

CANADA

BUDGET SPEECH

DELIVERED BY

HON. JAMES A. ROBB

MINISTER OF FINANCE
MEMBER FOR CHATEAUGUAY-HUNTINGDON

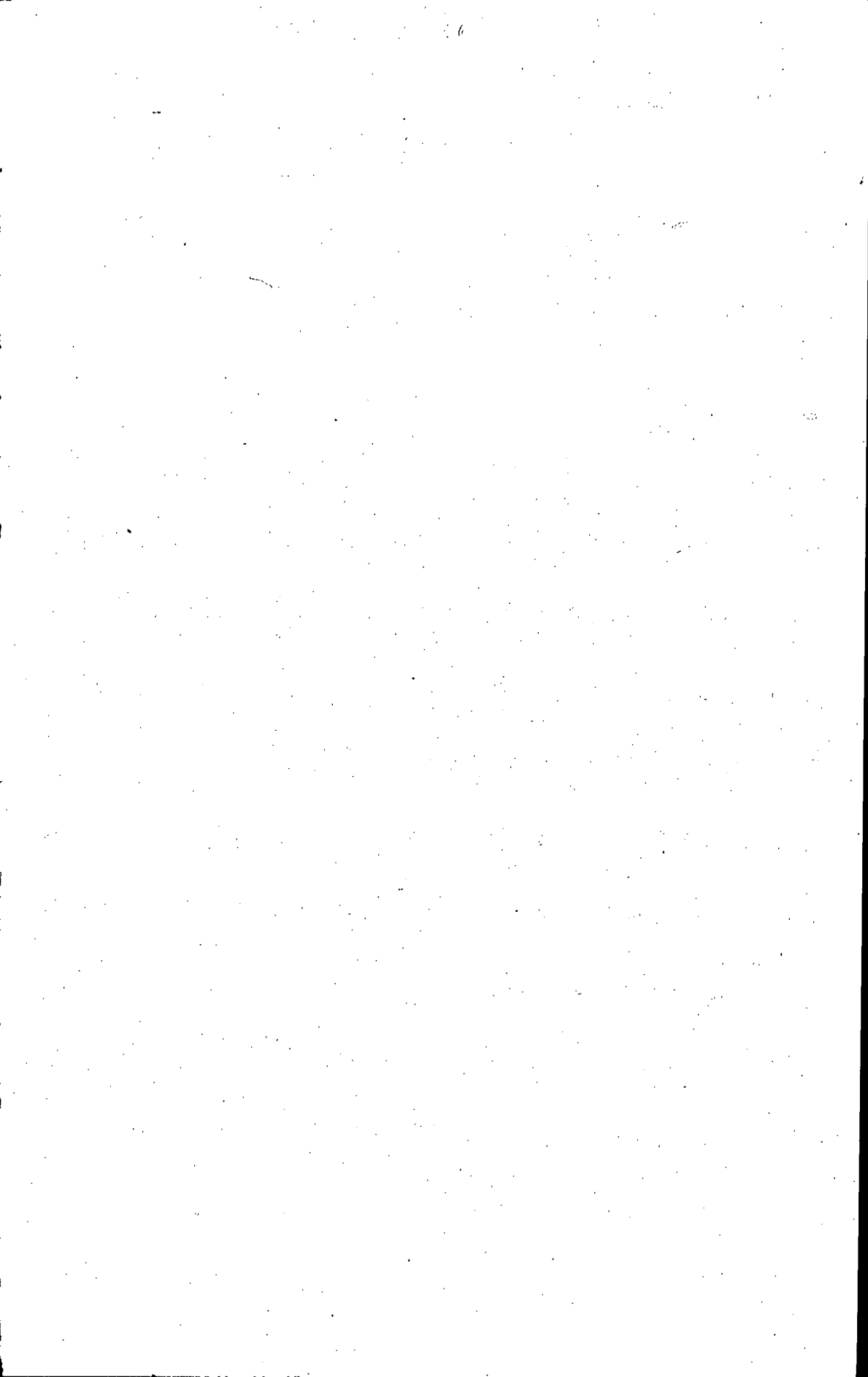
IN THE

HOUSE OF COMMONS

MARCH 1, 1929



OTTAWA
F. A. ACLAND
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1929



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HOUSE OF COMMONS, FRIDAY, MARCH 1,

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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: Mr. Speaker, the general optimism prevailing throughout Canada has, during recent months, been so widely reflected and strongly emphasized in provincial legislative assemblies, annual reviews and financial statements that, in presenting this annual budget, little need be said beyond submitting official figures which, when analyzed and compared with the records of previous years, will show a steady and continuous reduction of both debt and rates of taxation.

The fiscal year ends, as hon. members know, on the 31st of March, consequently, when on the 16th of February, 1928, the annual budget statement for 1927-28 was presented, it was necessary to make an estimate of the total revenues and expenditures. The Public Accounts for that year have since been tabled and give in detail the various revenues and expenditures and show that, after transferring certain old and doubtful assets and Soldier Settlement loan adjustments from active to non-active assets, the actual net debt reduction for the fiscal year 1927-28 was \$50,984,137.17.

FISCAL YEAR 1928-29

REVENUES

For the fiscal year 1928-29, which ends on the 31st March, it is estimated that the ordinary revenues will be \$450,000,000, which, with special receipts from reparation payments of

\$3,500,000 and receipts of \$1,400,000 from the Imperial Government in final adjustment of disputed claims, together with \$42,000 miscellaneous receipts, makes total estimated revenues for the year of about \$454,942,000. This will be an increase of some \$25,000,000 over the revenues for the year 1927-28.

It is estimated that customs revenues will be \$185,000,000, an increase of \$28,000,000 over the previous year; excise duties \$63,400,000, an increase of \$6,000,000; income tax, \$58,500,000, an increase of \$1,900,000; interest on investments (including \$1,500,000 interest derived from temporary investments of our surplus cash holdings), \$11,600,000, an increase of \$660,000; and revenues from other sources \$16,350,000, an increase of \$840,000.

Services which it is estimated will show decreases are: excise taxes,—sales, stamps, etc., \$81,500,000, a decrease of \$8,700,000 from the previous year; delayed business profits tax, \$450,000, a decrease of \$500,000; Post Office, \$31,000,000, a decrease of \$560,000; and miscellaneous services, \$2,200,000, a decrease of \$370,000.

