BUDGET SPEECH

DELIVERED BY

HON. EDGAR N. RHODES, M.P.

MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS, WEDNESDAY, APRIL 18, 1934

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. E. N. RHODES (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, this year for the first time in the course of this prolonged depression, it is possible to review the year's operations in terms of business improvement, reviving confidence and expanding revenues. Three successive budgets have been delivered in the face of a progressive decline in business with the inevitable disappointment in revenues and inability to meet necessary expenditures. Last year I expressed the belief that the turn in this tide had been reached and I ventured the hope that important developments which had occurred or were under way would lead to an early recovery of business activity. What was then a hope can now be asserted with confidence as a fact of experience. The fiscal year which has just closed has been a year of recovery—recovery that is unmistakable and of greater magnitude than many had thought possible.

The evidence of business recovery is written incontrovertibly in the recorded facts of our industry and trade. I desire not to weary you with statistical details but as a thorough appraisal of current business conditions is an essential of sound budgeting and as depression psychology is still rather too prevalent, I propose to review the essential facts as briefly as possible.

The most comprehensive measure of economic activity in Canada is the index of the physical volume of business prepared by the Dominion Bureau of Statistics. It is based on a compilation involving forty-five economic factors, including production of our leading manufactured articles, mineral products, and electric power, as well as freight cars loaded, construction contracts awarded and the volume of trade. In February, 1933, when business reached its low point in Canada, that index stood at 67·0. In February, 1934, the latest month for which the figures are available, the index had risen to 86·4, an increase of no less than 29·0 per cent. During the same period, manufacturing production increased by 41·7 per cent, mineral production by 13·7 per cent and total industrial production, including construction, by 38 per cent. These figures are of striking significance when compared with similar figures for the United States. According to indices prepared by the Federal Reserve Board, the corresponding increases for that country were 31·1 per cent for manufacturing production, 15·2 per cent for mineral output and 28·6 per cent for total industrial production. Their improvement was considerably more rapid than ours last summer, but their gains were not consistently held; with us, recovery has been more gradual but also more persistent.

Other indices of a general nature tell the same story of business recovery in Canada. The total amount of cheques cashed at chartered banks in thirty-two clearing house centres increased 16 per cent in 1933 over 1932 and another 23·4 per cent in the first two months of the present year over the same period last year. These bank debit figures reflect not only the volume of ordinary business but also increasing activity in financial transactions.

In this power age, increasing sales of electrical energy are also an indication of general business expansion, although the increased use of electrical appliances or processes in home and factory and the increasing sales of secondary power for steam production make it impossible to regard power output as an accurate measure of such expansion. Since the first of this year, the output of central electric stations has established a new record level for all time. In February the average daily output was 57½ million kilowatt hours, an increase of 24·1 per cent over the corresponding month of 1933, and 19·8 per cent over February, 1929.

The increase in the movement of railway revenue freight is an even more significant symptom of general business improvement because it points to better days ahead for our two great railroad systems. In the first twelve weeks of this year 491,279 cars were loaded, showing an increase of 23·9 per cent over the same period last year. The gain of 95,064 cars in the elapsed period of the present year reflects a heavier movement in ten of the eleven commodity groups of the official classification, grain alone showing a slight decrease as compared with last year. Furthermore, traffic is now practically up to the level of the movement of two years ago.

Again comparing February, 1934, with February a year ago, we find the following striking increases in productive activity in individual industries; pig iron production, 100 per cent; steel production, 369 per cent; newsprint production, 38·9 per cent; imports of raw wool and yarn, 143 per cent (in the textile industry imports of raw material are the best measure available of productive activity); raw cotton imports, 84·2 per cent; exports of boards and planks, 178·6 per cent; nickel exports 57·7 per cent; and construction contracts awarded, 72·8 per cent. During the past three months, contracts awarded, although still at a comparatively low level, were double the figure for the first quarter of last year. This improvement in the construction industry, which has been unduly depressed and which stimulates so many material manufacturing industries, is of special significance.

Expansion in the scale of operations should bring an enlargement of business profits if industry is operating on a sound basis. While the earnings of most business organizations during the past year were affected adversely by the declining trend of the early part of the year, there is convincing confirmation of improvement for the year as a whole in the figures of company profits. A recent compilation of the latest earnings statements of 79 important companies showed that 64 reported net profits aggregating $61,500,000 after all charges, against $47,000,000 in the previous year, an increase of over 30 per cent, while the remaining 15 reduced their deficits from $8,600,000 to $7,100,000.

Of more importance is the effect of this expansion in private business upon the absorption of unemployment, the most pressing social problem of the depression years. In the twelve-month period ended on March 1, the index of employment rose from 76·9 to 92·7, an increase of 20·5 per cent. At the beginning of March returns from 8,499 leading employers showed 153,688 more employees on payrolls than were reported at the same date a year ago, and of this total, 114,214 represented increases in industries other than highway construction and maintenance, and, presumably therefore, have not been affected by governmental activity in connection with unemployment relief. On the basis of these returns from a limited group of employers it has been estimated that the total increase in employment in Canada during the year was at least 250,000.

There is one other economic factor upon which I wish to comment at this stage, namely, the movement of commodity prices. The world depression cannot be attributed to any single cause but with a very considerable measure of validity it may be interpreted in terms of the drastic fall in the world level of prices with consequent inevitable disparities in different groups of prices. The result was not only substantial inequalities as between various economic groups but a serious disequilibrium between costs and prices which impeded individual enterprise and threw the whole economic mechanism out of gear. Recovery from the depression may be measured by the progress made in reestablishing a reasonable equilibrium between the various parts of the price structure—a working equilibrium between producers' costs and prices, between prices of primary products and those of finished products, between wholesale and retail prices, and between debtors and creditors, whether they be individuals, corporations or countries. Such restoration of equilibrium may be achieved either by a reduction of costs or by a rise in the general level of prices, or by a combination of both tendencies. During any depression a gradual reduction of costs and a considerable amount of liquidation always takes place, and up to a certain point the working of these normal automatic forces is highly beneficial. But so catastrophic was the fall in prices from 1929 to 1933 and so rigid are certain elements of the price structure (such as interest, taxes, etc.) that reliance solely upon this method of curing our economic ills would have involved such a measure of deflation and liquidation as would possibly have imperilled the stability of our social and economic fabric.

For this reason the government has consistently pursued a policy designed to stimulate a rise in prices by every sound means. As Canada is so heavily interested in export trade it has been recognized that our most important need was to secure a rise in the world level of commodity prices. Consequently, at the Ottawa conference in 1932, at the World Monetary and Economic conference in London last summer and in the negotiations which followed and which led to the issue of a joint statement on monetary and economic policy by the nations of the British commonwealth, we did our utmost to secure the adoption of common policies designed to promote first a rise in, and later a stabilization of, the world level of commodity prices. For reasons which I need not discuss at this time it proved impossible to secure as great a measure of international cooperation and the employment of as aggressive policies as was thought desirable. Nevertheless, as I shall show later, such action as has been taken has not been without a considerable measure of success. But our efforts have not been limited to the international sphere. I shall have occasion later to refer to the steps we have taken and the success achieved in fostering within Canada a lowering of interest rates and ease in the money markets, which constitute essential conditions favourable to a rise in commodity prices. The inadequate machinery of our Finance Act has been administered as far as practicable with this end in view, and, as you are aware, we are proposing to set up a central bank which is designed to give us an effective mechanism for cooperating effectively with other countries in a program to raise and stabilize price levels, so far as may be possible within the scope of monetary action.

In October, 1931, an order in council was passed prohibiting the export of gold from Canada except under licence. That was the final step severing the chain which bound us to the gold standard currencies, then subject to deflationary tendencies. As you are aware, it was followed by a substantial decline in our foreign exchanges which improved the competitive position of, and the prices received by, our export industries, although at the same time it increased the burden involved in carrying our external obligations. Many have considered it unfortunate that, because of the more rapid depreciation of sterling, our currency, though at a substantial discount in New York, still remained at a premium in London. I had occasion last year to point out that in fluctuating about halfway between the United States dollar and the English pound, our dollar was working out probably the most practicable compromise between those of our national interests which would be benefited by close and stable relations with sterling, and those on the other hand which would be seriously harmed by a heavy and fluctuating discount in terms of New York. Fortunately, the developments during the past year in connection with these two basic currencies both of which affect our interests so materially have been of a nature extremely favourable to Canada. In February, 1933, sterling in Montreal was quoted at an average discount of 15·9 per cent; in February of this year there was an average premium of 4·3 per cent. In February, 1933, New York funds ruled at an average premium of 19·7 per cent, whereas in February this year this average premium had been reduced to 7/10 of 1 per cent. During the last few days sterling has been quoted from 5·14 to 5·17 in Montreal and New York funds at a discount of 1/8 to 1/4 of 1 per cent. These rates of course mean that our exporters obtain a slight advantage in the British market and Canadian debtors are at no disadvantage in meeting their obligations payable in United States funds.

Much misunderstanding, however, seems to persist in connection with these highly technical matters of money and exchange. For instance, it is sometimes claimed that we should devalue our currency on the same basis as the United States have devalued theirs. This criticism appears to reveal a complete lack of appreciation of the fact that our dollar is currently selling on an approximate parity with that of the United States which has been devalued by slightly over 40 per cent. I have much sympathy with the desire for stabilization which may be latent in this argument, but in my view stabilization of our currency must await the establishment of a stabilized ratio, at least on a de facto basis, between the United States dollar and the English pound. So strongly are our interests tied up with both of these currencies that a policy of tying to one and not to the other would represent a poor second-best and not an ideal policy. I would have to qualify this general statement if either of these currencies should exhibit a deflationary tendency; that would involve a changed situation calling probably for a radically different decision.

In addition to these measures which have been taken to foster a rise in the general price level, I may add that the international wheat agreement which was signed at London is designed to effect by a better adjustment of supply and demand the price of wheat, which is so important a staple in our domestic economy and so important a constituent in the world price level. Our efforts to foster a rise in prices by every sound method will not be relaxed. In particular it is expected that our public works program will contribute to that end by accelerating the progress of business recovery already happily under way.

Granting that a rise in commodity prices is highly to be desired, the record of the past year has been distinctly favourable. From February, 1933, to February of this year the general index of wholesale prices in Canada rose by 13·4 per cent. This rise has been less rapid than that in the United States but more rapid than that of most other countries. The official index of the United States Bureau of Labour statistics is not yet available for the month of February, but the more rapidly fluctuating index compiled by Dun's shows a rise of 28·1 per cent during the period mentioned. In England wholesale prices have risen by 9·2 per cent according to the figures compiled by the Financial Times of London.

As an indication of the extent to which the maladjustments between various price groups have been corrected in Canada, I may add that while the wholesale price index was rising 13·4 per cent, the index for farm prices rose by no less than 34·9 per cent. Furthermore, the prices of raw and partly manufactured articles showed a rise of 23·8 per cent, as compared with one of 11·4 per cent for fully and chiefly manufactured commodities. It should be noted also that the price of Number 1 Northern wheat at Fort William averaged 43·2 per cent higher in February this year than in February, 1933, while the corresponding increase for cattle (steers, good 1,000 to 1,200 lbs.) was 45·7 per cent, and for bacon hogs at Toronto, 153·8 per cent.

I have referred to the steps which have been taken to promote a lowering of interest rates. Interest is one of the rigid factors in our price structure and the burden of fixed charges caused by the extravagant borrowing of the war and post-war years, aggravated enormously as it has been by the fall in prices, and for public bodies also by the necessarily large expenditures for unemployment relief during the depression, has been too frequently discussed in this house to need elaboration here. For certain individual debtors the burden has become unbearable and the government proposes to bring down at an early stage legislation designed to provide machinery whereby farmers who find themselves unable to pay the fixed charges on their outstanding debts will be able by an expeditious and inexpensive process to work out compromises with their creditors and to obtain new working capital. The guiding principle of this legislation will be to secure for the farmer a simplified debt structure reduced in size to a point where the carrying charges will be within the capacity of the farm enterprise to pay. This will involve some concessions on the part of creditors but these will be more than outweighed by the advantages which will follow as a result of retaining the farmer on the land as a willing and effective producer. The release of economic energy so produced and the substitution of hope and goodwill for despondency and discontent which are now prevalent in certain areas should result in a very real gain to our whole domestic economy.

