CANADA

BUDGET SPEECH

DELIVERED BY

HON. SIR HENRY L. DRAYTON, M.P.

MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS

MONDAY, MAY 9

1921

OTTAWA
THOMAS MULVEY
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1921

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WAYS AND MEANS—THE BUDGET

Hon. Sir HENRY DRAYTON (Minister of Finance) moved:

> The Speaker do now leave the Chair for the House to go into Committee of Ways and Means.

He said: Mr. Speaker, following the usual practice I now take advantage of this motion for the purpose of introducing the annual Budget.

The past year has been a difficult and trying one for business practically the world over, and Canada has suffered in common with other nations from the commercial and economic conditions obtaining. The year has been a year of deflation, and deflation is always difficult. During the first portion of the year the price of commodities, instead of declining after the cessation of hostilities, as was generally expected, sharply rose. Extravagant and luxurious buying was common, and the cost of living in Canada unreasonable.

As a corrective measure, as well as for the purposes of revenue, the taxes of last year, commonly known as Luxury Taxes, were imposed. The object of these taxes was stated in the Budget speech as follows:—

> Not only is more revenue necessary but extravagant and luxurious expenditure ought to be checked. Just so long as expenditure on non-essentials and extravagant expenditure continues, just so much longer will the drop in the value of essentials be postponed. On those having income more than necessary for properly maintaining themselves and families, there rests a special duty of saving whenever possible and in this manner adding to the available financial resources for development and for industrial undertakings.

Extravagant buying was slowly but surely checked, and in November declines in commodity prices, both manufacturers' and wholesale, were well marked. The buying public which had previously been so well accustomed to rising markets and then bought freely in the fear that prices would be higher, were convinced that the prices of commodities were on the downward trend, and instead of buying in advance of their needs, stopped purchasing as much as possible in the expectation that prices would continue to fall.

But not only were the taxes designed to check wild spending on the part of the public, they were also calculated to check unnecessary purchases by the trader, so that his inventories might be all the smaller when the inevitable drop in commodities came, and so that the lower level might be reached in more easy stages and with little goods on hand.

Having served these main purposes, the so-called Luxury Taxes were, with but trifling exceptions, abolished on the 18th day of December, 1920.

The year has been a trying one in many activities, but it is felt that the lower price levels have been reached, and that working on the sure foundation of lower costs, the conditions of our trade and commerce ought to steadily improve.

Trade

The year just closed gives a great total for Canadian trade. The previous year, notwithstanding that it was a year of rising prices and general activity in business, showed a total of imports and domestic exports of $2,304,008,267, as against $2,429,288,757 for the year ended March 31, last.

This is a remarkable showing, more particularly in view of the fact that prices had materially declined during the last half of the year and that our heavy export of grain was made on the lower price level. These figures show an increase for the year of $125,280,490. If foreign merchandise brought into Canada and exported be added, the respective totals become for the year ended March 31, 1920, $2,351,174,878, and for the year just closed $2,450,553,175.

For the purpose of comparison, it may be noted that the years at the end of the past two five-year periods, that is for 1916 and 1911, show a total trade of $1,287,117,229 and $741,745,318 respectively. The figures of the past year show great trade activity. Taking nine millions as the approximate population of Canada, and the calendar year as a uniform basis of comparison, it will be found that the aggregate foreign trade per capita in 1920 was $293.30 for Canada, and $127.78 for the United States.

The mere bulk of trade activities does not of necessity, however, show national prosperity. While, on the one hand, the nation may increase in wealth with a comparatively small total business, on the other hand, it is possible to become the poorer in increasing ratio to the amount of gross business done. The vital question is as to whether or not the business as a whole is profitable.

Canada has continued to be a large buyer. Our imports in the year have increased by the sum of $175,608,887, while, on the other hand, our domestic exports have dropped from those of last year by $50,328,397. If the export of foreign produce be included, the total decrease becomes $76,230,590. If mere size of trade was the whole criterion of national prosperity, Canada would indeed be prosperous, and the problems of industrial unemployment and dissatisfaction with farm results entirely non-existent. While it is perfectly true that Canada, relatively, is very much better off at the present moment than many other nations are, the fact nevertheless remains that conditions are not as we would have them.

It has also to be borne in mind that while our total exports are only $76,230,590 short of those of last year, they are $375,741,673 below the gross export peak reached in 1918.

The unfortunate part of our international balances is that with the United States. The unrevised figures for the year show that our exports to that market amounted to $542,304,456 of domestic, and $18,379,342 of foreign produce, while our imports amounted to $856,593,470, resulting in an unfavourable trade balance between the two countries of $295,909,672. This large unfavourable balance, coupled with the largely increased invisible payments which have to be made to American holders of Canadian securities and investments, of necessity creates a heavy demand for New York exchange, resulting in a premium on New York funds. The real balance against Canada is also increased by the aggregate of the discount on Canadian money in New York, as the trade figures do not include the resultant increased cost to the Canadian purchaser.

If Canada is to continue to buy as much as she now does from the United States, she ought to sell a great deal more in that market. It is undoubtedly to her immediate interest that she should do so. The position of our trade with the United States, unfavourable as it is, is likely however to be made still more unfavourable. The Emergency Tariff, commonly known as the Young Bill, which has already been favourably considered by both Houses of the American Congress, calls for the imposition of taxes which would practically prohibit the importation of—in the chief part— Canadian agricultural commodities which amounted in volume during the past year to some $168,350,000. The measure is for but a six months' period, and the permanent Tariff Bill has not yet been brought down.

The legislation is treated as emergency legislation, and is pressed on the ground that the United States have a large surplus of these products, which their farmers are unable to sell, and that the American farmer is subject to unfair competition in the United States market as owing to the discount on Canadian currency the Canadian farmer receives just so many more Canadian dollars, just as useful to him in his own country as the American dollar is to the American farmer.