EXPENDITURES

Our ordinary expenditures for the year, Mr. Speaker, are estimated at \$355,200,000. This includes payments made under authority of the Maritime Freight Rates Act, 1927, of \$2,992,000 to meet the twenty per cent reduction in Maritime Freight Rates, and \$4,303,000 to meet deficits on eastern lines. It also includes \$1,600,000 by way of special grants to the Maritime Provinces, \$800,000 to be paid to the provinces of British Columbia, Saskatchewan, and Manitoba as the Dominion's share of old age pensions payments, and \$2,190,000 to the Federal District Commission under authority of the Federal District Commission Act as amended in 1928.

The capital expenditures are estimated as \$24,150,000 and special expenditures at \$1,937,000. In addition, loans in cash to the Canadian Government Merchant Marine are estimated at \$1,000,000 and to the Quebec Harbour Commission \$2,873,000. As these loans are carried as non-active assets the amounts are included as expenditures for the year. The total estimated expenditures will, therefore, be \$385,160,000, an increase of \$22,332,000 over the expenditures of the previous year.

SURPLUS \$69,782,000

By deducting the estimated total expenditures of \$385,160,000 from the estimated total revenues of \$454,942,000, it will be observed that the estimated surplus of revenues over all expenditures for the current fiscal year is \$69,782,000.

Mr. Speaker, for the convenience of hon. members, may I, with the consent of the House, place on Hansard a comparative summary showing the actual revenues and expenditures by services for 1927-28 and the corresponding estimated revenues and expenditures for the current fiscal year; also a statement of the estimated ordinary revenues and the estimated expenditures, by services, for the present fiscal year; together with their percentages to the total revenues or expenditures as the case may be.

REVENUES

	Actual 1927-28	Estimated 1928-29	Increase	Decrease
	\$	\$	\$	\$
<i>Ordinary Revenue</i>				
Taxation Revenue—				
Customs Import Duties.....	156,985,818	185,000,000	28,014,182	
Excise Duties.....	57,400,897	63,400,000	5,999,103	
War Tax Revenues—				
Excise Taxes (Sales, Stamps, etc.).....	90,222,931	81,500,000		8,722,931
Income Tax.....	56,571,047	58,500,000	1,928,953	
Delayed Business Profits Tax.....	956,031	450,000		506,031
Miscellaneous Taxes.....	2,569,078	2,200,000		369,078
Total Revenue from Taxation.....	364,705,802	391,050,000	35,942,238	9,598,040
Interest on Investments.....	10,937,822	11,600,000	662,178	
Post Office Revenue.....	31,562,530	31,000,000		562,530
Dominion Lands and Parks.....	3,688,595	4,000,000	311,405	
Canada Grain Act.....	2,677,878	3,000,000	322,122	
Miscellaneous Receipts.....	9,145,306	9,350,000	204,694	
Total Ordinary Revenue.....	422,717,983	450,000,000	37,442,637	10,160,620
<i>Special Receipts</i>				
German Reparation Payments—				
Under Dawes Plan.....	3,002,048	3,500,000	497,952	
Arrears—Pre-Dawes.....	3,789,430			3,789,430
Refunds of Previous Year's Expenditure on War and Demobilization.....	204,974	42,000		162,974
Rec'd from Imp. Govt. in final settlement of disputed accounts.....		1,400,000	1,400,000	
Miscellaneous.....	133,117			133,117
	429,847,552	454,942,000	39,340,589	14,246,141
			14,246,141	
Estimated Increase.....			25,094,448	

EXPENDITURES

	Actual 1927-28	Estimated 1928-29	Increase	Decrease
	\$	\$	\$	\$
<i>Ordinary Expenditure</i>				
Interest on Public Debt.....	128,902,945	125,000,000		3,902,945
Pensions.....	30,778,130	42,000,000	2,221,870	
Subsidies to Provinces.....	12,516,741	12,550,000	33,259	
Soldier and General Land Settlement Administration.....	1,334,008	1,400,000	65,992	
Soldiers' Civil Re-establishment..	6,958,611	7,900,000	941,389	
National Revenue.....	11,801,331	13,300,000	1,498,669	
Post Office.....	31,782,968	33,250,000	1,467,032	
National Defence.....	15,864,188	18,000,000	2,135,812	
Agriculture.....	6,487,766	7,390,000	902,234	
Public Works—Chargeable to Income.....	14,037,366	17,500,000	3,462,634	
Ocean and River Service.....	3,749,105	4,700,000	950,895	
Dominion Lands and Parks.....	4,082,752	5,100,000	1,017,248	
Trade and Commerce.....	4,015,985	4,600,000	584,015	
Special Grant to Maritime Provinces.....	1,600,000	1,600,000		
Maritime Freight Rates Act— Due to 20% reduction in Freight Rates.....	1,353,465	2,992,000	1,638,535	
Deficit on Eastern Lines (C.N.R.)	2,117,936	4,303,000	2,185,064	
Old Age Pensions Act.....	131,452	800,000	668,548	
Federal District Commission.....		2,190,000	2,190,000	
Civil Government.....	11,576,140	12,300,000	723,860	
Other Expenditures.....	38,077,072	38,325,000	247,928	
Total Ordinary Expenditure.....	336,167,961	355,200,000	22,934,934	3,902,945
<i>Special Expenditure</i>				
Adjustment of War Claims.....	1,860,985	150,000		1,710,985
Miscellaneous charges to Consolidated Fund.....	1,705,311	1,787,000	81,689	
<i>Capital Expenditure</i>				
Public Works.....	1,373,633	1,190,000		183,633
Public Works, Marine Department	1,907,464	2,760,000	852,536	
Railways.....	3,591,646	6,060,000	3,368,354	
Canals.....	13,762,905	13,240,000		522,905
<i>Loans and Advances Non-Active</i>				
Canadian Government Merchant Marine.....	999,837	1,000,000	163	
Quebec Harbour Commission.....	1,453,000	2,873,000	1,415,000	
	362,327,742	385,160,000	28,652,726	6,320,468
			6,320,468	
			22,332,258	
Surplus of Revenues over Expenditures.....	67,019,810	69,782,000		

ESTIMATED ORDINARY REVENUES FOR THE FISCAL YEAR 1928-1929
BY SERVICES WITH PERCENTAGES TO TOTAL REVENUES

	Amount	Percentage of total Revenue
<i>Special War Tax Revenue—</i>		
Excise Taxes (Sales, Stamps, etc.).....	\$ 81,500,000	18.11
Income Tax.....	58,500,000	13.00
Delayed Business Profits Tax.....	450,000	0.10
Miscellaneous Taxes.....	2,200,000	0.49
Total Special War Tax Revenue.....	\$142,650,000	31.70
Customs Import Duties.....	185,000,000	41.11
Excise Duties.....	63,400,000	14.09
Total Revenue from Taxation.....	\$391,050,000	86.90
Interest on Investments.....	11,600,000	2.58
Post Office Revenue.....	31,000,000	6.89
Dominion Lands and Parks.....	4,000,000	0.89
Canada Grain Act.....	3,000,000	0.66
Miscellaneous Receipts.....	9,350,000	2.08
	\$450,000,000	100.00