The claim has been made that a somewhat similar procedure should be applied to certain classes of public debt in this country. This question was effectively dealt with in the statement made by the Prime Minister in this house a few weeks ago and is too large and complicated a subject to call for more than a passing reference by me at this time. But as I have outlined our proposals for dealing with farm debts, I wish to make clear why in my opinion the same kind of remedy cannot be applied to the problem of public indebtedness.

In the first place is the fact that so large a proportion of the direct and guaranteed debt of the dominion and the provinces is held by foreign investors. Not only that but, as a result of the method of financing in the post-war years a very large proportion of these foreign and of domestic holdings is in the form of bearer bonds payable at the option of the holder in either two or three markets. It is therefore impracticable, if not indeed entirely impossible, to administer a policy that would seek to differentiate between the Canadian and the foreign investor. Whatever argument may be advanced in favour of a comprehensive policy of scaling down all fixed charges due by Canadian debtors to Canadian creditors—and this would involve, what is too frequently overlooked, a reduction in payments to be made by as well as to Canadian creditor institutions such as insurance companies, mortgage companies, trust companies and banks—I doubt whether there are many Canadians who would be willing to contemplate a program which would involve even a partial repudiation of our external obligations. In addition to our traditional attitude towards the carrying out of our obligations according to the letter of the contract, there is the compelling motive of self-interest. Canada is a young country with a vast store of natural resources that has only begun to be tapped. If we are to convert those potential resources into consumable wealth and thus into a higher standard of living for our people, we will need the fructifying influence of foreign capital for years to come. We have a right to expect that our foreign creditors will not make it difficult or impossible for us to pay our interest and maturing debt obligations but, unless I am seriously mistaken, this country will never take any deliberate action that would cut off or seriously impede the flow of foreign capital for the development of our resources.

The second consideration I wish to place before you is that great as is the burden of our public debt, it is not beyond the capacity of our people to pay. I am sure you will grant that I am in a position to appreciate to the full how serious the burden is, not only to the dominion government but to some of our provincial governments as well, and I wish here to pay a tribute to the splendid spirit of the Canadian people under the strains and sacrifices of the last five years. That spirit as well as the stability and resiliency of our economic system have been beyond all praise. Also worthy of commendation are the earnest efforts which have been made by practically all public bodies to adjust their finances to the new and trying conditions, despite the criticism of the well-meaning arm-chair critics who find it easy to solve the difficulties of public treasuries by neglecting part of the problem. But the point I wish to make is that, oppressive as our burdens have been, they have actually been borne through the worst of the depression and at a level of taxation which is not abnormal when compared with the tax rates which certain other countries have imposed upon themselves. Furthermore, as I have tried to demonstrate, we are returning to more normal business conditions and price levels with a speed which a year ago few of us would have ventured to predict. With a normal volume of business and a reasonable price level I am convinced that we will be able to meet all our obligations without undue strain.

Under such circumstances the sound and practical policy appears to be to do our utmost to expedite the processes of business recovery and to facilitate those economic trends which will make for a lightening of interest charges. I have already discussed the question of raising the price level which automatically serves to reduce the real burden of debt. A second factor which works both directly and indirectly is the gradual lowering of interest rates. This process we have also been endeavouring to foster by every legitimate means. A year ago I had occasion to refer to the efforts being made to secure a lowering of the interest rate paid on savings deposits by banks, trust companies and other institutions. As you are aware, these efforts led to a one-half per cent reduction in the deposit rate which was followed immediately by a corresponding reduction in the rates charged by banks to public bodies and to agricultural borrowers. It also contributed to strength in our investment markets. Because the savings deposit rate is the basic element in our whole interest structure, it is to be hoped that our financial institutions can see their way clear to make another similar reduction which I am sure would have an important stimulating influence at this time. The London loan which we floated so successfully last August was intended in part to relieve our own investment market and thus make it possible for other public and private borrowers to secure funds at more favourable rates. The continuance of our domestic conversion program to which I shall refer later and the strenuous efforts which we have made and are making to balance our budget and thereby justify a high credit basis, have also contributed to a lowering of interest rates.

The striking success of these concerted efforts are perhaps not fully appreciated by the Canadian public. It seems to me highly significant that the 4 per cent twelve-year bonds which we offered for public subscription last October at 96½ to yield 4·38 per cent are now selling at approximately 101¾ or on a yield basis of 3·77 per cent. It is too much to expect that we are within sight of a 3½ per cent basis for the dominion's medium or long term obligations? And if so, will not the attainment of that objective be a convincing demonstration of the wisdom of the policies which we have followed?

I may also refer to the improvement in the short-term money market. In March last we initiated a new development by offering for public tender $15,000,000 of short term treasury bills. Those bill were sold on a 2·85 per cent basis for the three months' maturity and a 3·12 per cent basis for the eight months' maturity, the lowest rates at which the dominion has ever borrowed in this country. I may add that yesterday, after this statement was prepared, we concluded acceptances of offerings for treasury bills to the extent of $15,000,000. Of that amount we borrowed $1,600,000 of the July 1 maturity at a cost of 2·41 per cent, and $13,400,000, being the balance, of the October maturity, at the rate of 2·71 per cent. We hope to continue this practice for our short-term requirements and, particularly when the Bank of Canada is established we anticipate marked improvement in the organization and development of our short-term money market and a more efficient utilization of the funds available therein.

The figures I have given refer to rates at which recent borrowing has been effected or at which our outstanding obligations are currently selling. If we take the interest now being paid on all our direct indebtedness at present outstanding, we find that the average is 4·62 per cent. Eliminating the victory bonds which will mature on November 1 this year and will be converted at I believe a substantially reduced rate during the next few months, eliminating also the 5 and 5½ per cent tax-free issues which will not mature until 1937, and assuming that these war-time issues are replaced by 4 per cent securities (a very modest assumption), this average would be reduced to 4·35 per cent. Even this fairly satisfactory rate will I believe be further reduced during the next few years. That appreciable relief is being obtained through refunding operations is illustrated by the fact that in 1931, before the conversion loan was issued, the average interest paid by the dominion on its outstanding funded debt was practically 5 per cent.

The strength of our investment markets is reflected not only in the rise of bond prices, or, which is the same thing, the lowering of interest rates, but also in the volume of new securities purchased by the public. During the last calendar year $345,000,000 of long-term obligations were absorbed by Canadian investors. Of this total $157,000,000 represented new capital. This compares with a total of new bond issues in the United States of only $900,000,000 of which $595,000,000 were for new capital. During the first quarter of this year our investment market has been active and strong. Over $73,000,000 of new government and municipal issues were offered during this period, or nearly four times the amount for the corresponding quarter of 1933. These healthy market conditions are full of promise for the gradual reduction of the interest burden now pressing upon public bodies, by the normal process of converting high-interest-bearing securities into new issues with a lower coupon.

The statistical presentation of improved conditions in Canada carries greater reassurance when viewed in the light of world economic conditions. For recovery has not been a development unique with us. It has been world wide and its universal character suggests that it must have a basis more fundamental and probably more permanent than would otherwise be the case. It is now clear that in several countries it began as early as the summer of 1932, in the United Kingdom perhaps even earlier, and that in practically all countries the improvement last year was substantial. Though the rate of progress has varied and in some cases the gains have been more consistently held than in others, the movement is so world-wide and generally so similar as to suggest the automatic working of fundamental economic forces.

Although encouraging progress has been made towards world recovery, it would be a mistake to under-estimate the difficulties that have still to be overcome before a full measure of world prosperity can be restored. Unemployment still persists in all countries in distressingly large proportions. International trade remains at a low level. Little, if any, progress has been made in removing the excessive interferences with trade, the arbitrary quotas, the exchange controls, and the other defensive measures which have been devised to meet the dangers of currency depreciation and unfavourable balances of payments. In recent months there has indeed been increased stability in the foreign exchange markets but the integrity of certain currencies continues to hang upon a slender thread. Another period of currency unsettlement with the threat of competitive depreciation must be recognized as a possibility at least and this suggests the desirability of a renewed consideration of the feasibility of concerted effort for de facto stabilization of currencies by the leading countries. I am aware of the difficulties which surround the problem which the world conference found it impossible to solve last summer. But some of these difficulties have been lessened in the intervening months and the need for early action is emphasized when one realizes that little progress can be made in reducing restrictions on international trade as long as currencies continue to fluctuate and the danger of competitive depreciation persists.

On the debit side of the record for the past year we are also compelled to record certain unfavourable political developments—a serious aggravation of political tensions in Europe and the Far East, an increasingly unstable social equilibrium in some important countries, a succession of disappointments in the disarmament negotiations, and a threatened breakdown of the collective system which has been painstakingly built up during the post-war years. It is true that the tension is less serious to-day than it was at the beginning of the year but it remains a deterrent to constructive international cooperation.

As long as these adverse influences continue to operate they must be taken into the reckoning. The fact remains, however, that the low point in the long depression has been reached and passed, that considerable progress has already been made in this and other countries in the restoration of normal conditions, and that present economic trends are in the direction of further progress. This should give solid ground for confidence, if not for undue optimism.

TRADE OF CANADA

Evidence of improving conditions is also found in the statistics of external trade. The declines that have been a feature of world trade in recent years have now, for Canada, been changed to increases, substantial for exports and not inconsiderable for imports. In the twelve months' period ended March 31, last, exports of Canadian produce increased by $105,500,000, or 22 per cent over the same period in the previous year. Imports, advancing less rapidly at first but showing greater gains in recent months, increased by $27,300,000, or 7 per cent. The improvement in aggregate trade was $132,300,000 over the same period last year, or 15 per cent, the total exceeding one billion dollars. The improvement has been on an ascending scale since July and in the last three months imports have increased by 40 per cent and exports by 50 per cent over the same period last year. The preliminary figures for the month of March, which will be released in the course of a few days, show total imports of $47,500,000, an increase of 45 per cent over March of last year. Exports are shown at $58,300,000, which is a gain of 56 per cent.

A statement of the total trade for the fiscal year ended March 31, with comparative figures, follows:

Trade of Canada
(excluding gold coin and bullion)
(000 omitted)

	Fiscal year ended March 31, 1933	Fiscal year ended March 31, 1934 (preliminary)	Increase
Imports	$ 406,384	$ 433,779	$ 27,395
Exports—			
Canadian produce	473,800	579,368	105,568
Foreign produce	6,914	6,312	602*
Total	$ 887,098	$1,019,459	$ 132,361

* Decrease.

As exports have advanced, taking the period as a whole, more rapidly than imports, the result is that in the fiscal year ended March 31, the excess of exports over imports amounted to nearly $152,000,000. In other words, Canada has derived from the exchange of commodities with the world at large, a credit balance of $152,000,000, available in the settlement of international balances for such debit items as interest on indebtedness owing abroad and instalments of principal. The favourable balance derived from trade in commodities was double the amount in the previous period.

It should be borne in mind that trade figures are for merchandise only and do not include gold. The exports of non-monetary gold, chiefly the current production of Canadian gold mines, amounted approximately to $90,000,000, based upon the average price obtained upon sale in world markets. This sum is an additional credit in the settlement of international payments.

The following statement shows the balance of trade in merchandise for the past five fiscal years:

Trade of Canada
(excluding gold coin and bullion)
(000 omitted)

Fiscal year ended March 31st	Imports	Exports	Balance
1930	$1,248,274	$1,144,938	(−)$103,336
1931	906,613	817,028	(−) 89,585
1932	578,504	587,566	(+) 9,062
1933	406,384	480,714	(+) 74,330
1934*	433,779	585,680	(+) 151,901

*Preliminary.