The underlying difficulty of the whole matter would appear to result from the condition of foreign exchanges and the difficulty of financing overseas sales. Under former conditions, exports of Canadian products, to a large extent, merely added to the exportable surplus of the United States a very profitable business for that country, while to-day, according to statements made in support of the emergency legislation, the stocks of American produce are large, and additions thereto by Canadian imports merely add to the difficulties of the American producer, who cannot to-day profitably dispose of his own surplus. In other words, what in the past was profitable business for the United States is now regarded as unprofitable.

Our business with the United Kingdom continues to be satisfactory, although it is unaccompanied with favourable balances as great as in the past. Last year our exports to the Mother Country amounted to $495,960,118 while our imports amounted to $126,359,249, resulting in a favourable trade balance of $369,600,869. This year our exports have fallen to $314,226,348, while our imports from the Mother Country have grown to $213,930,946, reducing our favourable trade balance to $100,295,402. In view of the large holdings of Canadian securities in the United Kingdom, while exact figures are not available, the net balance would be much reduced if not indeed turned against us. The showing, however, is very much more satisfactory than that of our trade with the United States and the buyers of English goods have the additional satisfaction of knowing that their dollars were at a premium in the English market.

I have much pleasure in calling the attention of hon. members to the remarkable recovery and extension of British trade in Canada. Imports from the United Kingdom first reached the hundred million mark in 1911. In 1913 they were $138,741,736. As a result of the war, in 1919 the figures had dropped to $73,035,118. In 1920 the total was $126,359,249. The increase of this year over last—although last year's figures were greater than those of any previous year except 1913—is $87,571,697, or over 69 per cent. The sales by the Mother Country in Canada have by the prevailing rates of exchange been made the more easy in the same ratio as our sales to her have been rendered the more difficult. Our sales have also, by reason of the exercise of British Government control, been further restricted.

Revenue, 1920-21

The country's revenues have been well maintained. The revenue for the fiscal year when the accounts are finally closed will approximately reach $432,000,000, as against $349,746,334 for the year before. This marked increase, in a year of deflation, can only be regarded as satisfactory. The chief sources of revenue are as follows:—

Customs	$163,000,000
Excise	37,200,000
Post Office	26,000,000
Business Profits War Tax	40,000,000
Income Tax	46,500,000
Inland Revenue War Tax	79,050,000
Other War taxation	2,355,000

Expenditure, 1920-21

The estimated expenditure for the year amounts to $533,368,077 as against a total outlay provided by the Estimates of $613,225,411.

The total expenditure has been met without new loans, being covered entirely by current revenue and cash resources available at the close of last year. The amount of cash resources from the past year and applicable to 1921-22 will be relatively small. The figure cannot be definitely stated, as sundry expenditures and revenue for 1920-21 have yet to go through the books. I might say, at this juncture, that we expect to find that the available cash at the end of the year when the accounts are closed will amount to approximately $10,000,000.

In considering the consolidated fund expenditures, having regard to the country's pre-war activities, it will be found that these amount to some $141,000,000. Consolidated fund charges connected with and growing out of the war, such as increased interest, pensions, military records, Air Board, expenses of Land Settlement Board, Soldiers' Civil Re-establishment, etc., and such new services and expenses as cost of collection of war taxation, bonus to the Civil Service, aids granted for technical education and road building, etc., approximate $225,000,000. Other war expenses, including Soldiers' Land Settlement loans and demobilization, increase the total payments resulting from the war and new services to $277,000,000. Services similar to those provided for by the consolidated fund expenditure of $141,000,000 this year as referred to above cost in the year 1913-14 $127,384,472.

Of the expenditures, the total chargeable to consolidated fund is $362,600,000. Special expenditure, including capital of $36,972,000 and demobilization of $20,000,000 accounts for a further sum of $57,102,000. Then there are investments, classed as non-active for the time being, as follows:—

Canadian Northern Railway	$ 48,611,077
Grand Trunk Railway	26,520,000
Grand Trunk Pacific Railway "Rec. a/c"	18,300,000
Grand Trunk Pacific Guaranteed Int.	3,500,000
Quebec Harbour Commissioners	335,000
	$ 97,266,077

And finally, disbursements for railway equipment of $16,-400,000.

The revenues for the year exceed the ordinary expenses of the country, including all pensions and all current war charges, by $69,400,000 and exceed the sum total of the ordinary expenses, together with the regular charges to capital and war, by $12,298,000.

Debt

As already stated, there have been no fresh borrowings. On the other hand, the debt has increased by the amount that the liquid surplus of the year before has been used, namely, $101,368,077. It should be noted that out of available cash, tax exempt bonds aggregating $89,228,300 have been acquired and taken off the market. It is proposed to cancel them.

The result is that, having regard to the writing-down of assets which took place last year, the net debt now amounts to $2,350,236,700. An interesting observation may be made as to the increase in debt. In the period 1896 to and including 1914 the net additions to the debt totalled $77,499,417. As compared with this, during the period 1914 to date, if the writing-down of non-active assets had not taken place and if the bare war cost be deducted but resulting current expenses arising from the war such as for interest, pensions, etc., be nevertheless charged, the net debt to-day would stand at approximately $115,000,000 less than at March 31, 1914. The situation may be otherwise expressed by saying that notwithstanding the largely increased cost of Government, to the extent of this sum the country's war activities have been financed out of current revenue.

Over and above all this the charges to the consolidated fund of payments made on current war account from and including the year 1914-15 to 1920-21 amount to $553,732,120 and for new services and expenses $30,077,580, making a total of $583,809,700. The amounts by years are as follows:—

—	Due to War Burden.	New Services.	Total.
1914-15	$2,843,238	....	$ 2,843,238
1915-16	8,828,080	....	8,828,080
1916-17	25,956,437	$ 58,174	26,014,611
1917-18	44,134,890	108,196	44,243,086
1918-19	88,854,759	3,498,126	92,352,885
1919-20	170,722,951	13,139,084	183,862,035
1920-21	212,391,765	13,274,000	225,665,765
Total	$553,732,120	$30,077,580	$583,809,700

The net result is that war obligations current and capital have been met and paid to the extent of $698,809,700.