ESTIMATED EXPENDITURES FOR THE FISCAL YEAR 1928-1929

By services with percentages to total expenditures

	Amount	Percentage of total Revenue
<i>Principal Expenditure attributable to the Great War</i>		
Interest on Public Debt (Increase over 1914).....	\$112,107,000	29.11
War Pensions.....	40,600,000	10.54
Soldiers' Civil Re-establishment.....	7,900,000	2.05
Soldier Land Settlement Administration.....	1,400,000	0.36
Imperial War Graves Commission.....	574,000	0.15
Battlefields Memorials.....	180,000	0.05
Adjustment of War Claims.....	150,000	0.04
	\$162,911,000	42.30
<i>Other Fixed and Public Debt Charges</i>		
Interest on Public Debt (as of 1914).....	\$ 12,893,000	3.35
Other Pensions.....	1,400,000	0.36
Superannuation.....	1,450,000	0.38
Subsidies to Provinces.....	12,550,000	3.26
Expenses of Loan Flotations.....	10,000	
Premium, Discount and Exchange.....	70,000	0.02
	\$ 28,373,000	7.37
<i>General Expenditure</i>		
Charges of Management.....	\$ 975,000	0.25
Civil Government.....	12,300,000	3.19
Administration of Justice.....	2,200,000	0.57
Legislation.....	2,400,000	0.62
Penitentiaries.....	1,800,000	0.47
Agriculture.....	7,390,000	1.92
Immigration and Colonization.....	3,000,000	0.78
Health.....	900,000	0.23
National Defence.....	18,000,000	4.67
Royal Canadian Mounted Police.....	2,800,000	0.73
Public Works—Chargeable to Income.....	17,500,000	4.54

ESTIMATED EXPENDITURES FOR THE FISCAL YEAR 1928-1929—*Con.*

	Amount	Percentage of total Revenue
<i>General Expenditure—Con.</i>		
Railways and Canals—Chargeable to Income.....	1,250,000	0.32
Mail Subsidies.....	1,050,000	0.27
Ocean and River.....	4,700,000	1.22
Lighthouse and Coast.....	2,900,000	0.75
Steamboat Inspection.....	140,000	0.04
Fisheries.....	2,000,000	0.52
Mines and Geological Survey.....	700,000	0.18
Scientific Institutions.....	1,100,000	0.29
Indians.....	4,600,000	1.19
Government of the Northwest Territories.....	460,000	0.12
Government of the Yukon Territory.....	180,000	0.05
Miscellaneous.....	2,436,000	0.63
National Revenue (Outside Service).....	13,300,000	3.46
Post Office (Outside Service).....	33,250,000	8.63
Public Works—Collection of Revenue.....	950,000	0.25
Railways and Canals—Collection of Revenue.....	2,600,000	0.68
Dominion Lands and Parks.....	5,100,000	1.32
Trade and Commerce.....	4,600,000	1.19
Labour.....	1,400,000	0.36
Public Printing and Stationery.....	200,000	0.05
Miscellaneous Consolidated Fund Charges.....	1,737,000	0.46
Capital Expenditure—		
Public Works.....	1,190,000	0.31
Public Works, Marine Department.....	2,760,000	0.72
Railways.....	6,960,000	1.81
Canals.....	13,240,000	3.44
	\$178,118,000	46.22
Total Estimated Expenditure on Government Services	\$369,402,000	95.89
<i>Other Expenditures</i>		
Maritime Freight Rates Act—Estimated amount required—		
Due to 20% reduction in freight rates.....	\$ 2,992,000	0.78
Deficit on Eastern Lines (C.N.R.).....	4,303,000	1.12
Special Grant to Maritime Provinces.....	1,600,000	0.42
Old Age Pensions Act.....	800,000	0.21
Federal District Commission Act.....	2,190,000	0.57
Loans to Quebec Harbour Commission.....	2,873,000	0.75
Loans to Canadian Government Merchant Marine.....	1,000,000	0.26
Grand Total.....	\$385,160,000	100.00

REDUCTION IN NET DEBT 1928-29, \$69,782,000.

Mr. Speaker, having dealt with the revenues and expenditures, the attention of hon. members is now directed to the net debt of Canada which, at the beginning of the present fiscal year, amounted to \$2,296,850,232. At the close of the present fiscal year it is estimated it will be \$2,227,068,000, or a reduction during the year of \$69,782,000. This reduction is arrived at as follows: To the \$94,800,000 surplus of ordinary revenues over ordinary expenditures is added special revenues of \$4,942,000, being reparation payments and receipts from the Imperial Government in final adjustment of disputed claims,

thus giving a total of \$99,742,000. There are, however, certain other expenditures which must be deducted to arrive at the net decrease in debt. These are: special expenditures on account of adjustment of war claims and miscellaneous charges against consolidated fund, \$1,937,000; capital expenditures, \$24,150,000; loans to Canadian Government Merchant Marine, \$1,000,000; loans to Quebec Harbour Commission, \$2,873,000, making a total of \$29,960,000, which deducted from \$99,742,000, will result in a reduction in the net debt for the present fiscal year of \$69,782,000.

In connection with the debt reduction which the Dominion is again able to accomplish, may attention be directed, Mr. Speaker, to our record in that regard. An examination of the public accounts shows that for a period of fifty-six years, from Confederation to March 31, 1923, the net debt was increased year by year with the exception of the fiscal years 1871, 1882, 1900, 1903, 1904, 1907, 1912 and 1913. From the beginning of the fiscal year 1923-24 to the end of the present fiscal year, the net debt has annually decreased, the total reduction in the six-year period amounting to about \$226,708,000, or a yearly average reduction of some \$37,700,000.

Public interest naturally centres in what has been accomplished in the post-war period; may a survey, therefore, be made commencing with the fiscal year 1921-22. The net debt that year was increased by approximately \$81,000,000. For the purposes of eventually effecting a balanced budget, provision was made in the budget of 1922 for certain additional taxation. The major increase was made in the sales tax where the rates were increased fifty per cent over the then existing tax. There was also an increase in the stamp tax. These taxes have been steadily decreased year by year until to-day they are considerably less than the rates of 1922. Certain other taxes, generally classed as manufacturers' taxes, were imposed, the articles affected being automobiles, confectionery, cigars, ale and beer and other beverages; these have since been repealed or removed with the exception of the tax on ale and beer, cigars and part of the automobile tax.

