

CANADA

BUDGET SPEECH

DELIVERED BY

HON. JAMES A. ROBB

MINISTER OF FINANCE

MEMBER FOR CHATEAUGUAY-HUNTINGDON

IN THE

HOUSE OF COMMONS

FEBRUARY 16, 1928



OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1928



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Hon. J. A. ROBB (Minister of Finance) moved:

That Mr. Speaker do now leave the chair for the House to go into committee of Ways and Means.

He said: Seldom have the annual statements from leaders of finance and industry throughout Canada so generally reflected such progress and prosperity as that of the year 1927; and the statement of the Nation's business, which to-day I have the honour to present, will show conclusively that, notwithstanding our annual reductions in the rate of taxation, our revenues have been ample to meet fixed charges, take care of the ever-increasing needs of a growing country, and provide also for a reduction of debt.

PUBLIC ACCOUNTS 1926-27

In the budget speech of February 17, 1927, it was estimated that the net debt would be reduced by some \$31,366,000. The Public Accounts recently tabled show that the net debt was actually reduced by \$41,896,729.33, or some \$10,500,000 more than estimated. This was due to the practice which has always been followed when estimating revenues and expenditures.

That there should be no uncertainty as to the correctness of the Public Accounts of this Dominion, I recommended to the Treasury Board that an independent audit be made of the balance sheet of the public accounts as of March 31, 1924, 1925, 1926 and 1927. The well-known firm of chartered accountants, P. S. Ross & Sons, of Montreal, Toronto and Winnipeg, were engaged and instructed to make a complete audit of the departmental accounts in question, and on the fifth of December last their certificate which is printed on page xiv of the Public Accounts for the year 1926-27, was received. Their report confirms the accuracy of the Public Accounts as submitted to Parliament and certifies that the reduction in the net debt during the period in question was \$105,942,498.65.

REVENUE 1927-28

With the permission of the House may I place on Hansard a comparative summary setting out the actual revenues and expenditures by services for 1926-27 and the corresponding estimated revenues and expenditures for the present fiscal year.

REVENUES AND EXPENDITURES

	Actual 1926-27	Estimated 1927-28	Increase	Decrease
	\$	\$	\$	\$
REVENUES				
<i>Ordinary Revenue</i>				
Taxation Revenue—				
Customs Import Duties.....	141,968,678	153,600,000	11,631,322	
Excise Duties.....	48,513,160	57,000,000	8,486,840	
War Tax Revenues—				
Excise Taxes (Sales, Stamps, etc.).....	105,613,160	88,000,000		17,613,160
Income Tax.....	47,386,309	55,300,000	7,913,691	
Delayed Business Profits Tax.....	710,102	640,000		70,102
Miscellaneous Taxes.....	2,457,863	2,530,000	72,137	
Total Revenue from Taxation.....	346,649,272	357,070,000	28,103,990	17,683,262
Interest on Investments.....	8,559,401	10,190,000	1,630,599	
Post Office.....	29,069,169	31,000,000	1,930,831	
Dominion Lands.....	3,327,273	3,400,000	72,727	
Canada Grain Act.....	2,582,984	2,600,000	17,016	
Miscellaneous.....	8,507,677	8,320,000		187,677
Total Ordinary Revenue.....	398,695,776	412,580,000	31,755,163	17,870,939
<i>Special Receipts</i>				
German Reparation Payments—				
Under Dawes Plan.....	1,756,704	2,977,000	1,220,296	
Pre-Dawes Payments.....		3,790,000	3,790,000	
Miscellaneous.....		133,000	133,000	
Total Revenue.....	400,452,480	419,480,000	36,898,459	17,870,939
			17,870,939	
			19,027,520	
EXPENDITURES				
<i>Ordinary Expenditure</i>				
Interest on Public Debt.....	129,675,368	128,700,000		975,368
Pensions.....	37,902,939	39,380,000	1,477,061	
Subsidies to Provinces.....	12,516,741	12,516,741		
Soldier and General Land Settlement—Administration.....	1,250,787	1,300,000	49,213	
Soldiers' Civil-Re-establishment..	6,976,762	6,820,000		156,762
National Revenue.....	10,130,430	11,700,000	1,569,570	
Post Office.....	31,007,698	32,250,000	1,242,302	
National Defence.....	13,086,051	15,950,000	2,863,949	
Agriculture.....	5,838,941	6,490,000	651,059	
Public Works—Chargeable to Income.....	11,178,054	15,500,000	4,321,946	
Dominion Lands and Parks.....	4,251,662	4,150,000		101,662
Trade and Commerce.....	4,168,047	4,200,000	31,953	
Civil Government.....	10,865,757	11,800,000	934,243	
Other Expenditure.....	40,698,936	42,973,259	2,274,323	
Total Ordinary Expenditure.....	319,548,173	333,730,000	15,415,619	1,233,792

REVENUES AND EXPENDITURES—*Concluded*

	Actual 1926-27	Estimated 1927-28	Increase	Decrease
<i>Special Expenditure</i>	\$	\$	\$	\$
Adjustment of War Claims.....	64,485	1,660,000	1,595,515	
Discount and Expenses of Loan Flotations.....	3,278,032	12,000		3,266,032
Miscellaneous Charges to Con- solidated Fund.....	1,615,883	1,600,000		15,883
Maritime Freight Rates Act, esti- mated amount required— Canadian National Railways.....		3,395,000	3,395,000	
Other Railways.....		448,000	448,000	
<i>Capital Expenditure</i>				
Public Works.....	2,920,670	3,485,000	564,330	
Railways.....	2,792,343	4,200,000	1,407,657	
Canals.....	13,845,689	13,720,000		125,689
<i>Loans and Advances Non-Active</i>				
Canadian National Railways.....	10,000,000			10,000,000
Canadian Government Merchant Marine.....	426,817	1,000,000	573,183	
Quebec Harbour Commission.....	680,000	1,415,000	735,000	
Miscellaneous Non-Active Accounts	462,596			462,596
	355,634,688	364,665,000	24,134,304 15,103,992	15,103,992
			9,030,312	
Surplus of Revenue over Expendi- ture.....	44,817,792	54,815,000		
Assets written off as non-Active— Soldier Land Settlement Loans..	2,921,063	14,000,000		
Seed Grain and Relief—Ad- vances (Department of the Interior).....		2,000,000		
Net Decrease of Debt.....	41,896,729	38,815,000		

From this summary it will be seen that we estimate our ordinary revenues for the present fiscal year as \$412,580,000, which, with special receipts of \$6,900,000, (including \$6,767,000 from reparation payments, of which \$3,790,000 is in the nature of a delayed settlement) will give a total revenue for the year of about \$419,480,000, an increase of \$19,000,000 odd over the revenues for the year 1926-27.

We expect to receive from customs duties \$153,600,000, an increase of \$11,600,000 over the previous year; excise duties \$57,000,000, an increase of \$8,400,000; income tax \$55,300,000, an increase of \$7,900,000; interest on investments \$10,190,000, an increase of \$1,630,000; post office \$31,000,000, an increase of \$1,930,000; Dominion lands and certain other sources of revenue \$8,530,000, an increase of \$161,000.

The revenue services which will show decreases are,—excise taxes (sales, stamps, etc.) \$88,000,000, a decrease of \$17,600,000

under the previous year; delayed business profits tax \$640,000, a decrease of \$70,000; miscellaneous services \$8,320,000, a decrease of \$180,000.

EXPENDITURES, 1927-8

The estimated expenditures for the year are: ordinary expenditures, \$333,730,000; capital expenditures \$21,405,000; special expenditures, \$7,115,000, including \$3,843,000 to the Canadian National and other railways on account of the Maritime Freight Rates Act of 1927. In addition there are loans in cash to the Canadian Government Merchant Marine of \$1,000,000 and to the Quebec Harbour Commission of \$1,415,000. As these loans are carried in our accounts as non-active assets, the amounts are included as expenditures for the year. The total expenditures will therefore be \$364,665,000, being an increase of \$9,030,000 over expenditures for the previous year.

Mr. Speaker, with the consent of the House may I also place on *Hansard*:—

First.—Statement of our estimated ordinary revenues, by services, together with the percentage of such services to the total of the ordinary revenues as estimated.

Second.—Statement of the estimated expenditures, by services, for the present fiscal year, showing the various amounts and their percentages to the total expenditures.