Probable Revenue and Expenditure, 1921-22

All indications point to a falling customs revenue and with the disarrangement of business consequent on imminent tariff legislation of the United States, it is difficult to accurately forecast the revenue for the coming year. The following estimate—based on existing legislation—may be given:—

Customs	$135,000,000
Excise	33,600,000
Post Office	26,000,000
Interest on Investments	19,000,000
Casual Revenue	4,000,000
War Tax Revenue—	
Inland Revenue	72,000,000
Business Profits and Income Tax	70,000,000
Miscellaneous War Tax Revenues	2,000,000
All other Revenues	11,000,000
	$372,600,000

The main estimates tabled call for a total expenditure of $582,062,698 and the supplementary for bonus to the service an additional $9,375,000. The policy of the Government is to pay at least all current expenses, including capital charges, out of current income. The following summary gives the details of these votes properly appropriated to their various objects:—

Estimated Consolidated Fund Expenditure	$343,021,594
Estimated Capital Expenditure	27,459,127
Estimated Demobilization Expenditure	7,777,380
	$378,258,101

Investments—Non-Active—	
Canadian Northern Railway	$ 50,000,000
Grand Trunk Railway	89,687,633
Grand Trunk Pacific Railway	26,000,000
	$165,687,633

Investments—Active—

Soldiers Settlement Board	$ 32,000,000
Housing Loans	13,310,000
Sinking Funds	2,181,963
	$ 47,491,963

From the above it will be seen that $378,258,101 in the first instance ought to be raised out of current revenue. It is true that this amount includes capital expenditure for canals, public works, etc.—capital expenditure, which does add to the equipment and facilities of the country. Under the policy adopted this, however, ought to be met out of current revenue. It should be noted that this capital vote also includes $1,903,133 required for railroad equipment. It also includes $7,000,000 for deficits of the Canadian Government Railways proper which must be regarded as a current expense.

Provision is made for non-active investments to the extent of $165,687,633 on account of railways, investments which at least for the time being will yield no return. To the full extent that provision is required for the payment of current liabilities, deficits and interest, that payment ought to be met out of current revenues. The vote, however, in part, covers maturing capital obligations. Railway capital obligations ought not to be paid out of current revenue at the present time but should be refunded.

Of the vote, the current liabilities of the Canadian Northern call for payment of $25,102,870 made up of stock additions, operating deficits and interest charges.

The Grand Trunk vote is required largely for old accounts and maturing capital obligations, as well as obligations owing the country. The old accounts will be taken into consideration in the arbitration proceedings as deduction from the compensation that may be payable. The company, however, ran last year at an actual deficit of some $6,500,000, apart from all Grand Trunk Pacific obligations. Part of this deficit is accounted for by back pay amounting to some $3,000,000. It would not be safe to regard the account, however, as one not requiring a substantial sum, possibly $6,000,000, for current deficits for the year.

Included in the Grand Trunk Pacific vote, apart entirely from expenditures which add to the value of the property, is $19,817,873. The position of this undertaking is such however that the whole vote of $26,000,000 ought to be raised out of current revenue, making a total current railway expenditure to be this year provided in cash of $57,102,870.

The resultant total to be raised is $435,360,971.

In addition, the other investments of $47,491,963 are active and revenue-producing and constitute a proper deduction from a gross debt.

It is obvious, however, that additional revenues ought to be provided.

TARIFF.

It is not proposed to put into effect now a general revision of the tariff schedules. While Canada must make her own tariff and while that tariff must be a tariff dictated in the interests of Canada and her people, it is not advisable that frequent changes should be made.

The tariff deals with international business and the proper interests of the country can only be considered in the light of international business and the tariff laws of other countries. It is idle to attempt to disguise the fact that any proper Canadian tariff must have consideration to the settled tariff conditions obtaining in the United States. Of our total trade of the past year 57 per cent was with the United States. Of total imports of $1,240,125,056, those from our neighbour to the south were $856,593,470 or 69 per cent of the whole.

As already pointed out, temporary tariff legislation of the United States would place a barrier against our exports to that country amounting to no less than $168,000,000. Such or similar action made permanent, of necessity, would require a careful and thorough revision of the Canadian tariff for the purpose of ensuring the proper continuance of Canadian business—of ensuring employment and Canadian stability—a matter of gravest moment to all classes of our citizens, of moment to the farmer as well as to the industrial worker, of moment to the farmer because the home market, always of importance and value to him, would become in view of the action of the United States and of the difficulties of financing overseas sales, more important than ever.

An illustration of the value of the home market under past conditions may be given in connection with the dairy business. The production of butter in Canada for the year 1919 was 226,000,000 pounds and of this amount but 17,000,000 pounds were exported. On the question of profitable prices in the home market, it may be noted that last autumn when the Ottawa wholesaler paid 57 cents for butter and the Ottawa public were paying 59 cents and 60 cents a pound, the export price was 47 cents a pound. The home market is valueless without purchasing power and that purchasing power will diminish or largely disappear with the advance of industrial unemployment. Under the circumstances, having special regard to the fact that there ought not to be a general revision of the Canadian tariff now and another after the close of the United States Congress, no action will now be taken.

In indicating that regard must be had to United States tariff laws when framing the Canadian tariff, I do not desire to be understood as suggesting that the Canadian tariff should, in any way, of necessity follow the American customs rates. The underlying economic principles which apply to tariff necessities of creditor nations, as compared with debtor nations, are entirely different. Creditor nations are not under the necessity of discharging money claims with an excess of visible exports over visible imports or by fresh borrowings. While it is not in the interest of debtor nations to increase money claims against them by an unfavourable balance of visible trade, in the case of the creditor nation it well may be that the only manner in which the creditor nation may receive payment on its investments is by creating money claims in favour of the debtor nation through an excess of visible imports over visible exports.

As a matter of fact, besides goods and commodities creditor nations export coupons, representing interest on borrowed money, while debtor nations import them, that is, pay them. It is impossible to accurately state the amount of coupons annually imported by Canada. In all probability $180,000,000 would not be an outside figure. Under such circumstances, Canada has to be considered as having an adverse balance of $180,000,000 before any consideration is given to the results of her visible import and export trade. On the other hand, as a great creditor nation, the United States, apart altogether from her visible imports and exports, has the advantage of a very large invisible export credit, none the less real because unseen, under the heading of returns from investments. Canada like all other countries in process of development, required and indeed still requires foreign capital and is of necessity a debtor nation.