The additional revenues thus received, aided by economies in expenditures, in 1922-23 resulted in a lessened increase of net debt by \$50,000,000 as compared with the previous year. The following year the era of surpluses and debt reduction commenced, and, as already stated, the net debt for the six-year period has been reduced \$226,708,000. In addition, through reductions in the rates of taxation in force in 1922, the sum of \$241,000,000 has been remitted to the taxpayers.

RETIREMENT OF MATURING LOANS

On the 15th October, 1928, the five-year five per cent refunding loan of 1923, amounting to \$53,000,000 matured. Previous to the date of maturity \$20,866,400 of these bonds were purchased in the open market, thus effecting a saving in interest of \$482,000. The balance of the bonds, amounting to \$32,133,600, was redeemed in cash at maturity. The saving in interest resulting from this redemption will be \$2,650,000 annually.

Mr. Speaker, as the interest charges on the national debt are large, it is a source of general gratification that each year witnesses a reduction. Seven years ago, on the 1st April, 1922, the annual interest charge on bonds, debentures and treasury bills outstanding in the hands of the public, amounted to \$133,482,113. On the 1st April, 1929, we will have an annual interest liability of \$117,142,100, a decrease of \$16,340,013. This saving in interest includes the redemption of our bonds held by the Imperial Government which by agreement in 1923-24 were cancelled and written off against advances made by the Dominion to the Imperial Government.

On the 1st August, 1929, the 5½ per cent loan of 1919, amounting to \$60,000,000, matures. The government will be in a position to take up this loan out of surplus revenues and thereby effect a further annual interest saving of \$3,300,000.

For the information of hon. members, and with their unanimous consent, a statement is now placed on Hansard showing the outstanding funded or dead weight debt in the hands of the public. In doing this it might well be observed that on the 31st of March, 1914, the dead weight debt in the hands of the public was \$303,560,938, while the debt to-day is \$2,330,835,086. It means that our annual interest charge of \$117,142,100 on the funded debt represents one-quarter of our present yearly revenues. The policy of this administration to provide annually for a substantial reduction of the maturing obligations causes a saving in interest, an improvement in our national financial reputation and paves the way for further taxation reductions towards the pre-war level.

PUBLIC DEBT
Maturing dates by years
Funded Debt

Date of Maturity	Name of Loan	Rate %	Where Payable	Amount of Loan	Amount maturing during year
1929—Aug. 1	Bond Loan 1919-29	5½	New York		\$ 60,000,000 00
1930—Feb. 1	Refunding Loan of 1926.	4½	Canada	\$ 20,000,000 00	
Dec. 1	3 year notes	4	Canada and New York	45,000,000 00	65,000,000 00
1931—April 1	Public Service Loan 1916.	5	New York	25,000,000 00	
Oct. 1	War Loan 1916-31.	5	Canada	52,931,600 00	77,931,600 00
1932—Nov. 1	Renewal Loan 1922	5½	Canada		73,325,150 00
1933—Nov. 1	Victory Loan 1918.	5½	Canada		446,658,800 00
1934—Nov. 1	Victory Loan 1919.	5½	Canada	511,910,650 00	
June 1	Loan of 1884	3½	London	23,467,206 27	535,377,856 27
1935—Aug. 1	Bond Loan 1915-35.	5	Canada and New York		874,000 00
1936—Feb. 1	Loan of 1926-36.	4½	New York		40,000,000 00
1937—Dec. 1	Victory Loan 1917.	5½	Canada	236,299,850 00	
Mar. 1	War Loan 1917-37.	5	Canada and New York	90,166,900 00	326,466,750 00
1938—July 1	Loan of 1888	3	London	8,071,230 16	
July 1	Loan of 1892	3	London	18,250,000 00	
July 1	Loan of 1894	3	London	10,950,000 00	
July 1	C.P.R. Loan.	3½	London	15,056,006 66	52,327,236 82
1940—Sept. 1	Refunding Loan 1925.	4½	Canada		75,000,000 00
1943—Oct. 15	Refunding Loan 1923.	5	Canada		147,000,000 00
1944—Oct. 15	Refunding Loan 1924.	4½	Canada		50,000,000 00
1946—Feb. 1	Refunding Loan 1926.	4½	Canada		45,000,000 00
1947—Oct. 1	Loan of 1897	2½	London		4,888,185 64
1950—July 1	Loan of 1930-50.	3½	London		137,058,841 00
1952—May 1	Loan of 1942-52.	5	New York		100,000,000 00
1960—Oct. 1	Loan of 1940-60.	4	London		93,926,666 66
					\$ 2,330,835,086 39

Payable in Canada	\$ 1,657,252,050 00
Payable in Canada and New York	136,040,900 00
Payable in New York	225,874,000 00
Payable in London	311,668,136 39

\$ 2,330,835,086 39

GUARANTEED SECURITIES

Certain public services are assisted or allied with our national treasury and a brief survey of our financial commitments in the present fiscal year in connection with the Montreal Harbour Commission and the Canadian National Railway may be made.

Montreal Harbour Commission

During the year the government guaranteed securities of the Montreal Harbour Commissioners, as authorized by Chapter 58 of the Statutes of 1924, to the amount of \$9,000,000. The securities were used in the raising of money needed for the completion of the South Shore Bridge.

Canadian National Railway Finances

With the exception of the payments made by the government to cover deficits on the Eastern Lines, no direct financial assistance was extended to the Canadian National Railway Company apart from certain temporary loans, since repaid. The same situation prevailed as in the previous year, the Company's financial requirements being raised in its own name, mainly with the guarantee of the Dominion, but, in part, without such guarantee.

This financial position has been reached gradually. In the early years of government ownership, deficits were met, the lines unified and the system rehabilitated largely at the Dominion's expense. Latterly, however, deficits have been converted into a substantial surplus and the management anticipates that further improvements and extensions, involving new capital, will be self-sustaining.

In the calendar years 1920 to 1927, inclusive, leaving aside interest nominally payable on government advances but not actually paid, the net deficits of the Canadian National Railways amounted to \$202,900,000. In the corresponding fiscal years, the Dominion paid in cash to the railways, the sum of \$367,700,000. In other words, the government paid all losses and, in addition, supplemented the Company's capital by \$164,800,000. In earlier years, as hon. members know, the companies were operating as separate units and large advances were made by the government for capital purposes, as well as deficits. Mr. Speaker, with the consent of the House, the record for each of the years 1920 to 1927 will be placed on Hansard.