The beneficial effects of the empire trade agreements are shown in the expansion of intra-empire trade. In the eleven months' period ended February 28th, the latest date for which figures by countries are available, exports from Canada to the United Kingdom, our largest market, increased by 20 per cent, accounting for more than half of the increased sales abroad. Exports to Australia increased by 54 per cent; to British India by 45 per cent; to British South Africa by 72 per cent and to New Zealand by six per cent. Statistics of the United Kingdom show that whereas in 1931 imports from Canada represented 3·8 per cent of their total purchases from abroad, in 1933 Canadian products represented 6·9 per cent of the total. Prominent among the commodities showing increased exports to the United Kingdom, were planks and boards, apples, meats, copper and other metals, and cattle.

Imports from the United Kingdom have shown an expansion in the eleven months' period of approximately $16,000,000, or 20 per cent. The chief increases were in fibres, textiles and textile products, in iron and its products and coal.

The stimulus which the expansion of trade has brought to Canadian business is illustrated in the renewed activity reported in recent months at our maritime ports. Both freight received from and delivered to connections abroad have shown increases which are very marked and which, in turn, have produced substantial employment at the ports, as well as increased freight for the railways.

Figures showing the expansion of trade within the empire are as follows:

Intra-Empire Trade of Canada

(Excluding gold coin and bullion)

	Eleven months ended February 28, 1933	Eleven months ended February 28, 1934
Imports from United Kingdom..	$ 79,356,647	$ 95,277,635
Exports to United Kingdom..	170,195,271	204,747,312
Imports from British Empire..	109,229,815	127,293,776
Exports to British Empire..	204,773,851	248,667,773

About one-third of our purchases abroad has been from empire countries. The proportion in 1929 was about one-fifth. The percentage of exports to empire countries showed a further gain, while the proportion taken by non-empire countries declined moderately. It is noteworthy that a somewhat larger proportion of exports was taken by the United States.

A statement showing the distribution of import and export trade, excluding gold coin and bullion, by percentages, follows:

	Imports Eleven months ended February 28		Exports Eleven months ended February 28	
	1933	1934	1933	1934
	Per cent		Per cent	
United Kingdom..	21.25	24.67	38.93	39.25
British Empire..	29.25	32.95	46.83	47.66
United States..	57.32	54.14	30.37	33.40
Other countries..	13.43	12.91	22.80	18.94

These developments in our external trade have been distinctly favourable, reflecting the soundness of the policies which have been pursued in connection with the trade agreements, and testifying to the stability and efficiency of Canadian industry.

Revenues 1933-34

The recovery of business in Canada which I have described was reflected in expanding revenues. Unfortunately, however, this expansion did not begin until the second quarter of the fiscal year. While the extreme low point in business activity was reached in February, business continued without noticeable improvement until May. It was not, indeed, until June that the index of physical production in Canada exceeded the figure for the corresponding month of the previous year. There is also always a lag of one or two months between business improvement and the increase in government revenues. In the case of the sales tax, for instance, the taxes applicable to any given month are not received by the Department of Finance until the first few days of the second following month. As a result, the first quarter of the fiscal year showed a substantial loss as compared with the corresponding period of the previous year. By July 8th our collections were down by $16,600,000, despite the additional measures of taxation which were introduced in the last budget. The acceleration of business and the upward movement of prices in the latter part of the year reversed this downward trend. By the end of December the lost ground had been fully recovered and the final accounts will show a total revenue from taxation of some $17,500,000 in excess of the previous year.

The total receipts from taxation were $271,800,000 as compared with $254,300,000 in 1932-33. The budget estimates, after giving effect to the new taxation, anticipated a total tax yield of $305,000,000. The failure to reach the estimated revenue by some $33,000,000 has naturally been disappointing, although we can derive encouragement from the fact that there has been a sustained and gradually increasing improvement in recent months. Had it not been for the low level of business in the first quarter and the lag in revenues—in other words, had we had for a full twelve months' period the revenue volume of the latter part of the year—our expectations would have been fully realized.

Customs

Customs import duties yielded $65,900,000 and remains the largest single source of revenue, although showing a decline from the previous year. Excise duties, levied mainly on liquors and tobaccos, amounted to $35,800,000. The revenue from income tax was $61,400,000, only slightly less than in the preceding year and about the same amount collected in 1931-32. Although based upon lower incomes and profits, the yield from this source has been maintained by reason of the changes in exemptions and rates of taxation, and also as a result of the special tax of 5 per cent on interest and dividends imposed last session. The collections from the latter tax amounted to $4,800,000 in the fiscal year. Here again the receipts did not reach the estimate, due to the elimination of the premium on United States currency.

The sales tax produced $63,000,000 and the other special excise taxes, $43,500,000, these sources combined bringing in $24,300,000 more than in the previous year.

The following table gives a comparative statement of the revenues from taxation in the past five years:

Taxation Revenues
(000 omitted)

—	1929-30	1930-31	1931-32	1932-33	Estimated 1933-34
	$	$	$	$	$
Customs Import Duties	179,430	131,209	104,133	70,073	65,926
Excise Duties	65,036	57,747	48,655	37,834	35,871
War Tax Revenues:					
Banks	1,408	1,429	1,390	1,328	1,345
Insurance companies	74	74	12	826	742
Delayed business profits	173	34	3	–	–
Income Tax	69,021	71,048	61,255	62,067	61,399
Sales Tax	44,859	20,784	41,734	56,814	63,000
Manufacturers', importation, stamp, transportation taxes, etc	18,550	13,951	17,872	25,377	43,574
Total receipts from Taxation	378,551	296,276	275,054	254,319	271,857

Non-Tax Revenues

Revenues derived from the services of the various departments of government, including Post Office, amounted to $51,700,000, showing a decrease from the previous year of about $550,000. Post Office revenues amounting to $30,500,000 and interest on investments of over $11,000,000, are the important items under this head. On reference to the expenditure statement, it will be found that the operation of the Post Office Department cost $30,800,000, being $300,000 in excess of revenues. As the deficiency in the previous year was $700,000, there was a net betterment in the year of about $400,000. Interest on investments was slightly less than in 1932-33.

A statement of the non-tax revenues, with comparisons for the previous four years, follows:

Non-tax Revenues

—	1929-30	1930-31	1931-32	1932-33	Estimated 1933-34
	$	$	$	$	$
Canada Grain Act	2,047,207	2,179,047	1,484,826	1,444,840	1,260,000
Canada Gazette	93,890	71,197	73,590	73,836	56,000
Canals	1,043,647	1,026,671	976,845	831,020	850,000
Casual	3,892,948	3,210,394	3,757,821	3,192,144	3,550,000
Chinese Revenue	14,345	21,996	10,059	8,652	7,000
Dominion Lands	4,139,104	1,655,401	485,364	458,934	408,000
Electricity	546,957	632,151	402,189	298,352	422,000
Fines and Forfeitures	748,343	433,716	233,512	212,075	180,000
Fisheries	110,724	73,937	40,519	4,429	40,000
Gas Inspection	100,763	94,255	81,359	84,078	74,000
Insurance Inspection	138,780	148,942	149,902	160,298	149,000
Interest on Investments	13,518,205	10,421,224	9,330,125	11,220,989	11,205,000
Marine	184,637	199,000	191,905	178,118	195,000
Mariners' Fund	209,322	201,768	184,485	179,461	182,000
Military College	19,820	19,882	20,045	20,116	20,000
Military Pension Revenue	158,881	159,000	163,229	166,414	164,000
Ordnance Lands	30,277	29,384	14,250	16,677	17,000
Patent and Copyright Fees	574,918	559,646	525,248	539,341	409,000
Penitentiaries	181,024	183,288	166,111	121,426	84,000
Post Office	33,345,385	30,212,326	32,234,946	30,928,317	30,553,000
Premium, Discount and Exchange	458,390	501,610	....	145,938	....
Public Works	408,151	362,391	280,591	212,829	237,000
Radio Licences	407,762	468,093	528,924	1,414,132	1,290,000
R.C.M.P. Officers' Pensions	6,471	6,357	14,787	12,050	12,000
Superannuation Fund	5	....	....	....	....
Weights and Measures	407,248	419,750	406,529	394,222	400,000
Total Non-Tax Revenues	62,787,204	53,291,426	51,757,161	52,318,688	51,764,000

After taking into consideration $392,000 of special receipts, the total revenues for the year amounted to $324,000,000, as compared with $311,000,000 in 1932-33, as shown in the following summary statement, which also gives comparisons for each year since 1929-30:

Summary of all Revenues
(000 omitted)

—	1929-30	1930-31	1931-32	1932-33	Estimated 1933-34
	$	$	$	$	$
Receipts from Taxation	378,551	296,276	275,054	254,319	271,857
Non-Tax Revenues	62,787	53,291	51,757	52,318	51,764
Consolidated Fund Receipts	441,338	349,567	326,811	306,637	323,621
Special Receipts	4,771	6,622	7,028	4,493	392
Grand Total	446,109	356,189	333,839	311,130	324,013

EXPENDITURES, 1933-34

Ordinary Expenditures

The ordinary expenditures for the year amounted to $347,700,000. It will be understood that as the accounts will not be finally closed until the end of April, the figures of expenditures are preliminary and may vary somewhat from the final amounts. The estimates for 1933-34, including supplementaries and statutory items not printed in the estimates, provided for a total expenditure on ordinary account of $363,700,000. The actual expenditures, therefore, are $16,000,000 less than the amount estimated.

In comparison with the previous year, ordinary expenditures show a reduction of $2,100,000. This result must be considered, however, in the light of the fact that increased expenditures were necessary on certain fixed and uncontrollable obligations. Interest on public debt increased by $4,700,000 and the requirement for Old Age Pensions increased by $1,000,000. Other large expenditures, over and above those of the previous year, included $1,000,000 for the Radio Commission and an increase of $1,500,000 in the amount of the subventions paid on movements of Canadian coal from the mines to centres of consumption.

A statement of ordinary expenditures for the last five fiscal years, follows:

Statement by Departments of Expenditure for the Last Five Fiscal Years
(000 omitted)

Ordinary Account	1929-30	1930-31	1931-32	1932-33	Estimated 1933-34
	$	$	$	$	$
Agriculture	10,245	10,119	10,212	8,066	7,025
Auditor General's Office	402	416	436	380	376
Civil Service Commission	308	343	306	244	221
External Affairs, including Office of the Prime Minister	807	928	994	863	977
Finance—					
Interest on Public Debt	121,566	121,290	121,151	134,999	139,730
Premium Discount and Exchange (Net)	....	....	728	....	75
Subsidies to Provinces	12,497	17,436	13,695	13,677	13,727
Special Grants to Maritime Provinces	1,600	1,600	1,600	1,600	1,600
Other Grants and Contributions	837	778	536	499	398
Imperial Economic Conference	....	....	....	252	....
Civil Pensions and Superannuations	1,545	1,476	1,405	1,075	1,302
General Expenditure	2,006	1,794	1,845	1,794	3,159
Fisheries	2,426	2,435	2,046	1,787	1,593
Governor General's Secretary's Office	170	142	148	136	137
Immigration and Colonization	3,094	2,588	2,200	1,689	1,393
Indian Affairs	5,333	6,069	5,081	4,499	4,372
Insurance	159	178	180	161	152
Interior	8,490	8,104	4,647	3,454	2,874
Justice	2,591	2,538	2,560	2,458	2,452
Penitentiaries	2,561	3,237	2,737	2,870	2,748
Labour	697	797	633	605	558
Technical Education	413	391	283	202	150
Old Age Pensions	1,537	5,658	10,032	11,513	12,500
Legislation—					
House of Commons	1,610	1,721	1,982	2,210	1,007
Library of Parliament	74	76	81	65	69
Senate	529	568	650	747	286
General	80	65	79	81	44
Chief Electoral Officer, including Elections	46	2,256	145	56	31
Marine	8,944	8,030	7,262	5,801	5,535
Canadian Radio Broadcasting Commission	....	....	....	149	1,025
Mines and Geological Survey	1,358	1,420	1,264	1,048	940
Movements of coal and Dominion Fuel Act	56	514	721	1,220	2,750
National Defence—					
Militia service	11,033	10,953	9,700	8,719	8,843
Naval service	3,013	3,598	3,043	2,167	2,222
Air service	5,921	7,147	4,040	1,731	1,689
Sundry services	1,925	1,928	1,347	1,078	798
National Revenue (including Income Tax)	13,844	13,972	13,920	10,846	10,336
Pensions and National Health—					
Treatment and after-care of returned soldiers	8,494	9,774	11,154	10,066	9,517
Pension, war and military	40,032	45,541	48,249	45,079	42,867
Health Division	1,390	1,342	1,246	924	783
Post Office	36,557	37,892	36,052	31,607	30,801
Privy Council	58	54	53	47	49
Public Archives	203	212	212	174	158
Public Printing and Stationery	302	295	289	231	174
Public Works	19,819	25,453	17,648	13,108	11,141
Railways and Canals	4,122	4,479	3,997	3,667	3,376
Maritime Freight Rates Act	3,093	3,615	2,555	1,921	1,989
Royal Canadian Mounted Police	3,100	3,192	3,488	5,626	5,550
Secretary of State	454	479	483	418	378
Soldier Settlement Board	1,362	1,300	1,036	818	741
Trade and Commerce—					
Department	3,252	4,955	6,417	3,277	3,083
Mail subsidies and steamship subventions	1,083	1,323	2,999	2,081	2,235
Canada Grain Act	2,271	2,356	2,306	2,026	1,766
Total ordinary expenditure	353,399	382,827	365,873	349,811	347,702

Capital Expenditures

Capital expenditures, including Hudson Bay railway and terminals, Welland ship canal, St. Lawrence ship channel, and other public works, amounted to $6,500,000, being a decrease of $2,000,000. The estimates provided for an expenditure of $7,100,000 on capital account. The saving, therefore, was $600,000.