ESTIMATED ORDINARY REVENUES FOR THE FISCAL YEAR, 1927-28

	Amount	Percentage of total Revenue
Special War Tax Revenue—		
Excise Taxes (Sales, Stamps, etc.).....	\$ 88,000,000	21.33
Income Tax.....	55,300,000	13.40
Delayed Business Profits Tax.....	640,000	0.16
Miscellaneous Taxes.....	2,530,000	0.61
Total Special War Tax Revenue.....	\$146,470,000	35.50
Customs Import Duties.....	153,600,000	37.23
Excise Duties.....	57,000,000	13.82
Total Revenue from Taxation.....	\$357,070,000	80.55
Interest on Investments.....	10,190,000	2.47
Post Office.....	31,000,000	7.51
Dominion Lands.....	3,400,000	0.82
Canada Grain Act.....	2,600,000	0.63
Miscellaneous Receipts.....	8,320,000	2.02
	\$412,580,000	100.00

ESTIMATED EXPENDITURES FOR THE FISCAL YEAR 1927-28

	Amount	Percentage of total expenditure
	\$	
<i>Principal Expenditure Attributable to the Great War</i>		
Interest on Public Debt (Increase over 1914).....	115,807,000	31.76
War Pensions.....	38,140,000	10.46
Soldiers' Civil Re-Establishment.....	6,820,000	1.87
Soldier Land Settlement Administration.....	1,300,000	0.36
Imperial War Graves Commission.....	574,000	0.16
Battlefields Memorials.....	200,000	0.05
Adjustment of War Claims.....	1,660,000	0.45
	164,501,000	45.11
<i>Other Fixed and Public Debt Charges</i>		
Interest on Public Debt (as of 1914).....	12,893,000	3.54
Other Pensions.....	1,240,000	0.34
Superannuation.....	1,500,000	0.41
Subsidies to Provinces.....	12,516,000	3.43
Discount and Expenses of Loan Flotations.....	12,000	
Premium Discount and Exchange.....	10,000	
	28,171,000	7.72
<i>General Expenditure</i>		
Charges of Management.....	910,000	0.25
Civil Government.....	11,800,000	3.24
Administration of Justice.....	2,166,000	0.60
Legislation.....	2,430,000	0.67
Penitentiaries.....	1,760,000	0.48
Agriculture.....	6,490,000	1.78
Immigration and Colonization.....	2,900,000	0.79
Health.....	780,000	0.21
National Defence.....	15,950,000	4.37
Royal Canadian Mounted Police.....	2,360,000	0.65
Public Works—Chargeable to Income.....	15,500,000	4.25
Railways and Canals—Chargeable to Income.....	1,369,000	0.38
Canada Highways Act.....	1,066,000	0.29
Mail Subsidies.....	867,000	0.24
Ocean and River.....	3,600,000	0.99
Lighthouse and Coast.....	2,900,000	0.80
Steamboat Inspection.....	130,000	0.04
Fisheries.....	1,600,000	0.44
Mines and Geological Survey.....	600,000	0.16
Scientific Institutions.....	1,010,000	0.28
Indians.....	4,076,000	1.12
Government of the Northwest Territories.....	415,000	0.11
Government of the Yukon Territory.....	180,000	0.05
Special grant to Maritime Provinces.....	1,600,000	0.44
Miscellaneous.....	2,726,000	0.75
National Revenue (Outside Service).....	11,700,000	3.21
Post Office (Outside Service).....	32,250,000	8.84
Public Works Collection of Revenue.....	1,000,000	0.27
Railways and Canals Collection of Revenue.....	2,550,000	0.70
Dominion Lands and Parks.....	4,150,000	1.14
Trade and Commerce.....	4,200,000	1.15
Labour.....	1,400,000	0.38
Public Printing and Stationery.....	295,000	0.08
Miscellaneous Consolidated Fund Charges.....	1,400,000	0.38
Capital Expenditure—		
Public Works including Marine Department.....	3,485,000	0.96
Railways.....	4,200,000	1.15
Canals.....	13,720,000	3.76
	165,535,000	45.40
Total Estimated Expenditure on Government Services	358,207,000	98.23

ESTIMATED EXPENDITURES FOR THE FISCAL YEAR 1927-28
—Concluded

—	Amount	Percentage of total expenditure
<i>Other Expenditure</i>		
Maritime Freight Rates Act—Estimated Amount Required—	\$	
Canadian National Railways.....	3,395,000	0.93
Other Railways.....	448,000	0.12
Home Bank Depositors Relief Act.....	200,000	0.06
Loans to Quebec Harbour Commission.....	1,415,000	0.39
Loans to Canadian Government Merchant Marine....	1,000,000	0.27
Grand Total.....	364,665,000	100.

SURPLUS \$54,815,000

In the statements just tabled it is estimated that ordinary revenue will amount to \$412,580,000 which, together with special receipts of \$6,900,000, gives a total estimated revenue of \$419,480,000. After deducting from this the estimated total expenditures of \$364,665,000 there will be a surplus of revenues over all expenditures of \$54,815,000.

NET DEBT REDUCED \$38,815,000

After provision has been made to the extent of \$16,000,000 for the writing down of certain Soldier Land Settlement loans and other assets, the reduction in the net debt will be \$38,815,000. Thus, during the five-year period ending March 31, 1928, after providing for writing down certain assets, we will have succeeded in reducing our net debt by \$144,700,000.

Chapter 68 of the Statutes of 1927 amended the Soldier Land Settlement Act of 1919 and provided for the revaluation of loans to settlers for the purchase of lands. The Soldier Settlement Board advise the Department of Finance that the total amount likely to be written off through this revaluation will be about \$8,000,000. We propose reducing our assets as shown in the Public Accounts at the close of the present year by this sum of \$8,000,000. The Soldier Settlement Board also advise that there will be a further loss on the re-sale of stock and equipment, as well as on farms which have reverted to the Board. Certain of these farms have been resold, but some 3,000 properties remain to be disposed of. In the opinion of the Board a loss will eventually be sustained in connection with the assets referred to of approximately \$6,000,000 which sum the government proposes to write off as a non-active asset.

It has also been deemed advisable to reduce by some \$2,000,000 active assets now carried as Seed Grain and Relief

advances, transferring this amount to non-active assets. These accounts have been running for many years and a certain number are now considered of doubtful value.

OUTSTANDING PUBLIC DEBT

Representations have been made in this House and elsewhere that, through a sinking fund properly invested, provision should be made for retirement of our total debt within a limited number of years. I do not intend to go into the merits of this proposal beyond remarking that there are opinions both for and against the adoption of a fixed plan. In the final analysis it must be recognized that a net surplus of revenues over all expenditures is the only effectual sinking fund for debt retirement. In 1845 an eminent British economist, McCulloch, dealing with the question of sinking funds and taxation, declared,—“The greater productiveness of industry and the greater well-being of the community are the real sinking funds which a wise government should exert itself to build up and encourage.” In recent years we Canadians have succeeded in reducing annually both debt and taxation; each reduction of interest bearing debt has enabled us to reduce taxation further, and while welcoming any workable plan that will ensure the retirement of our national debt, I submit that until Canada is nearer the pre-war rate of taxation, annual reduction of taxes is as important as reduction of debt. Our policy is to reduce both.

RETIREMENT OF MATURING LOANS

Mr. Speaker, total maturities for the current fiscal year, amounting to \$100,505,650, were provided for as follows:—

On the 1st and 15th November, 1927, the 5½ per cent Renewal Loan of 1922 amounting to \$29,068,400, and the 3-year 4 per cent Notes amounting to \$8,000,000 matured and were redeemed in cash.

On the 1st December, 1927, a portion of the 5½ per cent 1917 Victory Loan, tax-free, amounting to \$63,437,250 matured. We were able to redeem \$18,437,250 in cash. To meet the balance we issued 4 per cent 3-year Treasury Notes to the amount of \$45,000,000 which we sold direct to the chartered banks of Canada at par. All of the chartered banks subscribed to this issue. The sale of these Treasury Notes marks the first financing since 1912 which the Dominion Government has effected at a net cost as low as 4 per cent.

The saving in interest resulting from these transactions will be \$3,607,800 annually. An additional advantage will accrue from a further reduction in the amount of outstanding tax-free bonds, as the December 1st maturity of \$63,437,250 carried exemption from taxation.

GUARANTEED SECURITIES

Canadian National Railways

Financial requirements of the Canadian National Railways were met by an issue of \$65,000,000 4½ per cent 30-year bonds dated July 1, 1927, guaranteed by the Dominion of Canada.

This issue was made to provide for the following authorized commitments of the Railway Company:—

\$20,000,000—for the refunding of a like amount of 4 per cent Dominion guaranteed 3-year notes which matured July 1, 1927, as authorized by the Canadian National Refunding Act, 1927 (Chap. 27).

\$15,000,000—for the funding of a temporary loan obtained by the Company to finance capital expenditures and miscellaneous maturing obligations, as provided for in the Railway appropriations for the previous year, 1926-27. The vote for the year was \$31,000,000; \$10,000,000 was advanced by the Government as reported in the Budget Speech of last year and \$15,000,000 was borrowed temporarily as authorized by Vote 372, Appropriation Act, 1926-27, which vote also authorized the issue and guarantee of securities to take up the temporary loan.

\$16,600,000—to provide for expenditures authorized in the Railway appropriation for 1927-28 for general additions and betterments and miscellaneous maturing obligations as provided for by Vote 408, Appropriation Act, 1926-27—"Loans to Canadian National Railway Company".

\$4,000,000—for capital expenditures in connection with the Toronto Viaduct scheme, as authorized by the legislation of 1924 and 1925.

\$9,400,000—on account of construction of various branch lines as authorized by the special acts passed in 1924, 1925 and 1927.