Calendar Year	Net Income Deficit of Can. National Railways, exclusive of interest due government	Payments in cash from Dominion Government
		(By fiscal years)
1920.....	\$66,131,996	\$123,590,232
1921.....	48,899,807	105,623,699
1922.....	33,047,222	84,932,579
1923.....	21,539,731	23,710,617
1924.....	23,589,376	9,934,453
1925.....	9,994,383	10,000,000
1926.....	*2,389,009	10,000,000
1927.....	2,182,378	
	\$202,995,884	\$367,791,580

* Surplus.

Coming now to the railway year recently closed, that is, 1928, the railway officials advise that after paying all charges with the exception of interest due the government, the accounts of the Company will show a surplus of about \$7,000,000. This sum is, therefore, available to the Company for capital purposes. The interest due to the government, amounting to over \$32,000,000 for the year, is taken into the books of the Company as a liability but not paid. As no credit is taken in the books of the government for this unpaid interest, it may be left aside in estimating the outcome of the year's business when considering the Government's and the Railway's fiscal relationship.

In December last, the government guaranteed an issue of \$35,000,000 Canadian National Railway Company 4½ per cent 40-year bonds which were sold by tender. In addition, the Company borrowed \$40,000,000 by way of temporary loans from Canadian chartered banks. These obligations were issued to finance expenditures on construction and betterments as approved by Parliament, and also to refund maturing securities. The following statement indicates the authorities under which these borrowings were made:—

Railway Loan Appropriation, 1927-28.....	\$5,900,000 00
Railway Loan Appropriation, 1928-29.....	32,851,890 40
Branch Lines, special Acts.....	9,500,000 00
Toronto Terminals Railway Act.....	4,000,000 00
Canadian Northern Income Charge Act, 1928 (refunding)...	22,748,109 60
	<hr/>
	\$75,000,000 00

The net addition in 1928 to the liabilities of the railways, in the form of outstanding long term and short date debt, amounted to \$44,800,000. The balance of the borrowings effected during the year was required to provide for the redemption of maturing securities.

FORECAST OF REVENUES AND EXPENDITURES

Before leaving the financial accounts, some reference might be made, Mr. Speaker, to the probable revenues and expenditures for the coming fiscal year.

Without being unduly optimistic, the Government feels it is warranted in anticipating that, notwithstanding the reductions to be submitted in this budget, the revenues will meet all expenditure obligations and also provide for the redemption of the loan maturing in August next.

The ordinary revenues for the present fiscal year have already been estimated at \$450,000,000. It is hoped the ordinary revenues for the coming fiscal year will be at least equal. After making provision for the statutory charges and maturing obligations, the expenditures have been allocated to

such votes as will provide for long deferred repairs and needed improvements to the public properties and services, as are required by a growing and prosperous country.

TRADE

Mr. Speaker, the monthly publication of trade statistics being available to all, it is unnecessary to place on record any extended statement of the volume of the Dominion's external trade. In the first ten months of the fiscal year the Department of National Revenue reports total exports amounted to \$1,187,400,000, which, when the total imports of \$1,033,300,000 are subtracted, leaves a favourable trade balance of \$154,100,000 for the ten months' period.

The remarkable growth in Canada's external trade may be illustrated by the fact that the favourable balance just quoted is almost equal to the total export trade of this Dominion thirty years ago. It might also be noted that a comparison with the pre-war year of 1913-14 shows the 1927-28 exports of fully manufactured goods exceeded the total exports of raw, semi-manufactured and fully manufactured goods in the year 1914. Canadians may well take pride in the great increase in the per capita producing ability of this Dominion.

Unfortunately, no method has yet been devised whereby the ultimate destination of our exports may be determined. This is particularly true in respect to exports of grains which, on the basis of last year's statistics, represent about one-third of the total exports of the Dominion. Vessels oftentimes obtain clearance for the United Kingdom, but unload in European ports. Thus, while our export records show a credit to Great Britain, the actual destination is some other country or countries. The trade records of both France and Switzerland illustrate this. The import records of the French government show that in the year ended December 31, 1927, France imported from Canada goods to the value of \$28,400,000, but our records for the same period credit an export to France of approximately \$11,700,000. The Swiss records credit \$17,000,000 as the imports from Canada, while our export records state this Dominion only sold \$483,000 of goods to Switzerland.

It is gratifying to note the steady development of inter-empire trade. Canada, the pioneer of the British Preference, looks on Empire trade as the keystone of its external trade policy and desires in every way to foster closer trading relations throughout the British Commonwealth of Nations.

Throughout a period of years Parliament has authorized the adoption of various commercial treaties with foreign countries, and it will be recalled that last session agreements with

a number of countries were accepted. These were formally brought into effect during the year. Sufficient time has not yet elapsed to justify a survey of these arrangements, but the trade reports show that in the fiscal year 1927-28 Canada sold 165 million dollars worth of goods to countries with which we have enjoyed most-favoured-nation treatment over a period of years. From the same countries our purchases amounted to 103 million dollars. This record is a substantial improvement over the fiscal year 1921-22 when our exports to the same countries had a value of about 82 millions of dollars and our imports of 57 millions of dollars.

In 1921-22 the concern of all Canadians was that our dollar should be brought back to par, that the nation's purchasing power be substantially increased, that no man willing to work be out of employment, that Canadian goods become firmly established on the international trading markets and that Canadians, wherever they might be, would feel that the problems of each section were the mutual concern of all.

Our dollar is no longer at a depreciated valuation. Canadians to-day are prospering. Employment is at a high level. Our basic and manufacturing industries are producing large quantities of goods for home consumption and also for the vast external trade outlets which have been developed. Many new trade channels within the British Commonwealth are being opened and, in addition, the ever-increasing number of countries with which Canada exchanges most-favoured-nation treatment assists Canadian business to establish permanently "made-in-Canada" goods on the markets of the world.

These, we believe, are factors which, coupled with good crops, have materially assisted in the expansion of our basic industries, encouraged the enlargement and extension of industries throughout the Dominion, and provided much new business for Canadian transportation systems. Our railways, relieved in some measure of pressing financial problems through the general increase of business, are now in a position to extend services to parts of the Dominion where additional traffic will add to their earnings.