A comparative statement of capital expenditures for the five-year period, follows:

Capital Expenditures
(000 omitted)

—	1929-30	1930-31	1931-32	1932-33	Estimated 1933-34
	$	$	$	$	$
Canals	9,324	9,842	3,299	3,027	1,987
Railways	6,663	6,371	6,242	1,503	767
Public Works	6,574	12,009	7,439	4,018	3,816
Total Capital Expenditure	22,561	28,222	16,980	8,548	6,570

Special Expenditures

Special expenditures amounted to $42,900,000, slightly under the figure of a year ago. Included in this amount is $36,000,000 for relief measures. Of this sum $28,500,000 was paid under the Relief Act, 1933, and the balance of $7,500,000 represented commitments carried over from the relief acts of previous years. The expenditure for 1933-34 may be summarized as follows:

Direct relief	$ 25,870,000
Provincial and municipal works and undertakings	2,780,000
Other expenditures, including Dominion projects	7,350,000
	$ 36,000,000

The expenditures made by the dominion on unemployment relief since 1930, have now reached $115,500,000, to which may be added the cost of the wheat bonus in 1931, amounting to $12,700,000 and $2,400,000 advanced for employment in railway shops, a total of $130,600,000.

A comparative statement showing special expenditures under the different heads during the past five years, follows:

Special Expenditures
(000 omitted)

—	1929-30	1930-31	1931-32	1932-33	Estimated 1933-34
	$	$	$	$	$
Adjustment of War Claims	95	110	91	55	56
Cost of Loan Flotations	17	193	1,350	1,639	2,545
Miscellaneous Charges	3,027	2,955	3,500	2,951	2,503
Reparations—					
Claims for Compensation	6,700	500	1,331	188	....
Unemployment Relief, 1930	....	4,432	13,190	548	5
Unemployment Relief, 1931	....	....	25,106	17,048	564
Unemployment Relief, 1932	....	....	....	19,125	6,875
Unemployment Relief, 1933	....	....	....	....	28,556
Wheat Bonus	....	....	10,908	1,811	....
Reduction of Loans to Soldier Settlers	....	8,599	....	....	1,800
Total Special Expenditures	9,839	16,789	55,476	43,365	42,904

Loans to Provinces

Loans were made to the provincial governments under the Relief Act, to a net amount of $12,540,000 after crediting certain repayments. This addition to the loans of $38,200,000 outstanding at the close of the previous fiscal year, brings the total assistance of this nature to the provincial governments, to $50,700,000.

Three provinces, Alberta, Manitoba and British Columbia, received loans in connection with the payment of debt obligations to the public. Alberta borrowed $1,968,000 to meet a debenture maturity of the 1st April, 1934, payable in Canada or New York. Manitoba secured $1,470,000 to meet an obligation due the same date, also payable in Canada or New York. British Columbia received loans of $1,435,000 to meet interest obligations. The other loans related to the financing of the provincial share of relief expenditures or were for the purpose of placing the provinces in funds to assist municipalities to finance their share.

The provinces have paid interest on the loans as payments became due, with the exception of certain loans made to the province of Saskatchewan for relief purposes. This province has not been able to meet the interest from its own resources and has tendered treasury bills in payment.

At the Dominion-Provincial conference held in January last, which was attended by representatives of all the provinces, it was unanimously agreed that the dominion government should give special financial assistance to provinces where conditions warrant.

In granting these loans, our policy has been, as in the two previous years, to limit this form of assistance to the minimum. Each application has been considered having regard to the special situation prevailing, the particular purpose of the loan and the general budgetary position of the borrower on the ordinary services of government. It is submitted that the policy which has been pursued in this respect has been to the general advantage of Canada, considered in the light of the unusual conditions prevailing and as a temporary measure until more normal conditions prevail.

A summary statement showing the loans to the several provinces outstanding at March 31, 1934, and the purposes for which they were granted, follows:

Loans to Provinces under Relief Acts

Net Outstanding March 31, 1934

(000 omitted)

—	Loans covering obligations maturing in New York	Loans for assistance to farmers, including purchase of seed grain	Loans for provincial purposes including public works and direct relief	Total
	$	$	$	$
Manitoba	4,603	304	5,179	10,086
Saskatchewan	3,934	4,893	14,728	23,555
Alberta	5,111	140	4,800	10,051
British Columbia	1,372	....	5,676	7,048
	15,020	5,337	30,383	50,740

Loans and Advances, Non-Active

Under this head are included amounts paid by way of loan which are treated as non-active and which, being non-interest producing, are considered in the accounts as additions to the net debt. They include the amounts paid in connection with the operation of the Canadian National Steamships, the deficit of the Montreal harbour bridge, and loans to a number of the harbour commissions. The net amount of such loans in the past year was slightly over three million dollars.

For the operation of the Canadian National Steamships, we paid $986,000, made up of $968,000 being the cash deficit on the West Indies Services, and $18,000 being the cash deficit on the operation of the ships remaining in the Merchant Marine fleet. Owing to further reductions in the number of ships operated, the Canadian Government Merchant Marine has found it possible to return to the government an additional one million dollars from the insurance fund which has been accumulated during the operations of the company since 1919. After receiving this amount, the result is a credit of $14,000 for the year on account of Canadian National Steamships.

The amount paid by the dominion government for the operation of the Montreal harbour bridge was $489,000. This represents the loss incurred by the bridge, not including depreciation and after crediting the annual contribution of $150,000 each from the province of Quebec and city of Montreal.

The non-active loans to the harbour commissions at Chicoutimi, Halifax, Quebec, Saint John and Three Rivers for expenditures on capital account, amounted to $1,600,000. Other capital expenditures were incurred by several of the Commissions during the year, special arrangements for financing having been made between the commissions concerned and the contractors, with the approval of the governor in council.

The following statement gives the record of non-active loans and advances for the past five fiscal years:

Loans and Advances, Non-active

(000 omitted)

—	1929-30	1930-31	1931-32	1932-33	Estimated 1933-34
	$	$	$	$	$
Loans to Can. National Railways	2,933	....	....	....	....
Loans to Can. National Steamships	2,491	1,827	1,199	(cr.) 1,383	(cr.) 14
Loans to Harbour Commissioners	2,821	3,661	1,913	4,898	2,110
Miscellaneous Non-Active Accounts	17	....	....	....	....
Can. Pacific Railway (Relief Acts)	....	....	....	1,447	1,000
Accounts carried as Active Assets transferred to Non-Active	....	....	....	*62,938	....
	8,262	5,488	3,112	67,900	3,096

*Canadian National Railways—Loans of 1931-32 .... $ 41,121
Sundry Harbour Commissions—Advances prior to 1932-33 21,817

In addition to the non-active loans to harbour commissions, there were loans of $449,000 to the Montreal commission and $1,208,000 to the Vancouver commission for port developments, and the amount of $19,000 to New Westminster. As interest is received on these loans, they are treated as active assets and are not part of the net debt.

For purposes of record, I include a statement of the advances to harbour commissions in the past five years and of the amounts outstanding at the close of the fiscal year.

Advances to Harbour Commissions

(000 omitted)

—	1929-30	1930-31	1931-32	1932-33	Estimated 1933-34
	$	$	$	$	$
Chicoutimi	815	846	465	324	332
Halifax	1,272	3,539	2,752	1,023	151
Montreal	4,336	2,291	1,412	584	449
Montreal—Bridge deficit	....	170	534	395	489
New Westminster	....	....	189	66	19
Quebec	2,821	3,491	1,379	341	107
Saint John	1,711	1,094	5,764	2,654	924
Three Rivers	136	1,544	747	160	107
Vancouver	345	2,802	809	....	1,208
	11,436	15,777	14,051	5,547	3,786

Advances to Date

Chicoutimi	$ 3,282
Halifax	8,768
Montreal	58,422
Montreal—Bridge Deficit	1,588
New Westminster	275
Quebec	26,257
Saint John	12,748
Three Rivers	2,694
Vancouver	22,625
	$ 136,659

Canadian Farm Loan Board

The dominion continued to purchase at par the board's five per cent bonds to the extent that loaning operations required. Bonds purchased amounted to $400,000 and a subscription of $16,243 was made to capital stock. The capital furnished to date from the dominion treasury for the operations of the board aggregates $8,503,358, divided as follows:

Initial capital	$5,050,000
Purchase of bonds	3,000,000
Purchase of capital stock	453,358
	$8,503,358

The board has paid all interest due the government as it accrued.

Canadian National Railways

As the annual report of the trustees of the Canadain National Railway system has shown, railway operating revenues suffered a further decline of $12,500,000, or nearly 8 per cent, in the calendar year 1933. The loss in revenues was almost entirely covered by a saving in operating expenses. However, as the management had made its budget for the year on the basis of the gross earnings of the previous year being substantially maintained, the amount required from the dominion government for the payment of deficits exceeded the estimated figure by $4,300,000. The amount provided by the government and taken into the public accounts as an expenditure in respect of the deficit on the Canadian National Railway system, after payment of interest on obligations in the hands of the public was $58,950,000, a decrease of $1,100,000 from the previous year. The net loss of the system as shown by their accounts, amounted to $97,650,000. The difference between this sum and the contribution of the government above referred to, is made up of $36,000,000 for interest on loans from the government—such interest being accrued in the railway accounts but not actually paid —and $2,600,000 for certain other non-cash items.

The amount paid for deficits is made up of two parts: that for the system, excluding eastern lines, $52,200,000, and that for the eastern lines, $6,600,000. In the dominion accounts of previous years and in the budget statements, it has been the practice to include the loss on the eastern lines under ordinary expenditures. That practice has followed naturally from the days when the government's interest in railway operation was limited to the Intercolonial and other lines known as the Canadian government railways. Last year for the first time, following the recommendation of the Royal Commission on Railways and Transportation, the whole railway deficit was taken into the accounts of the dominion as an expenditure, but the portion for the eastern lines was shown under ordinary expenditures and the portion for the rest of the system was shown as a special charge to consolidated fund. For the purpose of clarity in the presentation of the figures, the amount for eastern lines deficit has been excluded this year from ordinary expenditures, and the necessary adjustments have been made in the figures for the previous years in order that the comparisons may not be disturbed. The amount required for railway deficit, including eastern lines, will be found in the summary statement of expenditures under the special category of railway deficits.

There has, of course, been retained under ordinary expenditures the amount involved in the 20 per cent freight rate subsidy authorized by the Maritime Freight Rates Act.