Montreal Harbour Commissioners

During the year, the Government guaranteed a demand obligation of the Montreal Harbour Commissioners for \$4,000,000 in connection with the financing of the South Shore Bridge, as authorized by Chap. 58 of the Statutes of 1924. This, together with a guarantee for a similar amount, previously given, brings the total of guaranteed obligations issued in connection with this project to \$8,000,000.

Canadian National (West Indies) Steamships Ltd.

Parliament last year authorized the Government to guarantee securities of the Canadian National (West Indies) Steamships Limited to provide for the construction of steamships for

the West Indies service. A guarantee to the amount of \$8,000,000 has been executed but actual borrowing will take place only to meet cash requirements as construction proceeds. The Company has arranged for bank advances as collateral for which the guaranteed securities are to be pledged.

TRADE

The international trade of Canada is well maintained. Our fiscal year does not end for some weeks but the records for the nine months ended December 31 indicate a substantial favourable balance. This is particularly noteworthy at a time when industrial expansion and undertakings of various natures create a demand for machinery, construction material and other necessary articles not procurable in Canada. Imports of necessary supplies of raw materials for further manufacture are also on a larger scale. As we look back to the years when railways were being extended across the Dominion and Western Canada was being settled, it will be recalled that there were annual unfavourable balances of trade, the adverse balance in the calendar year 1913 being \$222,000,000, one of the highest in our history.

The League of Nations in 1927 made an interesting comparison of the international trade of the world and for this purpose took the calendar years 1913 and 1926. It was found that in 1913 only three nations had favourable trade balances. In that year the United States had a favourable trade balance of \$7.13 per capita, Argentine \$6.78 per capita, and British India 60 cents per capita. Thirteen years later there were six countries with favourable balances of trade, and Canada, which in 1913 had an unfavourable balance of \$29.61 per capita, in 1926 led the world with a favourable balance of \$29.34 per head of population. The countries so listed are:—

Country	Favourable Balance per Capita	
	\$	cts.
Canada.....	29	34
United States.....	3	22
Brazil.....	1	97
British India.....	1	01
South Africa.....	0	14
France.....	0	02

In the first nine months of the present fiscal year, viz., from April 1 to December 31, our total imports were \$823,054,094; while the total exports amounted to \$970,154,998, giving a

favourable trade balance of \$147,100,904. A comparative statement of our total trade for the same periods in the past two years follows:—

IMPORTS

	April 1st to December 31st	
	1926	1927
	\$	\$
Free.....	277,186,180	297,055,594
Dutiable.....	489,576,862	525,932,873
Electricity.....	66,508	65,627
Total.....	766,829,550	823,054,094

EXPORTS

	April 1st to December 31st	
	1926	1927
	\$	\$
Domestic Produce.....	933,924,100	950,103,367
Foreign.....	11,361,988	16,391,533
Electricity.....	3,452,786	3,660,048
Total.....	998,738,874	970,154,998

Both the decrease in exports, \$28,000,000, and the increase in imports, \$56,000,000, can be attributed principally to greater domestic demand under conditions of prosperity such as we have been enjoying. But it is also apparent that our ability to produce still exceeds our capacity to consume by a broad margin and that our exporters annually market over a billion dollars worth of goods in other lands.

TRADE WITH TREATY COUNTRIES

Favoured nation treatment is of importance alike to basic producers and to manufacturers of finished products. Our prolonged winters tend to restrict employment in some industries while others have only a short marketing season in Canada. Consequently, to maintain a high state of efficiency, export markets are to many industries, as well as to basic producers, of almost primary importance. Canada now enjoys favourable trade relations with many foreign countries to whom we sold \$157,000,000 of goods in the fiscal year 1927, purchasing in return \$78,000,000.

EMPIRE TRADE

Our trade records show that in the fiscal year 1927 we sold to the Empire goods to the value of \$542,000,000 and purchased in return \$214,000,000, collecting in duties from these imports

\$36,598,000. Sometimes comparisons are made to arrive at the average rates of duties assessed under various columns, so may it be pointed out in passing that nearly 35 per cent of the total duties collected on Empire imports was paid on \$25,711,000 of alcoholic beverages. If we except the United Kingdom from the calculations it will be noted that in the fiscal year 1927 Canada purchased from other British countries goods to the value of about \$50,000,000. On these imports \$4,267,000 were collected in customs, over 54 per cent of the total being paid as duties on sugar and spirits, thus showing in a broad way that the major portion of our imports from the British dominions and possessions consists of non-competitive and raw products. As practically all of our \$94,000,000 of exports to these British dominions and possessions are fully manufactured, the value of working for closer trade relations within the Empire is surely apparent.

REDUCTIONS IN TAXES

Provision having been made for expected expenditures in the coming fiscal year and heed taken to maturing obligations, it is with pleasure and satisfaction that once again we are in a position to propose further reductions in taxation. As an added encouragement to business, as a measure of relief to taxpayers and to those provinces where local income taxes are levied, it is proposed that the Dominion shall continue gradually to lighten the load in the income tax field. Last year a reduction of ten per cent in all rates of the income tax was announced. To-day we are able to go a step further and to propose that the income tax payable by individuals be reduced an additional ten per cent. The list of exemptions is to be increased by allowing an exemption of \$500 to those supporting dependents over twenty-one years of age who are incapable of self-support on account of mental or physical infirmity. In the case of corporations and joint stock companies, it is proposed that the tax be eight per cent net.

A general reduction of twenty-five per cent will be made in the sales tax.

THE CUSTOMS TARIFF

We come now to the customs tariff. The Advisory Board on Tariff and Taxation has concluded its hearings in respect of the textile group, excepting silk and artificial silk, and in the proposed revision there will be shown a general reduction in rates.

COTTONS

Considering first the items comprising the cotton schedule, it is proposed that the maximum under the general tariff be

reduced from 37½ per cent to 30 per cent with a single exception.

On a large range of household cottons, and also on cotton socks and stockings, cotton underwear and cotton clothing, the rates will be materially reduced.

Coupled with the general lowering of rates on the finished products is a lowering of rates on yarns and other materials used by the manufacturers for further processes. In the proposed changes the needs of the Canadian consumer and manufacturer have been carefully considered, while incidentally the scope of the British preference has been materially widened.

WOOLLENS

In revising the woollen schedules two main considerations have been kept in mind, the vital necessity for warm clothing in a climate such as ours and the position of the Canadian mills which weave woollen and worsted cloths. It is proposed to aid the Canadian weaving industry by granting free yarns for weaving purposes. The importations of woollen and worsted yarns are large, and the concession proposed should be of material assistance to the industry.

The drawback of duty on dry spun yarns will be abolished on October 1, 1928.

Material decreases in duty will be made in the preferential rate on woollen goods imported in the gray for dyeing and finishing in Canada.

There will be a reduction in the duty on all mitts and on all but the more expensive lines of woollen underwear, socks and stockings. A reduction is also proposed on certain woollen fabrics.

LINEN, FLAX AND JUTE PRODUCTS

The classification of linens and of flax and jute products will be separated from that of cottons. The linen schedules now proposed will conform in structure to those relating to cottons and woollens.

In respect to the finer grades of linens, which are not produced in Canada, there will be reductions in the British preferential rates.

SILK AND ARTIFICIAL SILK

Practically no changes in rates are made in the silk or artificial silk items, as hearings on these groups have not been completed; but the wording of the schedules has been revised to conform to that of the cotton, woollen and linen schedules.

TEXTILE MACHINERY

As a further assistance to the textile industry, the duty on machinery incidental to the working-up of fibrous materials will be adjusted. This machinery is now entered under items 467 and 468. The Department of National Revenue find difficulty in administering these items, as one overlaps the other. It is considered advisable to merge the two items into one. The new item may result in an increase in the duty on a small portion of the imports if such imports enter under the general tariff, but the reduction under the British preferential and the intermediate tariffs will more than offset that increase. On a small part of the machinery imported under the first item there will be no change, but on a large part of the importations a reduction is proposed from ten per cent to free under the British preferential tariff and from ten per cent to five per cent under the intermediate tariff.

OTHER TARIFF CHANGES

The duty on machinery for mining and concentration of ores will be reduced. This reduction applies to locomotives for underground haulage in mining, to mine hoists of a class or kind not made in Canada, and to parts of certain mining machinery. It is proposed to make the duty on press blankets of a class or kind not made in Canada free under the British preferential tariff, five per cent under the intermediate tariff, and ten per cent under the general tariff. At present the imports of these blankets come in under the general tariff, the rates ranging from twenty to thirty-five per cent under different items.

It is proposed to reduce certain paper mill wrappings from fifteen to five per cent, British preferential tariff, and from twenty-five to ten per cent under the general tariff.

Flake calcium chloride, for road-treating purposes only, is placed on the free list.

It is proposed to make free under all tariffs non-alcoholic preparations or chemicals for disinfecting, dipping or spraying.

Crude petroleum, not in its natural state, imported for refining purposes, is made free under all tariffs until July 1, 1931.