Tariff Changes

Changes in the schedules, however, become necessary for the purpose of implementing the trade pact with the West India Islands which has been ratified by both Houses and assented to. A resolution will be submitted dealing with these.

Amendments to Customs Act

Changes ought to be made in the Customs Act with a view to securing a more efficient carrying out of the principle of the dumping provisions. Much of the unemployment at present existing, results from the importation into Canada of goods at prices below the cost of production. In so far as the public are concerned, little, if any, price advantage has accrued to them through these importations. Indeed, it could not well be expected that they should because these low costs cannot be looked upon as at all permanent and as a matter of fact they have been found to be temporary. It has been established that, after large shipments of goods have been made from a foreign market and entered at customs at a valuation justified by temporary quotations in that market, prices there have registered substantial increases. The result, however, is directly felt by the Canadian producer and worker. Goods ought to be valued for customs purposes, not at forced-sale prices, justified by temporary quotations in the foreign market, but having regard to the regular standard value in that market and to cost of production and a reasonable profit thereon.

A further change should also be made having regard to the valuation of goods imported from foreign countries whose currencies have greatly depreciated. Under the law, valuations are made in the currency of the country of export and this value has under customs ruling been adjusted to the basis of exchange prices. The increased cost of production in the foreign market does not, however, bear a direct inverse relation to the extent of the depreciation of the currency, more particularly so having regard to countries where currencies are depreciated to a greater extent than 50 per cent. It is therefore proposed to provide that any depreciation of a foreign currency greater than 50 per cent shall be disregarded and that the lowest valuation which can be made will be arrived at by a depreciation of 50 per cent. Where the rate of exchange is adverse to Canada, the value for duty will be computed at the rate of exchange existing at the date of the shipment of the goods. To put into effect these provisions, a Bill will be introduced providing for amendments to the Customs Act as follows:

Section forty of the said Customs Act is amended by adding thereto the following clause,—"such value in no case to be lower than the wholesale price thereof at such time and place," and by adding thereto the following subsection:

(2) Provided that the value for duty of new or unused goods shall in no case be less than the actual cost of production of similar goods at date of shipment direct to Canada, plus a reasonable profit thereon, and the Minister of Customs and Inland Revenue shall be the sole judge of what shall constitute a reasonable profit in the circumstances.

Section fifty-nine of the said Customs Act is amended by adding thereto the following subsection:

(6) Notwithstanding any of the provisions of this section, in computing the value for duty of the currency of an invoice, no reduction shall be allowed in excess of fifty per cent of the value of the standard or proclaimed currency of the country from whence the goods are invoiced to Canada, irrespective of the rate of exchange existing between such country and Canada on date of the shipment of the goods, and in respect of goods shipped to Canada from a country where the rate of exchange is adverse to Canada, the value for duty of the currency of the invoice shall be computed at the rate of exchange existing between such country and Canada at the date of the shipment of the goods.

Marking of Importations

Representations have from time to time been made to the effect that the goods of one country were being farmed off on the Canadian public as the goods of another country. Especially have representatives of British business urged that many goods were being sold as British goods, which either had not seen Great Britain or were merely collected in and forwarded from that country. In my judgment, immediate effect ought to be given to these representations. Not only has the British importation some right to protection from dishonest competition, but much more so the Canadian public have a right to know from whom they are buying. A resolution will, therefore, be moved to provide that all goods imported into Canada capable of being marked, stamped, branded or labelled without injury shall have indicated on them legibly in English or French the country of origin. This provision will come into force September 1, 1921.

Business Profits War Tax

The Business Profits Tax will be dropped. With present business conditions it would in any event become largely inoperative—excess profits generally speaking will not be found. This tax is one which is only justifiable as an emergency measure in a time of ascending values and inflation and national stress. It is a tax which works harm to the general financial situation and business conditions in an ordinary period and more particularly in a period of business depression. The Act will not be re-enacted.

Excise Taxes

The few remaining so-called luxury taxes will be abolished. In lieu thereof, having particular regard to the necessities of revenue, duties will be levied on playing cards and wines. The duties on spirits will be increased from the present $3 per gallon customs duty and the $2 additional duty under the luxury taxes, to a straight $10 customs rate. Increase will also be made in the excise duties on spirits of local manufacture released for sale in Canada. The former differential of the excise duty as against the customs duty was 60 cents, a differential of 20 per cent. The excise rate will be increased to $9 a gallon.

Many complaints having been received from hospitals and the producers of proprietary medicines and pharmaceutical preparations who represent that the burden of taxation under the law, which is now being changed and which provides for a total tax of $5 per proof gallon, was unduly heavy. The hospitals in particular represent that they have had great difficulty in properly carrying on. It is proposed to grant a rebate of 99 per cent of the duties paid on spirits actually used for medicinal purposes in bona fide hospitals certified to as such by the Department of Public Health and subject to regulations to be promulgated by the Department of Customs and Inland Revenue for the purpose of ensuring that no abuses take place. Under appropriate regulations it is proposed in the case of patent and proprietary medicines and pharmaceutical preparations to reduce the tax to the rate of $2.40 per proof gallon. This is the rate which applied prior to the enactment of last year's luxury taxes.

Sales Tax

In addition to the foregoing new provisions, it is proposed to increase the rate of the sales tax, Many submissions have been received in favour of a sales or turnover tax. The principle of either a sales or turnover tax has been strongly advocated by many boards of trade and commercial bodies. The general turnover tax in particular has been strongly supported. This tax would call for the payment of a tax on every transaction taking place in the country. It would include all sales by retailers. Theoretically a general turnover tax on commodities and services has much to commend it. In practical administration, though, in view of the fact that after careful survey it has been established that books are not kept in many retail stores, the cost of administration would be unduly great and difficulties of collection many.