In addition to the provision for deficits, the railway company required $1,900,000 for capital expenditures and $11,300,000 for retirement of debt, these items totalling $13,200,000. Against this sum, the company had $5,000,000 of working capital available, leaving $8,200,000 to be supplied by the government by way of loan. Notwithstanding that the operating results were less favourable than anticipated at the commencement of the year, the company kept within its budget, the additional amount required for deficits having been made up by a saving in capital expenditures.

As at the end of March, 1934, the debt of the Canadian National Railway system outstanding in the hands of the public amounted to $1,253,000,000, having been reduced by $10,000,000 in the past year. Of the amount outstanding, $962,000,000 are obligations guaranteed by the dominion.

During the first three months of the present calendar year, there has been a decided improvement in railway earnings and the net revenues from operations are some $4,000,000 in excess of those of the corresponding period in 1933. The railway budget for 1934 will total $85,800,000. Of this amount, $48,800,000 is the estimated requirement for deficits, and if this result is attained it will mean a lessening of the burden on the dominion treasury as compared with last year, of over $10,000,000. The company will require $4,200,000 for capital expenditures and $32,800,000 for retirement of capital obligations, including sinking fund and equipment principal payments. On September 1, $17,000,000 of Canadian Northern dominion guaranteed 4 per cent debenture stock will fall due.

The following statement summarizes the financial requirements of the Canadian National Railway system in respesct of the calendar year 1933, as compared with their budget figures and with the actual requirements in 1932:

Canadian National Railways

FINANCIAL REQUIREMENTS

—	Actual 1933	Budget 1933	Actual 1932
Deficit:—	$	$	$
System (ex eastern lines)	52,263,819	47,941,395	53,422,661
Eastern lines	6,691,569	6,611,000	6,635,845
	58,955,388	54,552,395	60,058,506
Capital expenditures	1,958,116	5,993,121	799,158
Debt retirement	11,269,985	12,265,584	11,510,178
	72,183,489	72,811,100	72,367,842
Less working capital available	5,000,000	5,200,100	4,231,997
Amount required	67,183,489	67,611,000	68,135,845

Summary of Expenditures

Having dealt with the expenditures for the year under the appropriate headings, it is now possible to present a summary statement of all expenditures for the year, including railway deficits. The total amount is $459,200,000 as compared with $468,726,000 in the previous year, a net reduction of $9,500,000. Actually the statement shows a total expenditure last year of $531,700,000, but it will be remembered that $62,938,000 of this amount represented loans made in previous years to harbour commissions and the Canadian National Railways which were written down from active to non-active assets, and strictly are not assessable against last year's business.

The summary of expenditures for the past five years followed:

Summary of Expenditures
(000 omitted)

—	1929-30	1930-31	1931-32	1932-33	Estimated 1933-34
	$	$	$	$	$
Ordinary expenditures	353,399	382,827	365,873	349,811	347,702
Capital expenditures	22,561	28,222	16,980	8,548	6,570
Special expenditures	9,839	16,789	55,476	43,365	42,904
Loans and advances—non-active	8,262	5,488	3,112	67,900	3,096
Can. Nat. Railway deficit:—					
System ex. eastern lines*	....	....	....	53,423	52,264
Eastern lines	4,308	6,712	6,632	8,717	6,692
	398,369	440,038	448,073	531,764	459,228

*Corresponding figures for operations in the years 1929, 1930 and 1931 were $9,978,000, $28,425,000 and $52,256,000 respectively. In respect of these losses, $2,932,000 was taken into the government accounts as non-active loans in 1929-30, representing the 1929 loss after crediting certain surpluses in previous years. The losses in 1930 and 1931 were financed by loans and/or guarantee of securities. Government loans of $41,121,000 in respect of 1931 operations appear in the above statement under Loans and Advances, Non-Active, for the year 1932-33.

Deficit for Year

With ordinary expenditures of $347,700,000 and ordinary revenues amounting to $323,600,000, it will be seen that the deficiency on ordinary account was $24,100,000. The comparative figure for the previous fiscal year was $43,200,000. Notwithstanding the failure of the revenues to reach the anticipated figure, it will be observed that on ordinary account a net improvement of $19,100,000 took place.

After taking into consideration capital expenditures and special expenditures, including unemployment relief, less special receipts, it will be found that the deficit for the year on government operations, amounted to $76,300,000. This figure is further enlarged when there are taken into the government accounts the losses on operation of the Canadian National Railway system amounting to $58,900,000. The resulting increase in net debt during the year on all accounts is $135,200,000. The corresponding figure for the previous year was $157,700,000, indicating a betterment of $22,500,000.

Reductions in Expenditures

In view of the interest in the question of the cost of government generally in Canada, it may be appropriate to present some figures briefly analyzing the purposes to which the outlay of the dominion government is applied, and indicating the extent to which, by the various measures of economy which have been adopted, controllable expenditures have been reduced since 1930-31. For the purpose of these comparisons, the extraordinary and fluctuating amounts required for railway deficits and unemployment relief, are excluded from the figures, but all other expenditures of the government are included.

In the year which has just closed, such expenditures totalled $364,000,000. Of this amount, $230,000,000 was required for purposes classed as uncontrollable and $134,000,000 for controllable. In other words, out of every $100 expended $63 went for expenses designated as uncontrollable and $37 for services that are ordinarily regarded as controllable. The main services under uncontrollable are interest on public debt amounting to $139,700,000; war pensions, $41,700,000 and treatment and after-care of returned soldiers, $9,500,000. These three items alone account for 83 per cent of the expenditure included under the category of uncontrollable. There are, in addition provincial subsidies, $15,300,000; old age pensions, $12,500,000, and some minor items which do not add greatly to the total. All other expenditures whether on ordinary or special account, or capital or non-active loans and advances, are included for the purpose of these computations under the heading of controllable.

I should point out that there are included in the latter classification many items of a statutory nature which are not controllable, in the sense of being subject to reduction at the will of the government but they are included in that category because they pertain to the ordinary services of government. I might cite, for example, dry dock subsidies and the similar payments made in connection with the establishment of cold storage warehouses.

As compared with the year 1930-31, the uncontrollable expenditures for 1933-34 were greater by $19,000,000 due mainly to increased charges for interest on public debt and old age pensions.

The controllable expenditures, however, have declined from $217,000,000 to $134,000,000, a reduction of $83,000,000, or over 38 per cent. After allowing for the election expenses of two million dollars in 1930, for which there was no corresponding charge last year, the improvement stands at $81,000,000. This decrease has been brought about by a curtailment of $50,000,000 in ordinary expenditures and a reduction in capital and other expenditures of $31,000,000. To achieve this result, there has necessarily been a rigid scrutiny and control of departmental activities and personnel. From 1930 to 1933, government employees, including fluctuating as well as permanent staffs, were reduced by over 12,000 in number. The saving in salaries and wages exceeds $10,000,000 a year, not including the saving of some $7,800,000 arising out of the 10 per cent salary deduction.

There is further comparison which may be illuminating. In the fiscal year 1913-14, the ordinary controllable expenses of government amounted to $87,000,000, as compared with $123,000,000 last year. While these figures indicate an increase of $36,000,000, in a period of twenty years' growth and development of the country, there are important adjustments to be made to bring them to a comparable basis.

Of the increase of $36,000,000, over $17,000,000 is applicable to the Post Office department, the services of which have necessarily expanded in twenty years. The increased expenditure has been compensated for by a corresponding addition to the revenues and is not a contributing factor to the deficit of the government. Eliminating post office expenditures, the comparable figures become $73,000,000 for 1913-14, as compared with $93,000,000 in 1933-34, an increase of $20,000,000. In the interval, the population of Canada has increased from 7,600,000 to 10,300,000. The cost of maintaining public services has necessarily been influenced by the growth in population, as well as the addition of new services. Yet the actual expenditures to-day on the ordinary controllable services of government are less than they were in 1913-14 considered on a per capita basis. The figures are at $9.60 a head in 1913-14, as compared with $9.03 last year.

In appraising this result, note should be taken of the cost of new services added in the interval. It now costs $5,000,000 more annually to collect the public revenues than in 1913-14, due to the amplification of the taxation system. While the percentage cost of collection is lower, the actual expenditure has naturally been increased. The cost of administering the public debt is included under controllable expenditures and requires about $500,000 more than in 1913-14. Other new items are $1,000,000 for the Radio Commission, $320,000 for radio services, $1,600,000 for the Aviation Branch of the Department of National Defence, $380,000 for National Research Council and $2,750,000 for the movement of Canadian-mined coal. These items alone total $11,000,000. There are other items, such as the cost of operation of the new Welland ship canal, increased expenditures in connection with the grain act, amounting to some $1,300,000, and other expenses such as those arising from improvements in the status of labour, workmen's compensation and the eight-hour day, which have added, and quite properly so, to the cost of certain services.

Viewed in the light of these comparisons with the expenditures of 1913-14, and not desiring to minimize the necessity for the closest scrutiny of the cost of governmental services, particularly in view of the weight of our fixed charges, it does appear that the controllable expenditures have now been reduced to a point from which it will be difficult to effect further substantial savings without curtailment or discontinuance of services which are considered to be essential.

A comparison of the expenditures in the years 1913-14, 1930-31 and 1933-34, divided under the headings controllable and uncontrollable, is shown in the following statement, which also shows the percentages of the total required for the various services.

Expenditure, Uncontrollable and Controllable
(000 omitted)

—	1913-14		1930-31		1933-34	
	Actual expenditure	Percentage of total expenditure	Actual expenditure	Percentage of total expenditure	Estimated expenditure	Percentage of total expenditure estimated
	$		$		$	
In General Uncontrollable—						
Interest on public debt	12,894	9·36	121,290	28·28	139,730	38·36
European war pensions	....	....	44,234	10·31	41,777	11·47
Old age pensions	....	....	5,658	1·33	12,500	3·43
Other pensions and superannuation	756	0·55	5,037	1·16	4,561	1·25
Care of returned soldiers	....	....	9,774	2·28	9,517	2·61
Subsidies to provinces	11,280	8·19	19,036	4·44	15,327	4·21
Other items	3,101	2·25	6,657	1·56	7,076	1·94
	28,031	20·35	211,686	49·36	230,488	63·27
Controllable—						
Ordinary—						
Agriculture	3,271	2·37	10,119	2·36	7,025	1·93
Fisheries	1,655	1·20	2,275	0·53	1,433	0·39
Indian Affairs	2,120	1·54	5,847	1·36	4,139	1·14
Interior	5,132	3·73	8,104	1·89	2,874	0·79
Justice—including penitentiaries	2,469	1·79	5,775	1·35	5,200	1·43
Marine—including radio commission	4,915	3·57	8,030	1·87	6,560	1·80
Mines—including movements of coal	741	0·54	1,934	0·45	3,690	1·01
National Defence	12,011	8·72	23,626	5·51	13,552	3·72
National Revenue	5,124	3·72	13,972	3·26	10,336	2·84
Post Office	13,566	9·85	37,892	8·83	30,801	8·45
Public Works	20,288	14·73	25,453	5·94	11,141	3·06
Railways and Canals	2,279	1·65	4,043	0·94	3,189	0·88
Royal Canadian Mounted Police	1,101	0·80	3,005	0·70	5,367	1·47
Trade and Commerce	5,323	3·87	8,407	1·96	6,964	1·91
Other services	7,009	5·09	16,723	3·90	11,241	3·09
	87,004	63·17	175,205	40·85	123,512	33·91
Capital—						
Railways	7,103	5·16	9,842	2·29	1,987	0·54
Canals	2,847	2·07	6,371	1·49	767	0·21
Public Works	10,100	7·33	12,009	2·80	3,816	1·05
	20,050	14·56	28,222	6·58	6,570	1·80
Special, including miscellaneous charges	32	0·02	9,456	2·21	2,063	0·57
Loans and advances non-active	2,612	1·90	4,325	1·00	1,639	0·45
Total controllable	109,698	79·65	217,208	50·64	133,784	36·73
Total uncontrollable and controllable	137,729	100·00	428,894	100·00	364,272	100·00
Not included in the above—						
Canadian National Railways—						
Deficit, exclusive of eastern lines	....	....	*28,425	....	52,264	
Eastern lines deficit	....	....	6,712	....	6,692	....
Unemployment relief	....	....	4,432	....	36,000	....
Canadian Government Railways—						
Capital and deficit	17,295	....	....	....	....	....
Railway subsidies	19,036	....	....	....	....	....