The tariff rate on engines for fishing boats is now fifteen per cent under the general tariff. It is proposed that the parts therefor shall enter at the same rate. This is a reduction of twelve and a half per cent.

The present rates covering engines, and complete parts, for equipment of aircraft are to be extended until July 1, 1930.

It is proposed to place on the free list under all tariffs nickel chromium, in bars or rods, of a class or kind not made in Canada, for use in the manufacture of electric resistance wire.

DRAWBACKS

Assistance is given the publishing industry by granting a drawback of 80 per cent on certain papers used in the production of magazines.

A drawback of 99 per cent is granted on bituminous coal used in melting or evaporating salt produced in Canada.

A drawback of 60 per cent is to be allowed on materials used in the manufacture of various tools when at least fifty per cent of the production cost has been incurred in Canada.

A drawback of 50 per cent is given on materials used in the manufacture of engines for the equipment of aircraft. After July 1, 1930, no drawback shall be paid unless at least 40 per cent of the cost of producing the finished engine has been incurred in Canada.

The Department of National Revenue has difficulty in administering the present tariff item 531 covering cloth for bookbinding. This item is repealed; a drawback of 99 per cent is granted instead. This will give the bookbinders practically the same concession.

The following statement classifies the proposed changes according to the industries affected:—

	Preferential Tariff		General Tariff	
	Old Rate	Proposed Rate	Old Rate	Proposed Rate
<i>Mining Industry—</i>				
Xanthates and cresylic acid for concentrating ores and minerals.....	15 p.c.	Free	17½ p.c.	Free
Locomotives and motor cars for underground haulage....	22½ p.c.	10 p.c.	35 p.c.	20 p.c.
Mining hoists of a class or kind not made in Canada.....	15 p.c.	10 p.c.	27½ p.c.	20 p.c.
Machinery for concentration of ores and minerals.....	15 p.c.	10 p.c.	27½ p.c.	20 p.c.
<i>Printing and Publishing Industry—</i>				
Press blankets.....	22½ p.c.	Free	35 p.c.	10 p.c.
Drawback on paper used in the production of magazines.....	80 p.c.	—	—	—
<i>Fruit and Horticultural Industries—</i>				
Small onion plants for transplanting or propagation purposes.....	15 p.c.	Free	17½ p.c.	Free
Preparations or chemicals for disinfecting, dipping or spraying.....	10 p.c.	Free	20 p.c.	Free

	Preferential Tariff		General Tariff	
	Old Rate	Proposed Rate	Old Rate	Proposed Rate
<i>Fishing—</i>				
Aluminum floats of a class or kind not made in Canada....	15 p.c.	Free	25 p.c.	Free
Parts of engines for fishermen's boats.....	15 p.c.	10 p.c.	27½ p.c.	15 p.c.
<i>Road-Making—</i>				
Flake calcium chloride for road-treating. Per 100 pounds.....	10 cents	Free	15 cents	Free
<i>Aviation—</i>				
Engines and complete parts thereof for the equipment of aircraft.....	Present rates continued until July 1, 1930.			

A drawback of 50 p.c. will be allowed on materials used in the manufacture of aircraft engines. After July 1, 1930, no drawback will be paid unless at least 40 p.c. of the cost of production has been incurred in Canada.

Mechanics' Tools.—A drawback of 60 p.c. will be allowed on materials used in the manufacture of certain tools, when at least 50 p.c. of the cost of producing the finished article has been incurred in Canada.

Salt Industry.—A drawback of 99 p.c. will be allowed on coal used in producing salt.

It is estimated that the reduction in taxation will be \$19,000,000.

In order to foster Empire trade there is a general tendency in the Dominions and the Mother Country to increase the percentage of cost of production requirements on goods receiving the benefit of the British preferential tariff. At present Canada requires 25 per cent to be Empire labour and materials. It is proposed to double this percentage. There will be similar increases in the percentages required on goods entering under treaty rates and the intermediate tariff.

In summing up the statement presented to-day little need be said, because, Sir, the figures, speaking for themselves, require no words to emphasize the sound position of the Dominion's balance sheet. A general tone of optimism exists throughout Canada, nevertheless may I be permitted a word of friendly caution as to the future.

To-day we are widening the inhabited frontiers, penetrating and developing our great northern domains. Federal and provincial governments, transportation companies, commercial corporations and individuals share in the work. It is a national undertaking of importance, for it not only develops Canada in a material way, but in addition, gives a better balance to our geographical groupings of population. Should we not profit by experiences of the past and keep this expansion within proper economic bounds, so that at no time will undue strain be placed either on the resources of the governments or of the investors.

In May, 1922, the first post-war budget presented by the government of the Rt. Honourable Mackenzie King was submitted to this House. Business was then passing through a period of depression and a deficit of \$81,000,000 was announced. With a view to balancing the budget expenditures were reduced, taxation re-adjusted and measures of relief to basic industries enacted. Thus by policies beneficial to all parts of Canada, national development both in industry and population, has been encouraged. Canadians are returning home, desirable types of immigrants are attracted and Canada is once more building solidly for the future.

A spirit of hopefulness has been developed and as we entered the present calendar year one could not help but note that leaders of industry and finance emphasized that the present prosperous conditions sprang from the solid growth and solvency of the basic industries of Canada.

With revenues now buoyant there is a tendency to have the Dominion embark on many new ventures, as well as a tendency towards indiscriminate private speculation. We should not, however, forget our national debt. Work and thrift are the only sure roads to success. The generation that spent the money should not shirk its responsibilities. Further taxation reductions will become possible as Canada progresses, but national progress is dependent on the wholesome goodwill we practise towards one another.

RESOLUTIONS

I beg to give notice that when the House resolves itself into committee I shall move the following resolutions:—

THE CUSTOMS TARIFF

1. Resolved, That it is expedient to amend Schedule A to The Customs Tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, by striking thereout tariff items 219a, 236, 267b, 277, 291, 438, 442, 453e, 462, 465, 467, 468, 494a, 520, 521, 522, 523, 524, 524a, 524b, 525, 526, 527, 528, 529, 530, 531, 532, 533, 533a, 533b, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 543a, 544, 544a, 545, 546, 547, 548, 548a, 549, 550, 551, 552, 553, 553a, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 568a, 569, 570, 571, 572, 573, 573a, 574, 575, 575a, 575b, 576, 577, 578, 579, 580, 581, 581a, 582, 583, 583a, 583aa, 583b, 583c, 583d, 590c, 610, 620, 621, 626, 627, 630, 631, 638, 638a, 639, 641, 643, 644, 645, 646, 681, 683, 721, 732, 734, 740, 750, 753, 764, 765, 772, the several enumerations of goods respectively, and the several rates of duties of customs, if any, set opposite each of said items, and by repealing Order-in-Council, P.C. 2153, dated the 9th day of November, 1927, designated as Item 790 of The Customs Tariff, and the following items, enumerations and rates of duty are inserted in Schedule A:—

Tariff Item		British Preferential Tariff	Intermediate Tariff	General Tariff
37b	Small onion plants grown from seeds and imported for <i>bona fide</i> transplanting or propagation purposes only.....	Free	Free	Free
192a	Pulp board in rolls not less than nine one-thousandths of an inch in thickness for use in wrapping rolls of paper.....	5 p.c.	7½ p.c.	10 p.c.
208d	Flake calcium chloride for road-treating purposes only.....	Free	Free	Free
208c	Xanthates, cresylic acid and compounds of cresylic acid, used in the process of concentrating ores, metals or minerals.....	Free	Free	Free
219a	Non-alcoholic preparations or chemicals for disinfecting, dipping or spraying, n.o.p.....	Free	Free	Free
236	Surgical dressings, antiseptic or aseptic, including absorbent cotton, lint, lamb's wool, tow, jute, oakum, woven fabric of cotton weighing not more than seven and one-half pounds per one hundred square yards, whether imported singly or in combination one with another, but not stitched or otherwise manufactured; surgical trusses and suspensory bandages of all kinds; sanitary napkins, spinal braces and abdominal supports.....	12½ p.c.	17½ p.c.	20 p.c.
267b	Crude petroleum not in its natural state .725 specific gravity or heavier at 60 degrees temperature, when imported by oil refiners to be refined in their own factories.....	Free	Free	Free
	On and after 1st of July, 1931, per gallon.....	3/10 ct.	4/10 ct.	1/2 ct.
277	Palm and palm kernel oil, unbleached or bleached, not edible; shea butter	Free	Free	Free
356b	Nickel chromium, in bars or rods not more than three-fourths of an inch in diameter, containing more than sixty per cent nickel and more than ten per cent chromium, of a class or kind not manufactured in Canada, when imported by manufacturers of electric resistance wire and electric resistance strip or ribbon for use only in the manufacture of such articles in their own factories.....	Free	Free	Free
438	Locomotives and motor cars for railways and tramways, and chassis, tops, wheels and bodies for same, n.o.p.....	22½ p.c.	30 p.c.	35 p.c.
438e	Locomotives and motor cars for railways and tramways, of a class or kind adapted for underground haulage for use only in mining operations.....	10 p.c.	15 p.c.	20 p.c.
442	Printing presses, lithographic presses, and type making accessories therefor, also machines specially designed for ruling, folding, binding, embossing, creasing, or cutting paper or cardboard, sheet feeding machines, when for use exclusively by printers, bookbinders and by manufacturers of articles made from paper or cardboard—including parts thereof composed wholly or in part of iron, steel, brass or wood; machinery and complete parts thereof for printing by photogra-			