Instead of extending the tax, it is proposed to confine its operation to the sales of manufacturers, wholesalers, jobbers and importers, and to continue a list of special exemptions which, broadly speaking, will cover foodstuffs in their natural state, initial sales of farm produce by the farmer of his own production, as well as the first products of the fisheries, mines and forests.

The 1 per cent and 2 per cent rates on domestic transactions will become $1\frac{1}{2}$ per cent and 3 per cent respectively, and the present import rates will become $2\frac{1}{2}$ per cent and 4 per cent. The import rates thus become 1 per cent higher than the like domestic rates. The necessity for this lies in the fact that more than one sales tax is included in the finished article made in Canada, while the materials entering into the manufacture or production of the foreign article are not subject to any such tax.

Mr. Speaker, we in Canada have a great task before us. The world is sadly out of tune. May we help in restoring harmony. Trust and confidence are sadly lacking. Class interests are advanced with selfish insistence. Unemployment is with us. Faith in our fellow-men is weakened. Doubt of the future is often voiced. And what is the trouble? The sun still shines—the rivers still sparkle—our lands are as great and fruitful as ever—our resources just as vast. Shall it be said that the work and sacrifice of the past few years were in vain? That we Canadians of to-day do not think that that Canada for whom so great a stream of heroic blood was shed—a Canada great enough to die for—is a country not worth while living for? Living for Canada! To do that means living for and helping our fellow Canadians, means the realization that no real advantage can be taken by this class at the expense of that—that the wrong of one works to the injury of all—that Canada requires honest, clear thinking and the abandonment of racial, class and political prejudice—that our task is worthy of the efforts of a united Canada and the best, unselfish, constant work of each and all of us. If we can but again renew faith the one in the other and in our country, live for Canada and in the faith of our forefathers, the future holds no shadows for Canada.

RESOLUTIONS

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

West Indies Preference

1. Resolved, That it is expedient to amend The Customs Tariff, 1907, by inserting the following section immediately after section 8:

8*a*. Notwithstanding anything in this Act, goods, other than tobacco, cigars, cigarettes, spirituous or alcoholic liquors and articles specified in Schedule A of The West Indies Trade Agreement Act, the produce or manufacture of

British Honduras;

Bermuda;

the Bahamas;

Jamaica;

Turks and Caicos Islands;

the Leeward Islands (Antigua, St. Christopher-Nevis, Dominica, Montserrat, and the Virgin Islands);

the Windward Islands (Grenada, St. Vincent and St. Lucia);

Barbados;

Trinidad and Tobago; and

British Guiana

when imported direct therefrom shall not be subject at any time to more than fifty per centum of the duties imposed on similar goods as set forth in the General Tariff under regulations by the Minister of Customs and Inland Revenue.

Tariff Changes

2. Resolved, That Schedule A to The Customs Tariff, 1907, as amended by Chapter 15 of the Acts of 1913, by Chapter 26 of the Acts of 1914, and by Chapter 5 of the Acts of 1914 (second Session) be further amended by striking thereout tariff items 20, 21, 22, 23, 39*b*, 77*a*, 101, 101*a*, 103, 104, 110, 111, 113, 134, 135, 150, 151, 153, 156, 159, 160, 162, 163, 164 and 165, 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 Gariff.
20	Cocoa paste or "liquor" and chocolate paste or "liquor", not sweetened, in blocks or cakes, per pound..............	4 cents.	5 cents.	5 cents.
21	Cocoa paste or "liquor" and chocolate paste or "liquor," sweetened, in blocks or cakes, not less than two pounds in weight, per pound.....................	4½ cents.	5½ cents	5½ cents
22	Preparations of cocoa or chocolate in powder form....................................	27½ p.c.	35 p.c.	35 p.c.
23	Preparations of cocoa or chocolate, n.o.p., and confectionery, coated with or containing chocolate, the wieight of the wrappings and cartons to be included in the weight for duty, per pound........	1½ cents.	1½ cents.	1½ cents.
	and	22½ p.c.	35 p.c.	35 p.c.
39b	Arrowroot, per pound.....................	½ cent.	1½ cents	1½ cents.
77a	Cocoa beans, not roasted, crushed or ground per one hundred pounds.................	Free.	$1.50	$1.50
87a	Onions in their natural state.................	Free.	30 p.c.	30 p.c.
101	Oranges and lemons........................	Free.	Free.	Free.
101a	Shaddocks or grape fruit, per one hundred pounds....................................	50 cents.	$1.00	$1.00
101b	Limes....................................	Free.	15 p.c.	15 p.c.
103	Fruits preserved in brandy, or preserved in other spirits, and containing not more than forty per cent of proof spirit in the liquid contents thereof, per gallon........	$2.50	$2.50	$2.50
	and	60 p.c.	60 p.c.	60 p.c.
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.............	$10.00	$10.00	$10.00
	and	30 p.c.	30 p.c.	30 p.c.
110	Cocoanuts, n.o.p., per one hundred.........	50 cents.	$1.00	$1.00.
111	Cocoanuts, when imported from the place of growth, by ship, direct to a Canadian port, per one hundred..................	Free.	75 cents.	75 cents.
113	Cocoanut, desiccated, sweetened or not, per pound................................	5 cents.	6 cents.	6 cents.