CUSTOMS TARIFF

Enjoying such advantages and blessed with a fertile soil and vast resources, Canada has many opportunities for developing a well-balanced diversity of production within the Dominion, as well as securing permanent trade channels with other nations. In so far as we have a fiscal problem, our task would appear to be that of readjusting, as necessity arises, our Customs Tariff schedules to meet new conditions, of removing inequali-

ties where enquiry proves such to exist, of encouraging greater and more economical production of quality products, of assisting in the utilization of domestic resources and, other things being equal, of favouring those countries which favour our products. In applying these principles, availability of supplies, transportation costs, and the proximity of markets are factors which must be considered if all are to benefit and the Dominion prosper.

The constant expansion within Canada brings new problems. We should recognize that this generation has an obligation to build wisely for the greater to-morrow. The expansion of business within Canada has increased local competition and interlocked the interests of many activities. Add the problems arising out of the varying costs of domestic production, sources of supplies, transportation charges and the location of domestic and external markets. Consider as well the demands for tariff changes of various interests, and it may be of interest to note that there are basic industries applying to the Minister of Finance for increases in customs tariff rates, also manufacturing industries applying for reductions in schedules, and we have an appreciation of some of the domestic problems which must be considered in connection with any tariff revision.

The Advisory Board on Tariff and Taxation has actively investigated numerous requests referred for investigation. Many public hearings have taken place, and the spirit of the applicants before the Board, the frankness of the discussions, and the impartiality of the commissioners have created a favourable impression among the Canadian people. It is apparent that it is physically impossible for the Advisory Board to investigate thoroughly in a few months the scores of applications which have been referred to it and that time must elapse before the Government can be placed in possession of the fact-findings, especially in those cases where whole tariff schedules are involved.

This Dominion continues to be one of the world leaders in the volume of its external trade; therefore, problems arising in connection with our foreign trade can never be ignored. As the years go by an increasing quantity of our domestic production must necessarily be marketed abroad. It is our desire to trade freely with any and all who are willing to trade with us. What may, or may not, be possible in this particular necessarily depends in some measure on the purchasing power and the fiscal policies of other countries. The policy of this Administration is not a high tariff policy; it is a low tariff policy. Its policy is to encourage production at home and the marketing of our excess of production abroad. In applying this policy both domestic and international factors must of necessity be considered.

TARIFF CHANGES

In accordance with the fiscal policy of the Government, the tariff changes to be submitted to-day are designed to reduce taxation and to lessen the costs of production. The changes to be submitted arise out of references which the Advisory Board on Tariff and Taxation has investigated, and are based on its fact-findings. The Board is continuing its inquiries, on which substantial progress has already been made, into several larger problems which involve the consideration of whole tariff schedules and the inter-relation of many important Canadian industries. While these inquiries are being pursued, opportunity will be afforded for considering the possible effect on trade of changes being proposed in the tariff schedules of other countries, should they be implemented by legislation.

Dealing specifically with the tariff changes proposed in this budget, the resolutions now submitted provide for a revision of certain tariff items of particular interest to the mining industry. In accordance with the traditional policy of assisting the development of our basic industries, the rates of duty on certain machinery and equipment used in the mining industry has been reduced.

There have been various references before the Advisory Board on Tariff and Taxation of interest to those engaged in the fishing industry and it is proposed to assist that industry further by placing certain articles on the free list.

Representatives of the horticultural industry have stated that it would be of assistance if the tariff rates were reduced on certain apparatus for the purposes of bulb sterilization and determining the maturity of fruit. It is proposed to reduce the duty on such apparatus from 20 per cent to 5 per cent under the British Preferential tariff, and from 30 per cent to 10 per cent under the general rate.

Resolutions will be submitted for your approval empowering the Governor in Council, when satisfied that copper bars are being sold in the country of export at a lower price than for export to Canada, to impose, under the general tariff, a duty on copper rods of one-half cent a pound, to equalize such differential as may exist.

Various reductions are submitted affecting items of concern to Canadian industries and are recommended as measures of assistance to producers in order that their cost of production may be reduced.

In all reductions, where applicable, the British Preference has been kept in mind.

REDUCTIONS IN DEBT AND TAXATION

Mr. Speaker, a comparison of the fiscal reports shows that each year our surplus has increased, although annual reductions are made in the rates of taxation. If the duty of Parliament were simply to preserve a balance of revenues over expenditures, the Government might either substantially increase the public undertakings, or, abolish some sources of revenue. The national debt, however, cannot be ignored. The annual interest charges on the funded debt amounting to over 117 millions of dollars, are a direct and pressing charge on the revenues of this country. It is a sound and helpful policy to plan to reduce this non-productive outlay and to do that the national debt itself must annually be reduced. The Government is, therefore, again budgeting for debt reduction.

At the same time, following the settled policy of this Administration, substantial taxation reductions are again proposed. It is the intention of the Government, in addition to other reductions, to abolish as quickly as possible those taxes generally known as "nuisance taxes", and which affect the general public.

Early in the war years, under the Special War Revenue Act, a tax of one per cent was imposed on insurance premiums, other than life or marine. This tax has been a heavy burden to certain companies, particularly farmers' mutuals and the hail insurance companies. This tax is now abolished.

Another tax imposed during the war was the transportation tax, a levy on railway and steamship tickets. It is now felt that this tax can be dispensed with and, effective May 1, it is abolished.

Allied with the transportation tax is the three cent tax on telegrams and cables. This tax was also imposed during the war years. It is another of the nuisance taxes which the Government feels our revenues can do without, therefore, it is proposed to abolish it.

The major reduction will be in the sales tax. This year a reduction of one-third of the tax is proposed. The reduction involves a large loss of revenue, but the tax is burdensome and its gradual disappearance meets with general commendation.

For many years there has been a tax imposed on the sale and transfer of shares of stocks. Instead of a flat rate, it is proposed to classify the tax in four divisions on a graduated scale, ranging from one cent to four cents per share, regardless of par values. The change will simplify the collecting of the tax and at the same time will ensure that the Government receives a more equitable share of the proceeds resulting from the present-day stock market transactions.

The taxation changes just submitted, on the basis of this year's estimated revenues, represent an estimated loss of revenue of approximately \$25,000,000.

The past fifteen years have witnessed the dislocation of many international structures and the financial stability of many countries is not now measured by the possible producing capacity of the citizens, but by the degree of success with which these national governments are able to meet the demands made upon them. Sometimes inability to do so has interfered with general credit and hampered industrial and national expansion.

Happily Canada is not suffering from such a blight. For six successive years the rigid application of a policy of spending less than was collected has made it possible for every activity of the Dominion, including all capital expenditures, to be paid out of current revenues and, in addition, to reduce the national debt. This fiscal record has not only enhanced the international credit of the Dominion, but has also strengthened confidence in our domestic credit markets, thus smoothing the way for the provinces and private enterprise. A healthy business expansion, the Government feels, is of the greatest importance to Canada.