Tariff Item		British Preferential Tariff	Intermediate Tariff	General Tariff
	phic methods on plates for use on lithographic and offset presses; stereotypers' and typecasters' blankets, and press blankets used in covering cylinders on rotary printing presses, of a class or kind not made in Canada.....	Free	5 p.c.	10 p.c.
453e	Engines and complete parts thereof to be used exclusively in the propulsion of boats <i>bona fide</i> owned by individual fishermen for their own use in the fisheries, under regulations prescribed by the Minister of National Revenue.....	10 p.c.	12½ p.c.	15 p.c.
453g	Machinery for the concentration of ores, metals or minerals, viz.—flotation machines, pumps, vibrating and impact screens, jigs, magnetic separators and filters, when for use in the concentration or separation of ores, metals or minerals, and integral parts of all machinery mentioned in this item..	10 p.c.	15 p.c.	20 p.c.
453h	Mine hoists of a class or kind not made in Canada.....	10 p.c.	15 p.c.	20 p.c.
462	Blowers of iron or steel of a class or kind not made in Canada, for use in the smelting of ores, or in reduction, separation or refining of metals, ores or minerals; rotary kilns, revolving roasters and furnaces of metal of a class or kind not made in Canada, designed for roasting ore, mineral, rock or clay; furnace slag trucks and slag pots of a class or kind not made in Canada, and integral parts of all machinery mentioned in this item.....	Free	Free	Free
465	The following articles and materials when imported by manufacturers of automatic gas buoys and automatic gas beacons, for use in the manufacture of such buoys and beacons for the Government of Canada, for marine signal purposes or for export, under regulations prescribed by the Minister, viz.—iron or steel tubes over sixteen inches in diameter, flanged and dished steel heads made from boiler plate, over five feet in diameter; hardened steel balls, not less than three inches in diameter; acetylene gas lanterns and parts thereof; and tomb bronze in bars or rods.....	Free	Free	Free
468	Machinery and apparatus, of a class or kind not made in Canada, and parts thereof, especially constructed for preparing, manufacturing, testing or finishing yarns, cordage and fabrics made from textile fibres, or for use in factory operations incidental thereto, imported for the exclusive use of manufacturers and scholastic or charitable institutions in such processes only..	Free	5 p.c.	10 p.c.
494a	Cork slabs, boards, planks and tiles produced from cork waste or granulated or ground cork.....	15 p.c.	17½ p.c.	25 p.c.
520	Raw cotton and cotton linters not further manufactured than ginned; rags and waste wholly of cotton unfit for use without further manufacture, not to include used garments nor waste portions of unused fabrics.....	Free	Free	Free

Tariff Item		British Preferential Tariff	Intermediate Tariff	General Tariff
520a	Waste portions of unused fabrics or used garments, wholly of cotton, imported by manufacturers to be used exclusively for disintegrating, or for manufacture into wiping rags in their own factories.....	Free	Free	Free
520b	Garnetted material wholly of cotton, obtained by disintegrating yarns or fabrics, prepared for use; cotton wiping rags and wiping waste; waste portions of unused fabrics and rags and waste wholly of cotton, sold by weight, not to include remnants nor mill ends, n.o.p.....	7½ p.c.	10 p.c.	12½ p.c.
520c	Linters of short fibres of cotton, bleached, when imported by manufacturers of paper to be used only in their own factories for the manufacture of blotting paper or other grade of paper.....	7½ p.c.	10 p.c.	12½ p.c.
521	Batts, batting and carded sliver wholly of cotton, not bleached, coloured nor impregnated; cotton fibres, bleached or coloured, n.o.p.	5 p.c.	10 p.c.	12½ p.c.
521a	Batts, batting, sheet wadding and carded sliver wholly of cotton, n.o.p.....	7½ p.c.	15 p.c.	17½ p.c.
522	Rovings, yarns and warps wholly of cotton not exceeding number twenty, not more advanced than singles.....	10 p.c.	15 p.c.	20 p.c.
522a	Yarns and warps wholly of cotton exceeding number twenty, but not exceeding number forty, not more advanced than singles.....	12½ p.c.	15 p.c.	22½ p.c.
522b	Yarns and warps wholly of cotton exceeding number forty, not more advanced than singles.....	7½ p.c.	10 p.c.	15 p.c.
522c	Rovings, yards and warps wholly of cotton, including threads, cords and twines generally used for sewing, stitching, packaging and other purposes, n.o.p.; cotton yarns not more advanced than singles, wholly or partially covered with metallic strip, generally known as tinsel thread.....	15 p.c.	22½ p.c.	25 p.c.
522d	Yarns and warps wholly of cotton, mercerised, number forty and finer, imported by manufacturers for use exclusively in their own factories..	Free	10 p.c.	15 p.c.
522e	Yarns wholly of cotton, exceeding number twenty, and not exceeding number forty, not more advanced than singles, cotton sewing thread yarn and crochet, knitting, darning and embroidery yarn, in hanks, composed of three strands or more; not bleached, coloured nor mercerised, imported by manufacturers who manufacture cotton sewing thread and crochet, knitting, darning and embroidery cottons only for use exclusively in their own factories in the manufacture of those materials.....	7½ p.c.	15 p.c.	20 p.c.
523	Woven fabrics wholly of cotton, not bleached, mercerised nor coloured, n.o.p.....	12½ p.c.	20 p.c.	22½ p.c.
523a	Woven fabrics wholly of cotton, bleached or mercerised, n.o.p.....	15 p.c.	22½ p.c.	25 p.c.
523b	Woven fabrics wholly of cotton, n.o.p.....	20 p.c.	25 p.c.	27½ p.c.
523c	Woven fabrics wholly of cotton manufactured from yarns of more than one colour, n.o.p.....	20 p.c.	25 p.c.	30 p.c.

Tariff Item		British Preferential Tariff	Intermediate Tariff	General Tariff
523d	Woven fabrics wholly of cotton, imported by manufacturers of corsetry, for use exclusively in the manufacture of such articles in their own factories.....	12½ p.c.	17½ p.c.	20 p.c.
523e	Woven fabrics wholly of cotton with cut pile, n.o.p.....	17½ p.c.	25 p.c.	30 p.c.
524	Seamless cotton duck in circular form, of a class or kind not made in Canada, for use in the manufacture of hose pipe.....	Free	Free	Free
525	Sheets, pillow cases, diapers, tray cloths, quilts, counterpanes, towels, bath mats, wash cloths, tablecloths, napkins, dresser scarves, curtains, consisting of woven fabrics wholly of cotton, not further manufactured than hemmed or hemstitched, not coloured, not embroidered nor otherwise ornamented.....	15 p.c.	25 p.c.	27½ p.c.
526	Household blankets wholly of cotton, not to include horse blankets, automobile or steamer rugs nor similar articles.....	15 p.c.	22½ p.c.	27½ p.c.
527	Boot, shoe, shirt and stay laces of cotton.....	15 p.c.	25 p.c.	30 p.c.
528	White cotton bobinet, plain, in the web.....	15 p.c.	22½ p.c.	25 p.c.
529	Embroideries, lace, braids, bobinet, n.o.p.; fringes and tassels; manufactures of lace; handkerchiefs and pillow shams; curtains, n.o.p.; all articles specified in this item to be wholly of cotton.....	20 p.c.	27½ p.c.	30 p.c.
529a	Lace and embroideries wholly of cotton, not coloured, imported by manufacturers for use exclusively in the manufacture of underwear in their own factories.....	12½ p.c.	17½ p.c.	20 p.c.
530	Socks and stockings wholly or in part of vegetable fibres, but not containing silk, artificial silk nor wool, n.o.p.....	20 p.c.	27½ p.c.	30 p.c.
531	Knitted fabric wholly of cotton, in the web, imported by manufacturers of rubber boots and shoes for use exclusively in the manufacture of such articles in their own factories.....	10 p.c.	20 p.c.	25 p.c.
532	Clothing, wearing apparel and articles made from woven or knitted fabrics and all textile manufactures, wholly or partially manufactured, composed wholly of cotton, n.o.p.; fabrics wholly of cotton, coated or impregnated, n.o.p.....	22½ p.c.	25 p.c.	30 p.c.
532a	Shirts, not knitted, collars and cuffs, wholly of cotton.....	20 p.c.	30 p.c.	32½ p.c.
533	Sails for boats and ships.....	15 p.c.	22½ p.c.	25 p.c.
534	Braided candle-wick with or without wire centre or braided taper-wick with or without wire centre when imported by manufacturers of wax candles or wax tapers for use only in their own factories in the manufacture of wax candles or wax tapers.....	Free	Free	Free
535	Grasses, seaweed, mosses and vegetable fibres other than cotton, not coloured, nor further manufactured than dried, cleaned, cut to size, ground and sifted; oakum of flax, hemp, or jute; coir and coir yarn..	Free	Free	Free