* Not taken into Government accounts in 1930-31.

Loan Flotations

In the past fiscal year, the dominion had securities falling due amounting to $279,900,000. New issues were made for these maturities, as well as for new money which it was required to raise for governmental and railway purposes.

An issue of 4 per cent registered stock dated September 1, 1933, and maturing September 1, 1958, was made in London. The stock is callable on or after September 1, 1953, on giving three months' notice. The issue was offered to the public at 100, yielding 4 per cent. As the dominion had not been a borrower in the London money market for some eighteen years, the response of the investing public was awaited with keen expectation. The issue was an outstanding success, the applications totalling 20,000, representing over £80,000,000. The success of the offering was a tribute to the financial and economic stability of Canada and reacted most favourably on the market position of dominion securities at home and abroad. The stock has risen to a premium and is now selling on a basis to yield less than 3½ per cent. The terms of the issue provided for a sinking fund of one-half of one per cent per annum.

An issue of 4 per cent treasury notes dated July 1, 1933, was made in New York for the purpose of refinancing a like amount of 4 per cent notes due October 1 and called for payment on August 1. The new issue runs for 15 months from July 1, 1933, and is callable on or after 12 months. The issue was sold to the Chase National Bank of New York at a price of 98·875 and accrued interest.

An issue of $50,000,000 of 4½ per cent treasury bills held by the chartered banks of Canada matured August 1, 1933, and provision was made for renewal of this obligation by the issue at par of a similar amount of bills to run for one year, bearing interest at 3⅞ per cent.

Two other issues of treasury bills were made during the year. In May last, $40,000,000 of 3½ per cent treasury bills due in six months were sold to chartered banks at an interest cost to the government of 3¾ per cent. These bills were converted into longer term securities on their maturity in November.

A further sale of treasury bills was made by public tender. The amount of the issue was $15,000,000, dated March 1, 1934, and maturing either June 1, 1934, or November 1, 1934. Of the 3-months' bills $2,450,000 were sold at an average cost to the government of 2·85 per cent and of the 8-months' bills $12,550,000 at an average cost of 3·12 per cent.

On November 1 last, provision had to be made for $169,900,000 of maturing victory loan bonds, the balance remaining outstanding of the 1918 issue. To meet the obligation and provide funds for current purposes, a domestic loan of $225,000,000 was launched. The bonds were dated October 15 and were issued in three maturities: 2-year bonds with interest at 3½ per cent and 6 and 12 year bonds with interest at 4 per cent. The 2-year bonds were offered at 99·50 to yield 3·75 per cent, the 6-year at 99·00 to yield 4·19 per cent, and the 12-year at 96·50 to yield 4·38 per cent. The 12-year bonds were made subject to call, at the option of the government, after 10 years, and the issue price represented the lowest yield basis on which long term dominion securities had ever been offered in the domestic market. By way of inducement to holders of victory loan bonds, a bonus was offered for prompt conversion, and over $139,000,000 of the maturing victory bonds were turned in for exchange. The banks also converted $40,000,000 of 3½ per cent treasury bills sold to them in May. The total cash subscriptions amounted to $76,700,000, of which $45,700,000 was accepted. It is interesting to note that the small investor participated to a large extent in this offering, as out of a total of 22,663 cash subscriptions there were 16,426 from subscribers for amounts of $1,000 or less. In addition, there were many small subscribers who turned in their maturing bonds for the new issue.

The amount issued of 2-year bonds was $89,300,000, of the 6-year maturity $47,200,000, and of the 12-year maturity $88,300,000. The average interest cost on all maturities was 4·17 per cent, after including bonus for prompt conversion and commissions paid to banks and dealers. The expenses of issue, including commissions, advertising, printing, etc., were less than one-half of one per cent.

It is a matter of considerable satisfaction that the year's financing has been carried through so successfully at rates of interest that have been progressively favourable. Over $858,000,000 of war and victory loans bonds have been converted into new securities since 1930 in connection with which there has been a saving in interest in excess of $9,000,000 a year.

The direct obligations of the dominion in the form of unmatured funded debt and treasury bills are listed in the following statement:

Unmatured Funded Debt and Treasury Bills as of March 31, 1934 and Annual Interest Charges

Date of maturity	Rate, %	Where payable	Amount of Loan	Annual interest charges
			$	$
1934—June 1	3½	London	23,467,206 27	821,352 22
July 1	5	Canada	33,293,470 85	1,664,673 54
Aug. 1	3⅞	Canada	50,000,000 00	1,937,500 00
Oct. 1	4	New York	60,000,000 00	2,400,000 00
Nov. 1	4	Canada	35,000,000 00	1,400,000 00
Nov. 1	5½	Canada	222,216,850 00	12,221,926 75
1935—Aug. 1 (a)	5	Canada and N.Y.	874,000 00	43,700 00
Oct. 15	4	Canada	25,000,000 00	1,000,000 00
Oct. 15	3½	Canada	89,393,000 00	3,128,755 00
1936—Feb. 1	4½	New York	40,000,000 00	1,800,000 00
Nov. 15	5	Canada	79,535,200 00	3,976,760 00
1937—Mar. 1 (a)	5	Canada and N.Y.	89,787,100 00	4,489,355 00
Dec. 1 (a)	5½	Canada	236,299,800 00	12,996,489 00
1938—July 1	3	London	8,071,230 16	242,136 90
July 1	3	London	18,250,000 00	547,500 00
July 1	3	London	10,950,000 00	328,500 00
July 1	3½	London	15,056,006 66	526,960 23
1939—Oct. 15	4	Canada	47,269,500 00	1,890,780 00
1940—Sept. 1	4½	Canada	75,000,000 00	3,375,000 00
1941—Nov. 15	5	Canada	141,663,000 00	7,083,150 00
1943—Oct. 15	5	Canada	147,000,100 00	7,350,005 00
1944—Oct. 15	4½	Canada	50,000,000 00	2,250,000 00
1945—Oct. 15	4	Canada	88,337,500 00	3,533,500 00
1946—Feb. 1	4½	Canada	45,000,000 00	2,025,000 00
1947—Oct. 1	2½	London	4,888,185 64	122,204 64
1950—July 1	3½	London	137,058,841 00	4,797,059 43
1952—May 1	5	New York	100,000,000 00	5,000,000 00
Oct. 15	4	Canada	56,191,000 00	2,247,640 00
1956—Nov. 1	4½	Canada	43,125,700 00	1,940,656 00
1957—Nov. 1	4½	Canada	37,523,200 00	1,688,544 00
1958—Sept. 1	4	London	73,000,000 00	2,920,000 00
1958—Nov. 1	4½	Canada	276,687,600 00	12,450,942 00
1959—Nov. 1 (b)	4½	Canada	289,693,300 00	15,933,131 50
1960—Oct. 1	4	London	93,926,666 66	3,757,066 67
Oct. 1	4	New York	100,000,000 00	4,000,000 00
Treasury Bills due June 1, 1934		Canada	2,450,000 00	
Treasury Bills due Nov. 1, 1934		Canada	12,550,000 00	
			2,858,558,457 24	131,890,287 88

Payable in Canada	$ 2,083,229,220 85	72·88%
Payable in Canada and New York	90,661,100 00	3·17%
Payable in New York	300,000,000 00	10·49%
Payable in London	384,668,136 39	13·46%
	$ 2,858,558,457 24	100%
Less bonds and stocks of the above loans held as sinking funds	69,406,434 43	
	$ 2,789,152,022 81	

(a) Tax free in Canada.
(b) 5½% to Nov. 1, 1934.

Indirect Liabilities

Bonds outstanding at March 31, 1934, bearing the guarantee of the government of Canada, amounted to $993,000,000, having been reduced by approximately $3,000,000, in the year.

During the year some further contingent liabilities were assumed, under the authority of the Relief Act. In June last, 5 per cent treasury bills of the provinces of British Columbia and Manitoba were guaranteed to the amounts of $626,533 and $5,894,127, respectively, in order to enable these provinces to raise monies required for the payment of obligations due in New York. Also in the month of June last, two guarantees were given in connection with the production of 30,000 tons of steel rails by the Algoma Steel Corporation and 50,000 tons of steel rails by the Dominion Steel and Coal Corporation, both orders being for the Canadian National Railways. The guarantee of the dominion is limited to $660,000 in the case of the Algoma order and $1,100,000 in the Dominion Steel and Coal order. The amount of the guarantee represents approximately one-half of the amount involved in the purchase and is related to that portion of the cost represented by wages and materials that had to be bought. The government also undertook to pay interest at 5 per cent on the amount of the guaranteed advances until the rails are delivered.

For the purpose of enabling the Canadian Pacific Railway Company to meet capital obligations and indebtedness, payable partly in Canada and partly in the United States, the dominion guaranteed advances and interest thereon to the amount of $60,000,000 obtained by the company from Canadian chartered banks. In view of existing conditions, the company found itself unable to make a public issue of securities in the markets in which such financing would ordinarily have been done. The bank loans are secured by $100,000,000 par value of Canadian Pacific Railway Company 4 per cent perpetual consolidated debenture stock.

Reference has been made in the previous budgets to the assistance given by way of guarantee to western wheat marketing agencies. It may be observed that in connection with the marketing of the 1931 and 1932 crops, the advances which were obtained by the pools in Manitoba, Saskatchewan and Alberta, under guarantee of the dominion, were repaid and no liability was incurred by the government. In 1933, the marketing agencies were able to finance their operations without government assistance. An order in council passed in April last under the Relief Act, 1933, continued the guarantee given to Canadian Cooperative Wheat Producers Limited, in respect of advances obtained for the marketing of the 1930 crop and the purchase of grain contracts made and to be made in order to secure the advantageous sale of wheat under their control. In so far as the latter guarantee is concerned, it will all depend, as stated before, upon the world wheat situation and the course of wheat prices as to whether there will be any ultimate loss to the dominion treasury as a result of this guarantee. It is fairly generally recognized, however, that the assistance which has been given in this direction has been of material advantage to wheat producers in particular and to the country as a whole, as otherwise the selling pressure at certain periods of the year, without some stabilizing influence in the market, would undoubtedly have resulted in harmful and depressing fluctuations in grain prices.

The guarantee authorized in 1932 in respect of bank advances of $15,538,500 to the Beauharnois Light, Heat and Power Company, was amended slightly to accord with the reorganization of the capital structure of this company. Recently a public issue was made of a portion of the first mortgage bonds securing the guaranteed bank advances, and as a result the amount of the guaranteed advances outstanding will be reduced by about one-half.