In drafting the fiscal program for the coming fiscal year, the Government has sought to err on the side of caution. The lightening of the burden of taxation is, admittedly, a sane policy, and to that program this Government remains committed. Previous taxation reductions have stimulated business and simplified public financing and it is hoped the experience will again be repeated, but I frankly state that, while the Government is prepared to encourage in every way the national progress of Canada, the Administration will refuse to support any extravagance in the spending of the tax-payers' money. To this policy we again solicit the support of honourable Members in order that at the end of another year it may again be found that, continuing to live within the public income, Canada is able to retire maturing obligations and also to make still further reductions in taxation.

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, as amended by chapter seventeen of the Acts of 1928, by striking thereout tariff items 113, 215, 363, 369, 437, 438b, 442, 448,

453c, 453e, 453g, 460, 460e, 478a, 696, 777, the several enumerations of goods respectively, and the several rates of duties of customs, if any, set opposite each of said items, and by inserting the following items, enumerations and rates of duty in Schedule A:—

Tariff Item		British Preferential Tariff	Intermediate Tariff	General Tariff
112	Cocoanut, desiccated, n.o.p., per pound.....	5 cts.	6 cts.	6 cts.
113	Cocoanut, desiccated, unsweetened, per pound.....	2 cts.	3 cts.	3 cts.
172a	Directories for Free Reference Directory Libraries when imported by publishers of directories for use only in such Free Reference Directory Libraries.....	Free	Free	Free
208f	Fused borax, commercially or generally known as borax glass.....	Free	Free	Free
215	Stearic acid, n.o.p.....	12½ p.c.	17½ p.c.	20 p.c.
215a	Stearic acid, when imported by manufacturers of candles or crayons for use only in their own factories in the manufacture of candles or crayons.....	Free	Free	Free
240a	Zirconium oxide.....	Free	5 p.c.	7½ p.c.
363	Platinum wire and platinum bars, strips, sheets or plates; platinum, palladium, iridium, osmium, ruthenium and rhodium, in lumps, ingots, powder, sponge or scrap....	Free	Free	Free
369	Chronometers and compasses, and parts thereof, including cards therefor, of a class or kind not made in Canada, for ships or aircraft.....	Free	Free	Free
437	Safes, doors for safes and vaults; scales, balances, weighing beams, and strength testing machines of all kinds, n.o.p.....	20 p.c.	27½ p.c.	30 p.c.
438b	Automobiles for conveying passengers only, n.o.p., valued at retail at place of production, when new, with standard equipment complete, at not more than twelve hundred dollars each; motor cars or motor trucks (not for railways or tramways) for carrying goods only; motor cycles or sidecars therefor; chassis for motor vehicles specified in this item.....	12½ p.c.	17½ 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, extension deliveries, when for use exclusively by printers, by 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 photographic methods on plates for use on lithographic and offset presses; stereotypers' and typecasters' blankets or blanketing and press blankets or blanketing used on printing presses, of a class or kind not made in Canada.....	Free	5 p.c.	10 p.c.

Tariff Item		British Preferential Tariff	Intermediate Tariff	General Tariff
448	Spraying machines, fruit or vegetable grading machines, apparatus specially designed for sterilizing bulbs, pressure testing apparatus for determining maturity of fruit, incubators for hatching eggs, brooders for rearing young fowl, pruning hooks, pruning shears, hay loaders, potato diggers, fodder or feed cutters, grain crushers, fanning mills, hay tedders, farm or field rollers, post hole diggers, snaths, milking machines, milking machine attachments; centrifugal machines for testing butter fat, milk or cream; pasteurizers for dairying purposes; equipment for generating electric power for farm purposes only, viz: engine, generator, storage battery and switchboard; stumping machines, and other agricultural implements, n.o.p.; and complete parts of articles specified in this tariff item.			
453c	Ore crushers, rock crushers, stamp mills, rock drills, percussion coal cutters, coal augers, rotary coal drills, n.o.p., and complete parts of all articles mentioned in this item, when for use exclusively in mining or quarrying operations.	5 p. c.	10 p. c.	10 p. c.
453e	Engines and complete parts thereof, to be used exclusively in the propulsion of boats or in hoisting nets and lines used in such boats bona fide owned by individual fishermen for their own use in the fisheries, under regulations prescribed by the Minister of National Revenue.	10 p. c.	15 p. c.	20 p. c.
453g	Machinery, n.o.p., for the concentration of ores, metals or minerals, viz:—flotation machines, flotation cells, 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 articles mentioned in this item.	10 p. c.	12½ p. c.	15 p. c.
453j	Ozone generators or airifiers of a class or kind not made in Canada, for use in ventilating garages or automotive work shops.	10 p. c.	15 p. c.	20 p. c.
460	Sundry articles of metal as follows, when for use exclusively in mining or metallurgical operations, viz:—diamond drills, not including the motive power; electrically operated rotary coal drills of a class or kind not made in Canada; coal cutting machines, n.o.p.; coal heading machines; core drills; electric or magnetic machines for separating or concentrating iron ores; furnaces for smelting of copper, zinc and nickel ores; converting apparatus for metallurgical processes in metals; copper plates, plated or not; machinery for extraction of precious metals by the chlorination or cyanide processes; amalgam safes; automatic ore samplers; automatic feeders; retorts; mercury pumps; pyrometers; bullion furnaces; amalgam cleaners; blast furnace blowing engines; and integral parts of all machinery mentioned in this item.	Free	5 p. c.	10 p. c.
		Free	Free	Free