Tariff Item		British Preferential Tariff	Intermediate Tariff	General Tariff
535a	Grasses, seaweed, mosses and vegetable fibres other than cotton, n.o.p.	10 p.c.	17½ p.c.	17½ p.c.
535b	Rags and waste unfit for use without further manufacture, not to include used garments nor waste portions of unused fabrics, n.o.p.	Free	Free	Free
535c	Waste portions of unused fabrics or used garments, n.o.p., imported by manufacturers to be used exclusively for disintegrating or for manufacture into wiping rags in their own factories.	Free	Free	Free
535d	Garnetted material obtained by disintegrating yarns or fabrics, prepared for use, n.o.p.; wiping rags and wiping waste, n.o.p.; waste portions of unused fabrics, rags and waste, sold by weight, not to include remnants nor mill ends, n.o.p.	7½ p.c.	10 p.c.	12½ p.c.
536	Batts, batting, sheet wadding and carded sliver of vegetable fibres, n.o.p.	12½ p.c.	22½ p.c.	25 p.c.
537	Rovings, yarns and warps wholly or in part of vegetable fibres, not more advanced than singles, n.o.p., not to contain silk, artificial silk nor wool.	12½ p.c.	17½ p.c.	25 p.c.
537a	Rovings, yarns and warps wholly or in part of vegetable fibres, including yarn twist, cords and twines generally used for packaging and other purposes, n.o.p., not to contain silk, artificial silk nor wool.	20 p.c.	22½ p.c.	25 p.c.
537b	Linen thread for hand or machine sewing.	15 p.c.	22½ p.c.	25 p.c.
537c	Rovings, yarns and warps wholly of vegetable fibres other than cotton, not to include materials for sewing, stitching nor packaging purposes, imported by manufacturers for use exclusively in their own factories in weaving fabrics or insulating wire.	Free	10 p.c.	15 p.c.
538	Binder twine or twine for harvest binders.	Free	Free	Free
538a	Articles which enter into the cost of the manufacture of binder twine, or twine for harvest binders, when imported for such use exclusively by manufacturers who manufacture such twine only.	Free	Free	Free
539	Cordage, exceeding one inch in circumference, wholly of vegetable fibres, n.o.p.	20 p.c.	22½ p.c.	25 p.c.
540	Woven fabrics, wholly of flax, or of flax and cotton, not bleached, mercerised nor coloured, n.o.p.	15 p.c.	25 p.c.	27½ p.c.
540a	Woven fabrics, wholly of flax, or of flax and cotton, n.o.p.	20 p.c.	30 p.c.	32½ p.c.
540b	Woven or braided fabrics wholly of flax or cotton, or both, generally known as tapes or webbing, not exceeding twelve inches in width, with cut pile or not.	20 p.c.	27½ p.c.	30 p.c.
541	Woven fabrics, wholly of hemp, or jute, or both, not bleached nor coloured, n.o.p.	Free	5 p.c.	10 p.c.
541a	Woven fabrics, wholly of hemp, or jute, or both, n.o.p.	15 p.c.	22½ p.c.	25 p.c.
541b	Woven or braided fabrics, wholly of hemp or jute, or both, not exceeding twelve inches in width.	15 p.c.	22½ p.c.	25 p.c.

Tariff Item		British Preferential Tariff	Intermediate Tariff	General Tariff
542	Woven or knitted fabrics, wholly or in part of vegetable fibres, and all such fabrics with cut pile, n.o.p., not containing silk, artificial silk nor wool.....	20 p.c.	27½ p.c.	30 p.c.
542a	Woven or braided fabrics not exceeding twelve inches in width, wholly or in part of vegetable fibres, n.o.p., not to contain silk, artificial silk nor wool.....	20 p.c.	27½ p.c.	30 p.c.
543	Sail twine and canvas of hemp, or flax, imported for use in the manufacture of boats' and ships' sails..	Free	5 p.c.	10 p.c.
544	Sheets, pillow-cases, diapers, tray-cloths, quilts, counterpanes, towels, bath mats, wash cloths, table-cloths, napkins, dresser scarves, consisting of woven fabrics wholly of vegetable fibres, not further manufactured than hemmed or hemstitched, not coloured, not embroidered nor otherwise ornamented, n.o.p.....	20 p.c.	27½ p.c.	30 p.c.
544a	Handkerchiefs consisting of woven fabrics wholly of flax or of flax and cotton, not further manufactured than hemmed or hemstitched, not coloured, not embroidered nor otherwise ornamented.....	20 p.c.	30 p.c.	32½ p.c.
544b	Handkerchiefs composed of flax or of flax and cotton, n.o.p.....	22½ p.c.	32½ p.c.	35 p.c.
545	Lace and embroideries, wholly of flax, or of flax and cotton, not coloured, imported by manufacturers for use exclusively in the manufacture of underwear in their own factories.....	12½ p.c.	17½ p.c.	20 p.c.
546	Articles made from fabrics, finished or unfinished, and all textile manufactures, wholly of hemp or of jute, or of both, n.o.p.; fabrics, wholly of hemp or jute, or of both, coated or impregnated.....	12½ p.c.	25 p.c.	30 p.c.
547	Bags or sacks of hemp, linen or jute, and cotton seamless bags; bags in which cement or lime mentioned in Tariff Item 290 is imported.....	15 p.c.	17½ p.c.	20 p.c.
548	Clothing, wearing apparel and articles, made from woven or knitted fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of vegetable fibres but not containing silk, artificial silk, nor wool, n.o.p.; fabrics, coated or impregnated, composed wholly or in part of vegetable fibres but not containing silk, artificial silk nor wool, n.o.p.....	22½ p.c.	30 p.c.	35 p.c.
548a	Clothing and hats made from oiled fabric of cotton or flax, or both....	15 p.c.	25 p.c.	30 p.c.
548b	Collars and cuffs wholly of flax or of flax and cotton.....	20 p.c.	30 p.c.	35 p.c.
549	Wool, the hair of the camel, alpaca, goat or other like animal, not further prepared than combed.....	Free	Free	Free
549a	Hair, cleaned or uncleaned, but not curled, dyed nor otherwise manufactured; and horse hair not further manufactured than simply cleaned and dipped or dyed.....	Free	Free	Free
549b	Hair, curled or dyed, n.o.p.....	12½ p.c.	17½ p.c.	20 p.c.

Tariff Item		British Preferential Tariff	Intermediate Tariff	General Tariff
550	Rags and waste, wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal, unfit for use without further manufacture, not to include used garments nor waste portions of unused fabric.....	Free	Free	Free
550a	Waste portions of unused fabrics or used garments wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal, imported by manufacturers to be used exclusively for disintegrating in their own factories.....	Free	Free	Free
550b	Garnetted material, wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal, obtained by disintegrating yarns or fabrics, prepared for use; waste portions of unused fabrics, rags and waste, wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal, sold by weight, not to include remnants nor mill ends, n.o.p.....	7½ p.c.	10 p.c.	12½ p.c.
550c	Garnetted wool waste in the white when imported by manufacturers of woollen goods for use exclusively in their own factories.....	Free	Free	Free
551	Yarns composed wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal, but not containing silk nor artificial silk, n.o.p.....	20 p.c.	22½ p.c.	25 p.c.
551a	Yarns and warps composed wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal, imported by manufacturers for use exclusively in their own factories, n.o.p.....	12½ p.c.	17½ p.c.	20 p.c.
551b	Yarns and warps composed wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal, imported by manufacturers for use exclusively in their own factories, in the weaving of woollen or worsted fabrics (but not including carpets nor floor rugs).....	Free	10 p.c.	12½ p.c.
551c	Yarns composed wholly or in chief value of merino wool, not more advanced than singles, dry spun on the French or Belgian systems, but not containing silk nor artificial silk, imported by manufacturers of knitted goods for use exclusively in the manufacture of such goods in their own factories.....	10 p.c.	17½ p.c.	20 p.c.
552	Felt, pressed, of all kinds, in the web, not consisting of or in combination with any woven, knitted or other fabric or material.....	15 p.c.	22½ p.c.	25 p.c.
553	Household blankets, n.o.p., not to include horse blankets, automobile rugs, steamer rugs nor similar articles.....	22½ p.c.	30 p.c.	35 p.c.
554	Woven fabrics, composed wholly or in chief part by weight, of wool, the hair of the camel, alpaca, goat or other like animal, not exceeding in weight six ounces to the square yard, when imported in the gray, unfinished condition, for the purpose of being dyed and finished in Canada.....	10 p.c.	22½ p.c.	25 p.c.