The guarantees given under the relief acts, as at March 31, 1934, amounted to $93,296,000, apart from those relating to wheat which are not for a stated sum and fluctuate from day to day. The list is as follows:

Guarantees under Relief Acts

	Principal amount of guarantee outstanding March 31, 1934
Province of British Columbia..	$ 626,533
Province of Manitoba..	5,894,127
Province of Manitoba Savings Office..	10,844,853
Algoma Steel Corporation.. ..	660,000
Dominion Steel and Coal Corporation..	540,000
Canadian Pacific Railway Company..	60,000,000
Beauharnois Light, Heat & Power Company..	14,105,558
Government of Newfoundland.. .	625,000
Canadian Co-operative Wheat Producers Ltd..	Unstated

The statement of bond issues guaranteed by the dominion government, outstanding at March 31, 1934, follows:

Bonds Guaranteed by Dominion Government as at March 31, 1934

Date of Maturity	Issue	Interest Rate	Amount Outstanding
		%	
Sept. 1, 1934	Can. Northern	4	$ 17,060,333 33
Feb. 15, 1935	Can. Northern	4½	17,000,000 00
Sept. 1, 1936	Grand Trunk	6	24,220,000 00
Oct. 1, 1940	Grand Trunk	7	23,740,000 00
Dec. 1, 1940	Can. Northern	7	23,779,000 00
July 1, 1946	Can. Northern	6½	24,238,000 00
April 1, 1948	New Westminster Harbour Comm.	4¾	700,000 00
Sept. 1, 1951	Canadian National	4½	50,000,000 00
Aug. 1, 1952	Saint John Harbour Comm.	5	667,953 04
July 10, 1953	Can. Northern	3	9,359,996 72
Feb. 1, 1954	Can. National	5	50,000,000 00
Sept. 15, 1954	Can. National	4½	26,000,000 00
Mar. 1, 1955	Can. National (West Indies) Steamships.	5	9,400,000 00
June 15, 1955	Can. National	4¾	50,000,000 00
Feb. 1, 1956	Can. National	4½	70,000,000 00
July 1, 1957	Can. National	4½	65,000,000 00
July 20, 1958	Can. Northern	3½	7,896,557 31
May 4, 1960	Can. Northern Alberta	3½	3,149,998 66
May 19, 1961	Can. Northern Ontario	3½	34,229,996 87
Jan. 1, 1962	Grand Trunk Pacific	3	34,992,000 00
Jan. 1, 1962	Grand Trunk Pacific	4	8,440,848 00
Dec. 1, 1968	Can. National	4½	35,000,000 00
July 1, 1969	Can. National	5	60,000,000 00
Oct. 1, 1969	Can. National	5	60,000,000 00
Nov. 1, 1969	Harbour Comm. of Montreal	5	19,000,000 00
Feb. 1, 1970	Can. National	5	18,000,000 00
By tenders or drawings	Can. National	2	27,178,703 00
Various dates 1934-54	City of St. John Debs. assumed by St. John Harbour Comm'rs	Various	1,266,018 80
Serial–Feb. 1 and Aug. 1, 1934-38	Can. National Equip. G	5	6,750,000 00
Perpetual	Grand Trunk Guaranteed Stock	4	60,833,333 33
"	Grand Trunk Debenture Stock	5	20,782,491 67
"	Great Western Debenture Stock	5	13,252,322 67
"	Grand Trunk Debenture Stock	4	119,839,014 33
"	North. Ry. of Canada Deb. Stock	4	1,499,979 67
			$993,276,547 40

Completing the statistical presentation of the assets and liabilities as at March 31, 1934, the affairs of the dominion, a statement of follows:

Liabilities, March 31, 1934 (Estimated)

Dominion notes outstanding		$172,400,000
Bank circulation redemption fund		6,486,000
Insurance and superannuation funds—		
Government annuities	$ 34,660,000	
Insurance fund, civil service	8,440,000	
Insurance fund, returned soldiers	12,313,000	
Retirement fund	7,528,000	
Superannuation funds	46,335,000	
		109,276,000
Trust funds—		
Indian funds	13,631,000	
Common school funds	2,675,000	
Contractors' securities deposits	118,000	
Other trust funds	2,180,000	
		18,604,000
Contingent and special funds		3,105,000
Post Office money orders, postal notes, etc., outstanding		4,280,000
Province accounts		9,623,000
Post Office savings bank deposits		23,300,000
Funded debt—		
Unmatured	2,789,152,000	
Matured but not presented for payment	2,500,000	
		2,791,652,000
Interest coupons matured but not presented for payment		1,745,000
		$3,140,471,000

Assets, March 31, 1934 (Estimated)

Active Assets—		
Cash, working capital advances and other current assets.. ..		$ 14,263,000
Specie reserve..		71,509,000
Advances to banks under Finance Act..		40,144,000
Loans to provinces—		
Housing..	$ 10,169,000	
Relief Acts..	50,740,000	
		60,909,000
Loans to foreign governments—		
Greece..	6,525,000	
Roumania..	23,969,000	
		30,494,000
Loans to harbour commissioners—		
Montreal..	58,422,000	
Vancouver..	22,625,000	
New Westminster..	275,000	
		81,322,000
Canadian National Railways..		17,305,000
Canadian Farm Loan Board..		8,503,000
Soldier and general land settlement..		45,402,000
Seed grain and relief advances..		2,393,000
Canadian government railways open and stores accounts ..		15,749,000
Deferred debits—		
Unamortized discount and commission on loans..		20,782,000
		$408,775,000
Net debt March 31, 1934 (estimated)..		2,731,696,000
Represented by—		
Non-active Assets, March 31, 1934 (estimated)—		
Capital expenditures—		
Public works, Canals..	$ 242,092,000	
Railways..	444,314,000	
Public buildings, harbour and river improvements..	251,061,000	
Military property and stores..	12,035,000	
Territorial accounts..	9,896,000	
		959,398,000
Loans, non-active—		
Canadian National Railways..		655,527,000
Railway accounts (old)..		88,399,000
Canadian National Steamships..		15,353,000
Harbour commissioners—		
Quebec..	$ 26,257,000	
Chicoutimi..	3,282,000	
Halifax..	8,768,000	
Saint John..	12,748,000	
Three Rivers..	2,694,000	
Montreal south shore bridge..	1,588,000	
		55,337,000
Seed grain and relief advances..		675,000
Soldier and general land settlement..		16,514,000
Miscellaneous advances..		3,527,000
Consolidated fund—		
Balance, consolidated fund, brought forward from March 31, 1933..	811,417,000	
Excess of expenditure over revenue, fiscal year ended March 31, 1934 (estimated)..	125,549,000	
		936,966,000
		$2,731,696,000

Ways and Means, 1934-35

With higher prices and expanding volume of business, the outlook for the revenues in the current fiscal year is distinctly favourable. A substantially increased income over the past year is assured even with only a maintenance of the gains already made and there are indications that the upward movement is being continued. The collections in the first two weeks of April have been most reassuring. As the ordinary expenses of government have been kept closely to the amount disbursed last year, and as there is ground for expecting a substantial reduction in the requirements for unemployment relief and railway deficits, it seems reasonably clear that we can anticipate a greatly improved budget position without adding to the existing rates of taxation. The taxation proposals therefore are not extensive.

Income Tax

No changes will be made in the schedules of income tax rates and exemptions. The five per cent tax on interest and dividends will be retained for another year. The Income War Tax Act, however, will be subject to a number of minor amendments, designed primarily to remove existing inequalities in its application.

Sales Tax

There are a few, but very few, alterations proposed in the various taxes at present levied under the Special War Revenue Act. I shall now enumerate these, commenting very briefly where any particular item calls for explanation.

It is not proposed to make any change in the rate of sales tax nor to alter materially the existing schedule of exemptions from this tax. There will be transferred to the exempt list bakers' cake and pies, certain sugar bush equipment, and milk albumen used exclusively in the production of animal or poultry feed. Otherwise the sales tax will remain unaltered.

Excise Taxes

With respect to excise taxes (apart from the changes to be mentioned in connection with beer and some of its ingredients which are in future to be dealt with under the Excise Act), the following changes are to be made. The present tax on sugar will be reduced to one cent a pound. Glucose and grape sugar, except when used in the manufacture of leather and artificial silk, will in future bear the rate of one-half cent a pound. These changes in the tax on sugar will become effective as of July first. On sparkling wines the tax will be reduced to seventy-five cents a gallon. The tax on cigarette tubes imported into or manufactured in Canada will be reduced from four to three cents a hundred tubes.

With respect to all imports under the British preferential tariff, the special excise tax will be reduced by one half, that is from three to one and one-half per cent. The reduction will also apply to certain commodities which under empire agreements enter Canada at lower rates of duty than those obtaining under the British preference.

The stamp tax on postal notes issued in the amount of $1 and under is to be reduced to one cent.

Tax on Gold

To replace the revenue lost by the reduction in the tax on sugar, it is proposed to levy a tax of ten per cent on gold. In this connection one must keep in mind the fact that since our abandonment of the gold standard, the price of gold in Canadian currency has risen from $20.67 an ounce to approximately $35. This is an increase in the selling price of the product of our gold mines of about seventy per cent. Furthermore, the extraordinary increase in the profits which accordingly accrue to gold producers finds its origin in circumstances entirely external to this particular industry. That is to say, the reason for this increase in price is to be found in the chaotic conditions of world currencies, the depreciation of our dollar in the foreign exchanges and the devaluation of gold by certain countries.

The proposed ten per cent tax will be deducted from the proceeds of all gold deposited at the Mint for sale. On such gold as is unacceptable for treatment at the Mint and is exported, the tax shall be collected under regulations to be made by the governor in council. In order that the tax shall not apply when the conditions giving rise to these fortuitous gains accruing to gold producers have to a degree disappeared, it is provided that the tax shall not operate to reduce the amount paid for gold below $30 an ounce in Canadian currency. In view of the tax the present handling charge incidental to the disposal and sale of the gold will be discontinued.

In announcing this tax, it is perhaps expedient that I suggest in advance a partial view of the circumstances which I believe make this form of tax more desirable than any alternative form which suggests itself, such as, for example, an excess profits tax on gold producers. This aspect of the matter has received the most careful consideration and we are convinced that whilst a tax designed to reach excess profits has certain advantages, the form of the tax as proposed is, on balance, best adapted to meet our particular situation.

For example, you are aware that many of our mines in Canada in the process of producing gold, produce other metals as well, and that in some other mines where base metals are the major products, considerable gold is recovered in the process. The difficulty which would arise in such cases in the levying of an excess profits tax would be that of determining for taxation purposes the profits due to the increase in the price of gold. The proposed tax avoids this difficulty. It may also be emphasized that the tax will be extremely simple in administration and can be collected with a minimum of cost. An excess profits tax, on the other hand, would necessarily be more complex and would involve additional expense and administrative machinery. Furthermore, the present tax will immediately return substantial revenue, while a tax on profits, unless made retroactive, would not provide additional revenue for the current year.

Against the contention that the proposed tax will injure the gold mining industry, it can be asserted that little if any of our production is obtained at present on such a narrow margin of profit as to be vitally affected by the proposed tax. Also, there is reason to believe that many of the recently discovered bodies of ore are such that profits would be realized even if the price of gold were at the usual $20.67 level, the price under which, I may point out, we attained the position of second largest gold producing country in the world.

Finally, it is believed there can be no legitimate objection to a tax which will operate merely to establish a market price for gold of approximately $31.50 an ounce fine under present conditions, especially when it is remembered that the average price received by our gold producers during the last calendar year was only $28.72 an ounce. This was a year, as you are aware, of great prosperity in the industry and of intense activity in the exploration and development of gold mining properties.

Excise Duties

The principal change in connection with excise duties is a consolidation of the existing duty of three cents a pound on malt and the gallonage tax of twelve and one-half cents on beer now levied under the Special War Revenue Act, into a single excise duty of seven and one-half cents a pound on malt.

While this change will result in a slight reduction in the rate of taxation to which beer is directly or indirectly subject, if calculated on a gallonage basis, it is believed that the total revenue forthcoming will at least equal that currently obtained from malt and beer. The new method of administration will assure not only more economical but also more certain collection of the tax. Furthermore, since the duty is to be levied on the malt alone, the time of payment will be advanced and the revenue secured before the malt goes into production.

In accordance with the above-mentioned change the existing duty on beer or fermented beverages made from substances other than malt has been increased by the appropriate amount and the excise tax on beer imported becomes an excise duty. The existing tax of twenty cents a pound on malt syrup is to be reduced to seventeen cents to allow for the increase in the duty on the malt used in its production and will be levied as an excise duty. In view of the increase in the duty on malt the existing tax on sweet wort is to be repealed. These changes in excise duties become effective July 1.

Customs Tariff

Amendments to the Customs Tariff are relatively few in number, but not without interest, and are summarized as follows:

Reduction under all tariffs	24
Reductions under British preferential tariff only	15
Reductions under intermediate and general tariffs only	13
Increases under intermediate and/or general tariffs	2
Increases under all tariffs	1
Clarification of wording	17
	72

Items of major commercial importance on which reductions are confined to the British preferential tariff include jute yarns, wide steel plate, salt cake, crude oil not in its natural state, impregnated canvas and spun yarns of artificial silk.

Numerous chemical commodities are returned to the free list, the more important of these being gum amber, aluminum leaf, flotation reagents, ingredients of synthetic resins and synthetic kryolite.