Tariff Item		British Preferential Tariff	Intermediate Tariff	General Tariff
460e	Miners' acetylene lamps and parts thereof; miners' safety lamps and parts thereof; accessories for cleaning, filling, charging, opening and testing miners' safety lamps, battery renewal preparations for miners' electric safety lamps; all to be used exclusively in mines. . . .	Free	Free	Free
460f	Face loading machines, shaker trough or belt trough conveyors, air engines, flame proof enclosed driving motors for air engines, and integral parts of all motive power or machinery mentioned in this item, to be used exclusively in mining operations.	Free	10 p.c.	12½ p.c.
468a	Machinery of a class or kind not manufactured in Canada for use in the manufacture of nets or netting for the fisheries, when imported by manufacturers for use in the making of such nets or netting in their own factories, but not for use in making nets or netting commonly used for sportsmen's purposes.	Free	5 p.c.	10 p.c.
478a	Iron or steel bands, strips or sheets, number fourteen gauge or thinner, coated, polished or not, and rolled iron or steel sections, not being ordinary square, flat or round bars, whether forged and punched or not, unfinished, when imported by the manufacturers of saddlery hardware and hames for use exclusively in the manufacture of such articles in their own factories.	Free	Free	Free
523g	Woven fabrics of cotton, or of cotton and wool, whether coated or not coated with rubber, when imported by manufacturers of card clothing for textile machinery, for use exclusively in the manufacture of such card clothing in their own factories.	Free	Free	Free
541c	Woven fabrics of vegetable fibres, coated or impregnated, imported for use exclusively as "brattice cloth" in underground mining operations.	Free	10 p.c.	12½ p.c.
560e	Miners' safety helmets, of a class or kind not made in Canada, for use exclusively in mining operations. . . .	Free	Free	Free
618a	Gaskets of rubber for use in the permanent sealing of cans for food products.	Free	7½ p.c.	10 p.c.
632c	Specially designed needles of a class or kind not made in Canada, for use only in repairing fish nets, when such nets are used exclusively for the fisheries, but not for use in repairing nets for sportsmen.	Free	Free	Free
682b	Metal swivels, of a class or kind not made in Canada, when used exclusively for the fisheries, not to include swivels for sportsmen's use.	Free	Free	Free
689b	Equipment, of a class or kind not made in Canada, and integral parts thereof, for distributing stone dust in mines.	Free	5 p.c.	10 p.c.
695b	Drawings or sketches of garments, but not including patterns, when imported in single copies by manufacturers of garments.	Free	Free	Free

Tariff Item		British Preferential Tariff	Intermediate Tariff	General Tariff
606	Philosophical and scientific apparatus, utensils, instruments, and preparations, including boxes and bottles containing the same; maps, photographic reproductions, casts as models, etchings, lithographic prints or charts; mechanical equipment of a class or kind not made in Canada. All articles in this item, when specially imported in good faith for the use and by order of any society or institution incorporated or established solely for religious, philosophical, educational, scientific or literary purposes, or for the encouragement of the fine arts, or for the use and by order of any college, academy, school, or seminary of learning in Canada, and not for sale, under regulations prescribed by the Minister.....	Free	Free	Free

The Governor in Council may, from time to time, when he is satisfied that copper bars are being sold in the country of export for consumption therein at a lower price than for export to Canada, by order in council direct that there be substituted for tariff item 779 in Schedule A to the Customs Tariff, the several enumerations and rates of duty set opposite thereto in said Schedule, the following:—

Tariff Item		British Preferential Tariff	Intermediate Tariff	General Tariff
770a	Copper rods when imported by manufacturers for use in their own factories in the manufacture of electrical conductors, the individual units of such electrical conductors not to exceed the area of No. 7/0 gauge conductor..per pound	Free	½ ct.	½ ct.

From and after the date of the publication in the *Canada Gazette* of any such order in council, said tariff item 779 shall cease to be of force or effect and the provisions of said tariff item 770a shall become operative and have the force of law.

The Governor in Council may also, from time to time, rescind any such order in council, and from and after the date of the publication in the manner aforesaid of any such rescinding order in council, item 770a shall cease to have force or effect and item 779 shall become operative and have the force of law.

2. Resolved, That Schedule B to the Customs Tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, be amended by inserting in the said Schedule B the following items, enumerations and rates of drawback of customs duties:—

Tariff Item	Goods	When Subject to Drawback	Portion of Duty (Not including Special Duty or Dumping Duty) Payable as Drawback
1067	Plate glass, polished, of a class or kind not made in Canada.....	When used in the manufacture of laminated glass.....	99 p.c.
1068	Leather enumerated in tariff item 604 on which duty was paid at the rates of duty set opposite said item.....	When used in the manufacture of gloves and mitts.....	33½ p.c.

3. Resolved, That any enactment founded on the foregoing resolutions shall be deemed to have come into force on the second day of March, one thousand nine hundred and twenty-nine, 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 consumption for which no entry for consumption was made before that day.

THE SPECIAL WAR REVENUE ACT

Resolved, That it is expedient to amend the Special War Revenue Act, chapter one hundred and seventy-nine of the Revised Statutes of Canada, 1927, as amended by chapter fifty of the Statutes of 1928, and to provide:—

1. That Part III of the said Act be amended by repealing the following sections and subsections: Paragraphs (b) and (c) of subsection one, and subsection two, of section thirteen; section fourteen; section fifteen; section seventeen; section eighteen; and section nineteen, thereby repealing the tax on the net premiums received by every company licensed or registered or otherwise authorized to transact in Canada or any province thereof, the business of insurance.

2. That Part IV of the said Act, which imposes a tax on cable and telegraphic messages, be repealed.

3. That Part V of the said Act, which imposes a tax on railway and other tickets, be repealed.

4. That Part VII of the said Act be amended by striking out section fifty-eight and substituting therefor the following:—

58. No person shall sell or transfer the stock or shares of any association, company or corporation, or any bond other than a bond of the Dominion of Canada or of any province of Canada by

(a) agreement for sale;

(b) entry on the books of the association, company or corporation;

(c) delivery of share certificates or share warrants or bond endorsed in blank or payable to bearer; or

(d) any other method whatsoever;

unless in respect of such sale or transfer there is affixed to or impressed upon the document evidencing the ownership of such stock or shares or bond, or a document showing the transfer or agreement for the transfer thereof, an adhesive stamp or a stamp impressed thereon by means of a die of the value of

(a) three cents for every one hundred dollars or fraction thereof of the par value of the bond sold or transferred;

(b) four cents for every share of stock sold or transferred at a price over one hundred dollars per share;

(c) three cents for every share of stock sold or transferred at a price over twenty dollars per share, but not more than one hundred dollars per share;

(d) two cents for every share of stock sold or transferred at a price over three dollars per share, but not more than twenty dollars per share;

(e) one cent for every share of stock sold or transferred at a price of three dollars or less per share.

5. That section eighty-six of the said Act be amended by providing that the rate of the consumption or sales tax be reduced to two per cent.

6. That any enactment founded on paragraph one of this resolution shall be deemed to have come into force on the first day of March, 1929.

7. That any enactment founded on paragraphs two, three and four of this resolution shall come into force on the first day of May, 1929.

8. That any enactment founded on paragraph five of this resolution shall be deemed to have come into force on the second day of March, 1929, and to have applied to all goods imported or taken out of warehouse for consumption on and after that day, and to have applied to goods previously imported for which no entry for consumption was made before that date.

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