Tariff Item		British Preferential Tariff	Inter-mediate Tariff	General Tariff
554a	Woven fabrics, consisting of cotton warps with wefts wholly of mohair or alpaca or both, generally known as lustres or Italian linings, n.o.p.	10 p.c.	20 p.c.	25 p.c.
554b	Woven or knitted fabrics composed wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal, not exceeding in weight five ounces to the square yard, n.o.p.	22½ p.c.	30 p.c.	35 p.c.
554c	Woven or knitted fabrics, felted or not, including all such fabrics with cut pile, composed wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal, n.o.p.	27½ p.c.	35 p.c.	35 p.c.
554d	Woven or braided fabrics not exceeding twelve inches in width, whether with cut pile or not, wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal.	27½ p.c.	35 p.c.	35 p.c.
555	Clothing, wearing apparel and articles, made from woven or knitted fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal, but not containing silk, nor artificial silk, n.o.p.; fabrics, coated or impregnated, composed wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal, but not containing silk nor artificial silk, n.o.p.	27½ p.c.	35 p.c.	35 p.c.
556	Socks and stockings, wholly or in part of wool, but not containing silk nor artificial silk, valued at more than \$1.50 per pound.	27½ p.c.	32½ p.c.	35 p.c.
556a	Socks and stockings, wholly or in part of wool, but not containing silk nor artificial silk, valued at more than 90 cents per pound, but not exceeding \$1.50 per pound.	25 p.c.	32½ p.c.	35 p.c.
556b	Socks and stockings, wholly or in part of wool, but not containing silk nor artificial silk, n.o.p.	20 p.c.	27½ p.c.	30 p.c.
557	Silk cocoons; raw silk, not more advanced than singles, not to include material wholly or partially degummed; rags and waste wholly of silk, artificial silk or similar synthetic fibres produced by chemical processes, unfit for use without further manufacture, not to include used garments nor waste portions of unused fabrics.	Free	Free	Free
557a	Waste portions of unused fabrics, or used garments, wholly of silk, artificial silk or similar synthetic fibres produced by chemical processes, imported by manufacturers to be used exclusively for disintegrating in their own factories.	Free	Free	Free
557b	Garnetted material wholly of silk, artificial silk or similar synthetic fibres, produced by chemical processes, obtained by disintegrating cocoons, yarns or fabrics, prepared for use; filaments or loose fibres wholly of silk, artificial silk or similar synthetic fibres produced by chemical processes, not more advanced than in the form of sliver; waste portions of unused fabrics,			

Tariff Item		British Preferential Tariff	Intermediate Tariff	General Tariff
558	rags and waste, wholly of silk, artificial silk or similar synthetic fibres, not to include remnants nor mill ends, n.o.p.....	5 p.c.	7½ p.c.	10 p.c.
558a	Yarns and warps wholly of thrown silk, in the gum.....	10 p.c.	12½ p.c.	15 p.c.
558b	Rovings, yarns and warps wholly of spun silk, generally known as schappe and bourette, not more advanced than singles.....	10 p.c.	12½ p.c.	15 p.c.
558c	Rovings, yarns and warps wholly of artificial silk, or similar synthetic fibres, produced by chemical processes, not more advanced than singles.....	12½ p.c.	17½ p.c.	20 p.c.
558d	Rovings, yarns and warps wholly or in part of silk, n.o.p.; including threads, cords or twist for sewing, embroidering or other purposes....	17½ p.c.	22½ p.c.	25 p.c.
558e	Rovings, yarns and warps wholly or in part of artificial silk or similar synthetic fibres produced by chemical processes, n.o.p., including threads, cords or twist for sewing, embroidering or other purposes, not to contain silk.....	17½ p.c.	22½ p.c.	25 p.c.
558e	Yarns and warps, wholly of thrown silk in the gum, rovings, yarns and warps, wholly of spun silk, not coloured, imported by manufacturers for use exclusively in their own factories for knitting underwear, for weaving or for the manufacture of silk thread.....	Free	7½ p.c.	10 p.c.
559	Black mourning crapes.....	10 p.c.	17½ p.c.	20 p.c.
560	Woven fabrics wholly or in chief part by weight of silk in the gum, not degummed or bleached, not less than twenty inches in width, imported for the purpose of being degummed, dyed and finished in Canada.....	12½ p.c.	22½ p.c.	35 p.c.
560a	Woven fabrics wholly of silk, exceeding twenty-six inches in width.....	17½ p.c.	32½ p.c.	35 p.c.
560b	Woven fabrics wholly of silk, twenty-six inches in width, or less, n.o.p....	17½ p.c.	32½ p.c.	35 p.c.
560c	Woven fabrics composed in part of silk, n.o.p., knitted fabrics wholly or in part of silk, not to contain wool.....	22½ p.c.	32½ p.c.	35 p.c.
560d	Woven fabrics with cut pile, generally known as velvets and plushes, with pile wholly of silk or artificial silk, but not containing wool, exceeding twenty-four inches in width.....	17½ p.c.	32½ p.c.	35 p.c.
560e	Woven fabrics with cut pile, generally known as velvets and plushes, with pile wholly of silk or artificial silk, but not containing wool, twenty-four inches in width or less, n.o.p.....	17½ p.c.	32½ p.c.	35 p.c.
561	Woven fabrics wholly of artificial silk or similar synthetic fibres produced by chemical processes, n.o.p.....	17½ p.c.	32½ p.c.	35 p.c.
561a	Woven fabrics composed in part of artificial silk or similar synthetic fibres produced by chemical processes, n.o.p., knitted fabrics wholly or in part of such artificial silk, not to contain silk nor wool.....	22½ p.c.	32½ p.c.	35 p.c.
562	Woven fabrics not exceeding twelve inches in width, generally known as "ribbons," whether with cut pile or not, wholly or in part of silk but not containing wool.....	22½ p.c.	32½ p.c.	35 p.c.

Tariff Item		British Preferential Tariff	Intermediate Tariff	General Tariff
562a	Woven fabrics not exceeding twelve inches in width, generally known as "ribbons," whether with cut pile or not, wholly or in part of artificial silk or similar synthetic fibres produced by chemical processes, but not containing silk nor wool.....	22½ p.c.	32½ p.c.	35 p.c.
563	Bolting cloth, not made up.....	Free	Free	Free
564	Woven fabrics wholly, or in chief part by weight, of silk or artificial silk, or both, imported in the web in lengths of not less than ten yards each by manufacturers of neckties for use exclusively in the manufacture of such articles in their own factories.....	17½ p.c.	20 p.c.	20 p.c.
565	Embroideries, lace, braids, cords, chenille, gimp, fringes and tassels, whether containing tinsel or not, n.o.p.; bobinet, manufactures of lace, handkerchiefs, pillow shams and curtains, n.o.p.....	25 p.c.	32½ p.c.	35 p.c.
566	Stocks and stockings wholly or in part of silk.....	25 p.c.	32½ p.c.	35 p.c.
566a	Stocks and stockings wholly or in part of artificial silk or similar synthetic fibres produced by chemical processes, but not containing silk.....	25 p.c.	32½ p.c.	35 p.c.
567	Clothing, wearing apparel and articles, made from woven or knitted fabrics and all textile manufactures, n.o.p., wholly or partially manufactured; fabrics, coated or impregnated n.o.p.; all composed wholly or in part of silk	30 p.c.	35 p.c.	37½ p.c.
567a	Clothing, wearing apparel and articles made from woven or knitted fabrics and all textile manufactures, n.o.p., wholly or partially manufactured; fabrics, coated or impregnated, n.o.p.; all composed wholly or in part of artificial silk or similar synthetic fibres produced by chemical processes but not containing silk.....	30 p.c.	35 p.c.	37½ p.c.
567b	Church vestments of any material..	12½ p.c.	17½ p.c.	20 p.c.
568	Knitted garments n.o.p., knitted goods, n.o.p., knitted underwear, n.o.p., all to be valued at more than 90 cents per pound.....	20 p.c.	30 p.c.	35 p.c.
568a	Knitted garments, n.o.p., knitted goods, n.o.p., knitted underwear, n.o.p., all to be valued at 90 cents per pound, or less.....	15 p.c.	30 p.c.	35 p.c.
569	Hats, caps, hoods and bonnets, n.o.p.; hat and bonnet crowns and hat, cap and bonnet shapes.....	22½ p.c.	30 p.c.	35 p.c.
569a	Unfinished hoods, composed of leg-horn, manila, palm leaf, grass, willow or chip, not bleached nor blocked.....	Free	5 p.c.	7½ p.c.
569b	Hat sweats, cap peaks, hatters' tips and sides when cut to shape, imported by manufacturers for use exclusively in the manufacture of hats and caps in their own factories	Free	5 p.c.	7½ p.c.
569c	Braids or plaits, of chip, palm leaf, manila, willow, osier, rattan, straw, tuscany or grass; braids or plaits of artificial silk or similar synthetic fibre produced by chemical processes; braids or plaits of glazed cotton thread; all to be imported			