Tariff Items		British Preferential Tariff.	Intermediate Tariff.	General Tariff.
134	All sugar above number sixteen Dutch standard in colour, and all refined sugars of whatever kinds, grades or standards, not covered by tariff item No. 135, when not exceeding eighty-eight degrees of polarization, per one hundred pounds...	$1.50	$2.00	$2.00
	when exceeding eighty-eight degrees but not esceeding eighty-nine degress, per one hundred pounds........................	$1.52	$2.03	$2.03
	when exceeding eighty-nine degrees but not exceeding ninety degrees, per one hundred pounds........................	$1.54	$2.06	$2.06
	when exceeding ninety degrees but not exceeding ninety-one degrees, per one hundred pounds........................	$1.56	$2.08	$2.08
	when exceeding ninety-one degrees but not exceeding ninety-two degrees, per one hundred pounds....................	$1.59	$2.12	$2.12
	when exceeding ninety-two degrees but not exceeding ninety-three degrees, per one hundred pounds....................	$1.61	$2.15	$2.15
	when exceeding ninety-three degrees but not exceeding ninety-four degrees, per one hundred pounds....................	$1.63	$2.18	$2.18
	when exceeding ninety-four degrees but not exceeding ninety-five degrees, per one hundred pounds....................	$1.65	$2.20	$2.20
	when exceeding ninety-five degrees but not exceeding ninety-six degrees, per one hundred pounds....................	$1.68	$2.24	$2.24
	when exceeding ninety-six degrees but not exceeding ninety-seven degrees, per one hundred pounds....................	$1.70	$2.27	$2.27
	when exceeding ninety-seven degrees but not exceeding ninety-eight degrees, per one hundred pounds....................	$1.72	$2.30	$2.30
	when exceeding ninety-eight degrees but not exceeding ninety-nine degrees, per one hundred pounds....................	$1.79	$2.39	$2.39
	when exceeding ninety-nine degrees, per hundred pounds........................	$1.79	$2.39	$2.39
	Provided that refined sugar shall be entitled to entry under the British Preferential tariff upon evidence satisfactory to the Minister of Customs and Inland Revenue, that such refined sugar has been manufactured wholly from raw sugar produced in the British colonies and posessions, and not otherwise.			
135	Sugar above number sixteen Dutch standard in colour when imported by a recognized sugar refiner, for refining purposes only, under regulations by the Minister of Customs and Inland Revenue; and 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 exceeding seventy-six degrees, when not exceeding seventy-six degrees of polarization, per one hundred pounds.........	70 cents.	$1·16080	$1·16080
	when exceeding seventy-six degrees but not exceeding seventy-seven degrees, per one hundred pounds....................	70·75 cents	$1·18366	$1·18366
	when exceeding seventy-seven degrees but not exceeding seventy-eight degrees, per one hundred pounds.................	71·5 cents	$1·20652	$1·20652
	when exceeding seventy-eight degrees but not exceeding seventy-nine degrees, per one hundred pounds.................	72·25 cents	$1·22938	$1·22938

Tariff Items		British Preferential Tariff.	Intermediate Tariff.	General Tariff.
	when exceeding seventy-nine degrees but not exceeding eighty degrees, per one hundred pounds........................	73 cents	$1·25224	$1·25224
	when exceeding eighty degrees but not exceeding eighty-one degrees, per one hundred pounds........................	73·75 cents	$1·27510	$1·27510
	when exceeding eighty-one degrees but not exceeding eighty-two degrees per one hundred pounds....................	74·5 cents	$1·29796	$1·29796
	when exceeding eighty-two degrees but not exceeding eighty-three degrees, per one hundred pounds....................	75·25 cents	$1·32082	$1·32082
	when exceeding eighty-three degrees but not exceeding eighty-four degrees, per one hundred pounds..................	76 cents	$1·34560	$1·34560
	when exceeding eighty-four degrees, but not exceeding eighty-five degrees, per one hundred pounds....................	76·75 cents	$1·37038	$1·37038
	when exceeding eighty-five degrees but not exceeding eighty-six degrees, per one hundred pounds........................	77·5 cents	$1·39516	$1·39516
	when exceeding eighty-six degrees but not exceeding eighty-seven degrees, per one hundred pounds..................	78·25 cents	$1·41994	$1·41994
	when exceeding eighty-seven degrees but not exceeding eighty-eight degrees, per one hundred pounds..................	79 cents	$1·44664	$1·44664
	when exceeding eighty-eight degrees but not exceeding eighty-nine degrees, per one hundred pounds..................	79·75 cents	$1·47334	$1·47334
	when exceeding eighty-nine degrees but not exceeding ninety degrees, per one hundred pounds........................	80·5 cents	$1·50388	$1·50388
	when exceeding ninety degrees but not exceeding ninety-one degrees, per one hundred pounds........................	81·25 cents	$1·53442	$1·53442
	when exceeding ninety-one degrees but not exceeding ninety-two degrees, per one hundred pounds........................	82 cents	$1·56496	$1·56496
	when exceeding ninety-two degrees but not exceeding ninety-three degrees, per one hundred pounds....................	82·75 cents	$1·59550	$1·59550
	when exceeding ninety-three degrees but not exceeding ninety-four degrees, per one hundred pounds..................	83·5 cents	$1·62604	$1·62604
	when exceeding ninety-four degrees but not exceeding ninety-five degrees per one hundred pounds........................	84·25 cents	$1·65658	$1·65658
	when exceeding ninety-five degrees but not exceeding ninety-six degrees, per one hundred pounds........................	85 cents	$1·68712	$1·68712
	when exceeding ninety-six degrees but not exceeding ninety-seven degrees, per one hundred pounds....................	85·75 cents	$1·71766	$1·71766
	when exceeding ninety-seven degrees but not exceeding ninety-eight degrees, per one hundred pounds..................	86·50 cents	$1·74820	$1·74820
	over ninety-eight degrees, per one hundred pounds........................	87·25 cents	$1·83250	$1·83250
	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.			
150	Lime juice and fruit juices, fortified with or containing not more than twenty-five per cent of proof spirits, per gallon........	$2.50	$2.50	$2.50

Tariff Items	—	British Preferential Tariff.	Intermediate Tariff.	General Tariff.
151	Lime juice and fruit juices, fortified with or containing more than twenty-five per cent of proof spirits per gallon........... and	$10·00 30 p.c.	$10·00 30 p.c.	$10·00 30 p.c.
153	Lime juice, raw and concentrated, not refined, per gallon.....................	Free.	15 cents	15 cents
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.; whisky and all spirituous or alcoholic liquors, n.o.p.; amyl alcohol or fusel-oil, or any substance known as potato spirit or potato oils; methyl alcohol, wood alcohol, wood naptha, 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.................................	$10.00	$10·00	$10.00
156a	Rum, per gallon of the strength of proof....	$ 8.00	$10.00	$10.00
	Provided, as to all goods specified in items No. 156 and No. 156a 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 these two items 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 gallon per dozen, as one and and one-half gallon per dozen;			
	Bottles, flasks and packages, containing more than one and one-half gallon but nor more than two gallons per dozen, as two gallons per dozen;			
	Bottles, flasks and packages, containing more than two gallons but not more than two and four-fifths gallons per dozen, as two and four-fifths gallons per dozen;			
	Bottles, flasks and packages, containing more than two and four-fifths gallons but not more than three gallons per dozen, as three gallons per dozen;			
	Bottles, flasks and packages, containing more than three gallons but not more than			

