description, on tobacco twisted by hand or reduced into a condition to be consumed or, in any manner other than the ordinary mode of drying and curing, prepared for sale or consumption, even if prepared without the use of any machine or instrument and without being pressed or sweetened, and on all fine-cut, shorts and refuse scraps, cuttings and sweepings of tobacco made from raw leaf tobacco or the product in any form, other than in this Act otherwise provided, of raw leaf tobacco, ten cents per pound, actual weight;

(b) On common Canada twist, when made solely from tobacco grown in Canada, and on the farm or premises where grown, by the cultivator duly licensed therefor, or in a licensed tobacco manufactory, ten cents per pound, actual weight;

(c) On all snuff made from raw leaf tobacco, or the product in any form of raw leaf tobacco or any substitute for tobacco, ground, dry, scented or otherwise, of all descriptions, when prepared for use, ten cents per pound, actual weight;

(d) Snuff flour, when sold or removed for use or consumption, shall pay the same duty as snuff, and shall be put up in packages and stamped in the same manner as herein prescribed for snuff completely manufactured, except that snuff flour not prepared for use, but which needs to be subjected to further processes, by sifting, pickling, scenting or otherwise, before it is in a condition fit for use or consumption, may be sold by one tobacco manufacturer directly to another tobacco manufacturer, and without the payment of the duty, under such regulations as are provided in that behalf by the department;

(e) On cigars of all descriptions, made from raw leaf tobacco, or any substitute therefor, three dollars per thousand;

(f) On all cigars, when put up in packages containing less than ten cigars each, four dollars per thousand;

(g) On cigarettes made from raw leaf tobacco or any substitute therefor, weighing not more than three pounds per thousand, three dollars per thousand;

(h) On cigarettes made from raw leaf tobacco or any substitute therefor, weighing more than three pounds per thousand, eight dollars per thousand;

(i) On all foreign raw leaf tobacco, unstemmed, taken out of warehouse for manufacture in any cigar or tobacco manufactory, twenty-eight cents per pound, computed according to the standard of leaf tobacco as hereinbefore established;

(j) On all foreign raw leaf tobacco, stemmed, taken out of warehouse for manufacture in any cigar or tobacco manufactory, forty-two cents per pound, computed according to the standard of leaf tobacco as hereinbefore established;

2. In all tobacco manufactories where less than fifty per cent of Canadian raw leaf tobacco is used, and where ten per cent, or more, of other materials is used, such materials shall be subject to a duty of sixteen cents per pound actual weight.

2. Resolved, that any enactment founded on the preceding resolution shall be deemed to have come into force on the seventh day of August, nineteen hundred and fourteen.



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