Tariff Item		British Preferential Tariff	Intermediate Tariff	General Tariff
569d	for use exclusively in the manufacture of hat bodies or shapes, but not for ornamentation or trimming of such bodies or shapes.	Free	5 p.c.	7½ p.c.
570	Woven fabrics, not exceeding three inches in width, in lengths of not less than eighteen yards, of a class or kind not made in Canada, generally known as "single, double or four shot corded ribbon," imported by manufacturers for use exclusively in their own factories in making the bands on hats or in binding the edge of the hat brim.	Free	5 p.c.	7½ p.c.
571	Mats, door or carriage, other than metal, n.o.p.	25 p.c.	30 p.c.	35 p.c.
572	Carpeting, rugs, mats and matting of cocoa, straw, hemp or jute; carpet linings and stair pads.	15 p.c.	22½ p.c.	25 p.c.
573	Turkish or imitation Turkish or other floor rugs or carpets, and carpets, n.o.p.	25 p.c.	30 p.c.	35 p.c.
574	Enamelled carriage, floor, shelf and table oil-cloth, linoleum, and cork matting or carpets.	25 p.c.	32½ p.c.	35 p.c.
574a	Woven fabrics, non-elastic, not exceeding three inches in width, imported by manufacturers of suspenders, garters and hose supporters for use exclusively in the manufacture of such articles in their own factories.	10 p.c.	17½ p.c.	20 p.c.
574b	Webbing, with strands of rubber interwoven, or braided therein, not exceeding twelve inches in width; round elastic braid.	20 p.c.	32½ p.c.	35 p.c.
575	Webbing, with strands of rubber interwoven or braided therein, exceeding one inch but not exceeding twelve inches in width, imported by manufacturers for use exclusively in their own factories.	12½ p.c.	20 p.c.	25 p.c.
576	Cordage exceeding one inch in circumference, n.o.p.	20 p.c.	22½ p.c.	25 p.c.
577	Window shades mounted on rollers, n.o.p.	20 p.c.	30 p.c.	35 p.c.
578	Collars and cuffs of xylonite, xylolite or celluloid.	15 p.c.	20 p.c.	25 p.c.
580c	Regalia, badges and belts of all kinds, n.o.p., except silk belts.	22½ p.c.	30 p.c.	35 p.c.
610	Engines and complete parts thereof, when imported for use only in the equipment of aircraft.	Free	7½ p.c.	10 p.c.
620	On and after 1st July, 1930.	15 p.c.	25 p.c.	27½ p.c.
621	Belting for machinery, n.o.p.	20 p.c.	25 p.c.	27½ p.c.
627	Tinsel wire when imported by manufacturers of braids, cords, tassels, ribbons or trimmings, for use only in the manufacture of such articles in their own factories.	5 p.c.	7½ p.c.	10 p.c.
627a	Nitrate of thorium and nitrate of cerium for use in the manufacture of incandescent gas mantles, when imported by manufacturers of such mantles or of stocking for such mantles.	Free	Free	Free
630	Twine or yarn of paper when imported by manufacturers of furniture for use only in their own factories in the manufacture of furniture.	Free	Free	Free
630	Gloves of all kinds.	22½ p.c.	30 p.c.	35 p.c.
630	Mitts or mittens of all kinds.	15 p.c.	25 p.c.	30 p.c.
630	Boot, shoe, shirt and stay laces, n.o.p.	20 p.c.	27½ p.c.	30 p.c.

Tariff Item		British Preferential Tariff	Inter-mediate Tariff	General Tariff
681	Junk, old; paper waste clippings and waste of all kinds, n.o.p., except metallic; broken glass or glass cullet.....	Free	Free	Free
682	Aluminum net floats of a class or kind not made in Canada, for use only in deep-sea or lake fishing, not to include floats for sportsmen's use.....	Free	Free	Free

2. Resolved, That Schedule B to The Customs Tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, be amended by striking thereout Tariff Items 1011, 1012, 1024, 1029, the enumeration of goods, and the rates of drawback of Customs duties set opposite to each of the said items, and the following items, enumerations and rates of drawback of Customs duties be inserted in the said Schedule B:—

Tariff Item		When Subject to Drawback	Portion of Duty (Not including Special Duty or Dumping Duty) Payable as Drawback
1011	Botany yarn, single, numbers thirty and finer, on mule cops, tubes or cones, or in hanks, dry spun on the French or Belgian systems, in white only, not doubled or twisted.....	When used prior to the first day of October, 1928, in the manufacture of socks and stockings and Jersey cloth..	99 p.c.
1012	Woven fabrics in the web.....	When used in the manufacture of linings for hats and caps.....	99 p.c.
1024	Yarns composed in chief value of wool, single, numbers thirty and finer, on mule cops, tubes or cones, or in hanks, dry spun on the French or Belgian systems, in white only, not doubled or twisted.....	When used prior to the first day of October, 1928, in the manufacture of socks and stockings.....	99 p.c.
1029	Materials.....	When imported by manufacturers of hat sweats, cap peaks and hatters' tips and sides when used in the manufacture of such articles in their own factories....	99 p.c.
1060	Newsprint paper, machine finished book grades of paper, not coated, coated or supercalendered book grades of paper, when imported under tariff items 197, 197a, or 198a.....	When used exclusively in the production in Canada of magazines or periodicals, including farm journals, printed, published and issued at regular intervals, and enjoying second-class postal privileges, containing critical, in-	

Tariff Item		When Subject to Drawback	Portion of Duty (Not including Special Duty or Dumping Duty) Payable as Drawback
1061	Woven fabric manufactured for covering the outside of books, of a class or kind not made in Canada.....	formative and descriptive articles on various subjects, current topics, political and other news or reviews, criticism or other informative matter, or fiction, being bound, wire stitched or otherwise fastened together.....	80 p.c.
1062	Materials, including all parts....	When imported by bookbinders for use exclusively in binding books in their own factories... When used in the manufacture of bit braces, marking gauges of metal or wood, levels of metal or wood, planes or hand tool scrapers of metal or wood, spoke shaves, try squares and bev-els with metal or wood handles: Provided that no drawback shall be paid under this item unless at least fifty per cent of the cost of producing the finished article has been incurred in Canada; And provided further that no drawback under this item shall be payable more than once on any article.....	99 p.c.
1063	Materials, including all parts....	When used in the manufacture of engines for use only in the equipment of aircraft: Provided that on and after July 1, 1930, no drawback shall be paid under this item unless at least forty per cent of the cost of producing the finished engine has been incurred in Canada.....	60 p.c.
1064	Seamless iron or steel tubing over four inches in diameter.....	When used in the transmission of natural gas under high pressure from the gas wells to point of distribution...	50 p.c.
1065	Bituminous coal.....	When used in melting or evaporating salt produced in Canada: Provided that no drawback under this item shall be payable on coal used in producing salt or brine when such salt or brine is further manufactured than salt enumerated in tariff items 40, 41, 42 and 42a.....	50 p.c. 99 p.c.



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3. Resolved, That any enactment founded on the foregoing resolutions shall be deemed to have come into force on the seventeenth day of February, one thousand nine hundred and twenty-eight, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that date and to have applied to goods previously imported for which no entry for consumption was made before that day.

THE INCOME WAR TAX ACT

Resolved, That it is expedient to amend the Income War Tax Act, and to provide:—

1. That the schedule of rates of Income Tax pertaining to individuals be reduced for the year 1927 and thereafter by twenty per centum.

2. That the Income Tax of companies for the year 1927 and thereafter be eight per centum.

3. That allowance for exhaustion of mining lands, oil and gas wells and timber limits be afforded to and apportioned between lessee and lessor.

4. That the income from the operation of ships owned or operated by a non-resident person or corporation be exempt from taxation, provided that the country of residence grants an equivalent exemption in favour of a person or corporation resident in Canada.

5. That \$500 exemption be given persons supporting dependents twenty-one years of age and over, incapable of self-support on account of mental or physical infirmity.

6. That upon election by the trustee controlling a superannuation pension fund or plan to have the investment income exempt from taxation the contributions by employees shall not be exempt.

7. That provision be made for procuring information as to payments made from the source of payment.

THE SPECIAL WAR REVENUE ACT

Resolved, that it is expedient to introduce a measure to amend the Special War Revenue Act, chapter 179 of the Revised Statutes of Canada, 1927, and to provide:—

1. That section eighty of the said Act which imposes an excise tax on automobiles adaptable for passenger use be amended by adding thereto the following subsection:—

"4. When goods of any class mentioned in schedule I are manufactured or produced in Canada and are for use by the manufacturer or producer thereof and not for sale, such goods shall, for the purposes of this part, be deemed to have been manufactured or produced in Canada and sold, and the sale shall be deemed to have taken place when the goods are used or appropriated for use. The Minister may determine the value of the said goods for the tax."

2. That the rate of consumption or sales tax be reduced to 3 per cent and that any enactment which may be founded on this resolution No. 2, shall be deemed to have come into force on the seventeenth day of February, 1928, and to have applied to goods imported or taken out of warehouse for consumption on or after that date and to have applied to goods previously imported for which no entry for consumption was made before that date.

THE COPPER BOUNTIES ACT

Resolved, That it is expedient to introduce a measure to amend The Copper Bounties Act, 1923, and to provide that the payment of bounties at the rate of one-half of one cent per pound on copper bars or rods, as described in the said Act, be continued up to the thirtieth day of June, 1931.