Tariff Items		British Preferential Tariff.	Intermediate Tariff.	General Tariff.
	three and one-fifth gallons per dozen, as three and one-fifth gallons per dozen.			
	Provided further, that bottles or phials of liquors for special purposes, such as samples not for sale to the trade, may be entered for duty according to actual measurement, under regulations prescribed by the Minister of Customs and Inland Revenue.			
159	Spirits and strong waters of any kind, mixed with any ingredient or ingredients, as being or known or designated as essences, extracts, or ethereal and spirituous fruit essences, n.o.p., per gallon...........	$10·00	$10.00	$10.00
	and	30 p.c.	30 p.c.	30 p.c.
159a	Spirits and strong waters of any kind, mixed with any ingredient or ingredients, as being or known or designated as anodynes, elixirs, tinctures or medicines, n.o.p., per gallon........................	$3 .00	$ 3.00	$ 3.00
	and	30 p.c.	30 p.c.	30 p.c.
160	Alcoholic perfumes and perfumed spirits, bay rum, cologne and lavender waters, lotions, hair, tooth and skin washes, and other toilet preparations containing spirits of any kind:—			
	(a) when in bottles or flasks containing not more than four ounces each........	90 p.c.	90 p.c.	90 p.c.
	(b) when in bottles, flasks or other packages, containing more than four ounces each, per gallon......................	$ 5.00	$5.00	$5.00
	and	40 p.c.	40 p.c.	40 p.c.
162	Medicinal or medicated wines, including vermouth and ginger wine, containing not more than forty per cent of proof spirit..................................	80 p.c.	80 p.c.	80 p.c.
163	Wines of all kinds, n.o.p., including orange, lemon, strawberry, raspberry, elder and currant wines, containing twenty-six per cent or less or proof spirit, whether imported in wood or in bottles, per gallon	55 cents.	55 cents.	55 cents
	and	....	....	30 p.c.
	And in addition thereto, for each degree of strength in excess of twenty-six per cent of proof spirit until the strength reaches forty per cent of proof spirit......	3 cents	3 cents	3 cents
	Provided that six quart bottles, or twelve pint bottles shall be held to contain a gallon for duty purposes under this item.			
164	Wines of all kinds, except sparkling wines, containing not more than forty per cent of proof spirit, whether imported in wood or in bottles (six quart bottles or twelve pint bottles to be held to contain a gallon) when the produce or manufacture of any British Colony or territory in the South African Customs Union Convention, per gallon..................................	55 cents		
165	Champagne and all other sparkling wines:—			
	(a) in bottles containing each not more than a quart but more than a pint (old wine measure), per dozen bottles......	$9.30	$9.30	$9.30
	and	....	....	30 p.c
	(b) in bottles containing not more than a pint each but more than one-half pint (old wine measure), per dozen bottles.	$4.65	$4.65	$4.65
	and	....	....	30 p.c.
	(c) in bottles containing one-half pint each or less, per dozen bottles........	$2.32	$2.32	$2.32
	and	....	....	30 p.c.
	(d) in bottles containing over one quart each (old wine measure), per gallon....	$4.50	$4.50	$4.50
	and	....	....	30 p.c.

3. Resolved, That any enactment founded on the foregoing resolutions shall be deemed to have come into force on the tenth day of May, 1921, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that day, and to have also applied to goods previously imported for which no entry for consumption was made before that day.

Marking of Importations

4. Resolved, That the Customs Tariff, 1907, be amended by inserting the following section immediately after section 12:

12*a*. That all goods imported into Canada which are capable of being marked, stamped, branded, or labelled, without injury, shall be marked, stamped, branded, or labelled in legible English or French words, in a conspicuous place that shall not be covered or obscured by any subsequent attachments or arrangements, so as to indicate the country of origin. Said marking, stamping, branding, or labelling shall be as nearly indelible and permanent as the nature of the goods will permit.

Provided that all goods imported into Canada after the date of the coming into force of this section which do not comply with the foregoing requirements shall be subject to an additional duty of ten per centum ad valorem to be levied on the value for duty purposes and in addition such goods shall not be released from Customs possession until they have been so marked, stamped, branded or labelled under Customs supervision at the expense of the importer.

Provided further that if any person shall violate any of the provisions relating to the marking, stamping, branding, or labelling of any imported goods, or shall deface, destroy, remove, alter, or obliterate any such marks, stamps, brands, or labels, with intent to conceal the information given by or contained in such marks, stamps, brands, or labels, he shall be liable on summary conviction to a penalty not exceeding one thousand dollars, or to imprisonment not exceeding one year, or to both fine and imprisonment. The Minister of Customs and Inland Revenue may make such regulations as are deemed necessary for carrying out the provisions of this section for the enforcement thereof.

5. Resolved, That any enactment founded on the preceding resolution shall be deemed to have come into force on the first day of September, nineteen hundred and twenty-one.

Excise Duties on Spirits

1. Resolved, That it is expedient to amend The Inland Revenue Act as amended by Chapter 6 of the Acts of 1914

(second Session) by repealing section 154 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, nine dollars, 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, nine dollars and 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, nine dollars and three cents, and so in proportion for any greater or less strength, and for any less quantity than a gallon;

Provided however than any person licensed by the Minister of Customs and Inland Revenue to manufacture patent and proprietary medicines and pharmaceutical preparations by the use of spirits in bond subject to The Inland Revenue Act and regulations thereunder, the following duties of excise shall be imposed, levied and collected, 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.

Provided further that when such spirits testing not less than fifty per centum over proof are sold and delivered in such limited quantities as may be prescribed by the Minister of Customs and Inland Revenue to any university or scientific and research laboratory for scientific purposes only, or to any bona fide hospital, certified to be such by the Department of Public Health, for medicinal purposes only, a drawback of ninety-nine per centum of the duty paid may be granted, under regulations to be made by the Minister of Customs and Island Revenue.

2. Resolved, That any enactment founded on the preceding resolution shall be deemed to have come into force on the tenth day of May, nineteen hundred and twenty-one.

Excise Duties

Resolved, That it is expedient to amend The Special War Revenue Act, 1915, as amended by Chapter 71 of the Acts of 1920, by striking thereout sections 19BB and 19BBB, the several enumerations of goods respectively, and the several rates of excise taxes specified therein, and to provide that the following sections be substituted therefor:—

19BB. (1) The following excise taxes shall be imposed, levied and collected on the articles hereinafter specified, namely:

(a) A tax on playing cards for every fifty-four cards or fraction of fifty-four in each package,—when selling at twenty-four dollars or less per gross packages, eight cents per pack; when selling in excess of twenty-four dollars per gross packages, fifteen cents per pack;

(2) The excise taxes as imposed by the preceding subsection one shall be payable at the time of importation or when taken out of warehouse for consumption in addition to the present duties of customs or at the time of sale by the Canadian manufacturer, but shall not apply on playing cards when exported, and shall be accounted for to His Majesty in accordance with

such regulations as may be prescribed by the Minister of Customs and Inland Revenue.

(3) (*a*) A tax of thirty cents per gallon on wines of all kinds, except sparkling wines, containing not more than forty per cent of proof spirits;

(*b*) A tax of three dollars per gallon on champagne and all other sparkling wines.

(4) The excise taxes as imposed by the preceding subsection three shall be payable at the time of sale by the Canadian manufacturer, but shall not apply to such wines when exported, and shall be accounted for to His Majesty in accordance with such regulations as shall be prescribed by the Minister of Customs and Inland Revenue.

(5) Every person selling or dealing in the articles upon which taxes are imposed as prescribed by this section may be required by the Minister of Customs and Inland Reveuue to take out an annual license therefor, for which license a fee not exceeding two dollars shall be paid and the penalty for neglect or refusal to obtain a license shall be a sum not exceeding one thousand dollars.

2. That any such tax, costs or penalties may, at the option of the Minister, be recovered and imposed in the Exchequer Court of Canada, or in any other court of competent jurisdiction, in the name of His Majesty.

3. Resolved, That any enactment founded on the preceding resolution shall be deemed to have come into force on the tenth day of May, nineteen hundred and twenty-one.

Sales Tax

19BBB (1) That in addition to the present duties of customs and excise there shall be imposed, levied and collected an excise tax of one and one-half per cent on sales and deliveries by Canadian manufacturers or producers, and wholesalers or jobbers, and a tax of two and one-half per cent on the duty paid value of the goods imported, but in respect of sales by manufacturers to retailers or consumers the excise tax payable shall be three per cent and on goods imported by retailers or consumers the excise tax payable on the duty paid value shall be four per cent.

Provided that in respect of lumber an excise tax of three per cent shall be imposed, levied and collected on sales and deliveries by the Canadian manufacturer and further excise tax will not be payable on resale.

Provided also that the taxes specified in this section shall not apply to sales or importations of:—

Bread; flour and oatmeal when in packages weighing not less than forty-eight pounds each; animals living; live poultry; meats and poultry, fresh; milk including buttermilk; cream; butter; cheese; oleomargarine, margarine, butterine or other substitutes for butter; lard, lard compound and similar substances, made from animal or vegetable stearine or oils; eggs; vegetables, fruits, grains and seeds in their natural state; hay; straw; hops; nursery stock; chicory, raw or green; bees; honey; sugar; molasses; other farm produce sold by the individual farmer of his own production; ice; fish and products thereof not canned or medicated; ores of metals of all kinds; fuel of all kinds; gold and silver in ingots, blocks, bars, drops, sheets or plates unmanufactured; British and Canadian coin and foreign gold coin; logs and round unmanufactured timber; fence posts, railroad ties, pulpwood, tan bark, and other articles the product of the forest when produced and sold by the individual settler or farmer; newspapers and quarterly, monthly and semi-monthly magazines and weekly literary papers unbound; materials for use only in the construction, equipment and repair of ships; ships licensed to engage in the Canadian coasting trade; calcium carbide; electricity; gas manufactured from coal, calcium carbide or oil for illuminating or heating purposes; materials for use solely in the manufacture of oleomargarine or any substitute for butter or lard or for the production of cottolene; artificial limbs and parts thereof; artificial eyes; donations of clothing and books for charitable purposes; settlers' effects; War Veterans' badges; memorials or monuments erected in memory of soldiers who fell in the Great War; articles imported for the use of the Governor General; articles imported for the personal or official use of Consuls General who are natives or citizens of the country they represent and who are not engaged in any other business or profession; Bibles, prayer-books, psalms and hymn-books, religious tracts, and Sunday school lesson pictures, and the Governor in Council shall have power to add to the foregoing list of articles exempted from the excise taxes on sales, as he may deem it expedient or necessary to exempt from the said excise taxes;

Provided further that the excise taxes specified in this section shall not be payable on goods exported, or on sales of goods made to the order of each individual customer by a business which sells exclusively by retail, under regulations by the Minister of Customs and Inland Revenue who shall be sole judge as to the classification of a business; and a drawback may be granted of ninety-nine per cent of the said taxes paid on materials used, wrought into or attached to articles exported.

(2) That the Minister may require every manufacturer, producer, wholesaler or jobber to take out an annual license for

the purposes aforesaid, and may prescribe a fee therefor, not exceeding two dollars, and the penalty for neglect or refusal shall be a sum not exceeding one thousand dollars.

(3) That any such tax, costs or penalties may, at the option of the Minister, be recovered and imposed in the Exchequer Court of Canada or in any other Court of competent jurisdiction, in the name of His Majesty.

(4) That the provisions of this resolution respecting a tax on sales shall be deemed to have come into force on the tenth day of May, nineteen hundred and twenty-one, 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.

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