The solitary instance of upward revision under all tariffs is that of jute twines, the proposed rates being the result of an inquiry by the tariff board.

Duties are imposed, under the intermediate and general tariffs, on crude peanut oil and are increased on certain ferro-alloys. The former action provides an empire preference contemplated by the imperial economic conference but not hitherto made effective; the latter is intended to protect an important Canadian key industry, the only one of its kind in the dominion, against the questionable commercial practices of certain European producers.

The drawback of duty hitherto granted on imported bituminous coal, used in the production of coke in by-product recovery coke ovens, has been widened in terms to cover coke "produced by any method," with the amount of drawback for the entire item reduced from ninety-nine to fifty per cent.

Tariff Board

Since its inception in the early part of last summer, the tariff board, under Part I of The Tariff Board Act, has reported to Parliament upon eleven references made to it by the Minister of Finance. The subject matter of these reports is as follows: salt cake, impregnated canvas, jewellery findings, glass bases for imitation pearls, firearms and parts, button blanks, sailcloth of Egyptian cotton, jute yarns and twines, collodion bronze powders and telegage liquid. As respects all but the three last named, the Board's reports are directly reflected in several of the tariff proposals being announced today. These reports will be tabled forthwith. In addition, the tariff board has prepared an interim report on the wool reference, which arose out of an application by the British producers of woollen goods. The latter report will be tabled shortly.

Following representations by His Majesty's government in the United Kingdom, this government contemplates action by order in council whereby the British content requirement shall be reduced from one-half to one-quarter, in respect of a wide range of chemicals, drugs, and chemical commodities.

Revenues 1934-35

It is estimated that the total revenue for the current fiscal year, after giving effect to the changes which have been enumerated, will amount to $360,000,000, made up as follows:

Taxation revenue:	
Customs duties..	$ 78,000,000
Excise duties..	40,000,000
Income tax..	61,000,000
Sales tax..	72,000,000
Manufacturers', stamp, importation and other special taxes..	55,000,000
	$306,000,000
Non-tax revenue:	
Post office..	$ 32,000,000
Interest on investments..	11,300,000
Other sources..	10,700,000
	$ 54,000,000
Total..	$360,000,000

The ordinary expenditures for 1934-35 are estimated at $351,200,000. The anticipated revenue, therefore, will provide fully for these expenditures and leave a surplus of $8,800,000 to apply on capital and extraordinary expenditures.

While the demands upon the treasury have not permitted any general lowering of the rate of taxation, it is felt that the reductions, remissions and adjustments already outlined will have the effect of easing the burden in those cases where it has borne most heavily, and that the single increase in taxation will not result in undue, if any, hardship.

Thoughtful observers have with one voice expressed the opinion that the process of recovery from this unprecedentedly severe and prolonged depression would be gradual. Indeed, it may be fairly asserted that too rapid recovery would present the danger of an unhealthy reaction, and that we would be far better off in the long run if improving conditions should conform to the truth of the old adage, "slow, but sure."

At the same time, while the improvement has been gradual, it has not only been sustained but has progressively increased. This is evidenced by the splendid increases in both imports and exports for the month of March, which show a proportionate advance in volume of trade hitherto unprecedented.

It is generally recognized that this depression and its blighting effects have been world wide. This fact of itself has had the tendency to produce a "depression psychology," followed by what might be termed a "depression weariness." The result is that we do not so readily recognize and properly appraise the incontrovertible evidences of reviving activity which have made their appearance.

These signs of improvements are so marked as to indicate beyond question that we are on the road to recovery. May we with renewed hope, fresh courage and firm step press on towards the goal of better and happier days which lie not far ahead.

Resolutions.

Mr. Speaker, I beg to give notice that when we are in committee of Ways and Means I will move the following resolutions:

Income War Tax Act

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

1. That income shall include rents, royalties, reservations and other like considerations which fluctuate according to the production from or the use of the property leased or sold.
2. That companies exempt from taxation under section four, paragraph (k) of the act shall not be exempt if they fail to file, without reasonable cause therefor, within four months from the close of their fiscal period an annual return on the form prescribed, and at the same time pay a filing fee of one hundred dollars.
3. That the exemption of $1,000 heretofore afforded a trustee accumulating income in trust for the benefit of unascertained persons or of persons with contingent interests shall be abolished.
4. That interest, dividends, rents, royalties, annuities and other periodical payments received by executors and administrators of a deceased person shall be apportioned as if accruing from day to day and that portion accrued to the date of death shall be taxed as income of the deceased.
5. That the amounts paid by an estate or trust for the upkeep, maintenance and taxes of any property which under the terms of the

will or trust in question are required to be maintained for the use of life beneficiaries shall be taxable as income of such beneficiaries.

6. That where any of the shares of a personal corporation are held by a non-resident shareholder, the company shall be taxable at the corporate rates of tax on such shareholder's proportionate interest in the income of the personal corporation.

7. That income from assets transferred directly or indirectly by a taxpayer to minors shall continue to be taxed as the income of the taxpayer transferring the assets.

8. That any enactment founded on this resolution shall be deemed to have come into force at the commencement of the 1933 taxation period and to be applicable thereto and to the fiscal periods ending therein, and to all subsequent periods.

Special War Revenue Act

Resolved, That it is expedient to introduce a measure to amend The Special War Revenue Act, chapter one hundred and seventy-nine of the revised statutes of 1927, and amendments thereto, and to provide as follows:

1. That the excise tax imposed by section eighty and schedule II of the said act on the following items be repealed, namely:

Ale, beer, porter and stout;

Unfermented wort (sweet wort) suitable for the brewing of beer, (as imposed by section twenty-seven of chapter fifty of the statutes of 1932-33);

Malt syrup, or malt syrup powder, extracts of malt, fluid or not, or any other malt product suitable for the brewing of beer, (as imposed by said section twenty-seven).

(To be replaced by excise duties).

2. That said Schedule II, as enacted by section twenty-seven of chapter fifty of the statutes of 1932-33, be further amended by striking thereout items (i) and (ii) and substituting the following:

(i) Materials enumerated in customs tariff items 134, 135, 135 (a), 135 (b), 139 (except glucose and grape sugar) 140 (except molasses); invert sugar and syrup, 1c. per pound;

(ii) Glucose and grape sugar (except when for use exclusively in the manufacture of leather and artificial silk), ½c. per pound.

3. That schedule III to the said Act, being the list of articles exempted from the consumption or sales tax, as enacted by section twenty-eight of chapter fifty of the statutes of 1932-33, be amended as follows:

(a) by deleting the words "when produced by any one manufacturer or producer to the value of not more than three thousand dollars in any one calendar year" where they appear after the words "bakers' cake and pies" at the end of the second paragraph of said schedule and by substituting the words "not to include biscuits, cookies or other similar articles";

(b) by adding to the said schedule the following:

Sap spouts and sap buckets, evaporators and complete parts therefor, when for use exclusively in the production of maple syrup;

Milk albumen, when for use exclusively in the production of animal or poultry feeds.

4. That schedule V to the said act, as enacted by section thirty of chapter fifty of the statutes of 1932-33, containing list of exemptions from special excise tax imposed by section eighty-eight of the said act, as enacted by section twelve of chapter fifty-four of the statutes of 1932, be amended by adding thereto the following:

"Articles enumerated in customs tariff item 352 (a)".

5. That subsection one of section seventy of the said act, as enacted by section ten of chapter fifty of the statutes of 1932-33, be repealed and the following substituted therefor:

70. (1) No postal note shall be issued under the provisions of The Post Office Act unless there is affixed thereto a postage stamp of the value of:

(i) one cent if the amount of money for which the postal note is issued is not more than one dollar;

(ii) three cents if the amount of money for which the postal note is issued exceeds one dollar;

to be paid for by the purchaser of the note.

6. That subsection two of section seventy-seven A, as enacted by section twelve of chapter fifty of the statutes of 1932-33, be repealed and the following substituted therefor:

77A. (2) Except as hereinafter provided, every manufacturer and every importer of cigarette paper tubes shall affix to every package of cigarette paper tubes manufactured by him or imported by him into Canada, an excise stamp of the value of three cents for each one hundred cigarette paper tubes or fraction of one hundred cigarette paper tubes contained in such package.

7. That subsection one of section eighty-three of the said act be amended by repealing paragraph (b) and substituting the following:

(b) a tax of seventy-five cents per gallon on champagne and all other sparkling wines.

8. That section eighty-eight of the said act, as enacted by section twelve of chapter fifty-four of the statutes of 1932, be amended by adding thereto the following proviso:

Provided, further, that the said tax be at the rate of one and one-half per cent on all goods imported into Canada entitled to the benefit of the British preferential tariff or any lower tariff.

9. That there shall be imposed, levied and collected a tax of ten per centum on the value of gold deposited for sale at the Royal Canadian Mint, such value to be an amount calculated under regulations to be made by the governor in council on the basis of the sale price of gold in the world market converted into Canadian currency at the prevailing rates of exchange, the amount of the tax to be deducted from the value so determined before final settlement is made by the Mint with the depositor.

10. That it shall be unlawful for any producer of gold from natural deposits in Canada to dispose of the same in quantities exceeding five ounces fine in any one week except by depositing it with the Royal Canadian Mint or the Dominion of Canada Assay Office, Vancouver, if such gold is in a form acceptable under the regulations for the receipt of gold

bullion at the Royal Canadian Mint and that penalties be provided for violation of this provision.

11. That no charges, except the charges imposed by the regulations for the receipt of gold bullion at the Royal Canadian Mint, shall be made by the Mint in respect of any gold subject to the said tax.

12. That all gold exported in the form of ore, concentrates, or base bullion and all gold in manufacturers' sweeps so exported shall be subject to a like tax, under regulations to be made by the governor in council.

13. That the said tax shall not operate so as to reduce the amount payable to the depositor or exporter below thirty dollars per ounce fine in currency of Canada.

14. That any enactment founded on paragraphs one and two of this resolution shall come into force on the first day of July, one thousand nine hundred and thirty-four.

15. That any enactment founded on paragraphs three, four and five of this resolution shall be deemed to have come into force on the nineteenth day of April, one thousand nine hundred and thirty-four.

16. That any enactment founded on paragraphs six, seven and eight of this resolution shall be deemed to have come into force on the nineteenth day of April, one thousand nine hundred and thirty-four, and to have applied to all goods mentioned therein imported or taken out of warehouse for consumption on and after that day, and to have applied to goods previously imported for consumption for which no entry for consumption was made before that day.

17. That any enactment founded on paragraphs nine to thirteen, inclusive, of this resolution shall be deemed to have come into force on the nineteenth day of April, one thousand nine hundred and thirty-four.

EXCISE ACT

Resolved, That it is expedient to introduce a measure to amend the Excise Act, being chapter sixty of the revised statutes of Canada, 1927, and amendments thereto, and to provide:

1. That the excise duty on malt be increased as follows:

(a) On screened malt (malt from which the coomings have been removed), manufactured in Canada subject to excise regulations with respect to absorption of moisture in warehouse, from three cents per pound to seven and one-half cents per pound;

(b) On malt imported into Canada and warehoused, from three cents per pound to seven and one-half cents per pound;

(c) On malt imported into Canada, crushed or ground, from five cents per pound to nine and one-half cents per pound;

thereby consolidating as a single duty of excise the duties of excise now imposed upon malt used in the brewing of beer and the gallonage tax imposed under the Special War Revenue Act at the rate of twelve and one-half cents per gallon upon the beer itself, the said gallonage tax to be repealed by an amendment to the Special War Revenue Act.

All duty-paid malt on hand in any premises subject to excise on the day this act comes into force to be subject to the difference between the rate already paid and that hereby imposed.

2. (a) That the existing duty imposed on beer or any fermented beverage made in imitation thereof, brewed in whole or in part from any other substance than malt, be increased from fifteen cents per gallon to twenty-five cents per gallon, thereby maintaining the differential rate of duty between beer brewed by the use of malt and beer brewed by the use of other substances and combining with the said excise duty the gallonage tax imposed upon such liquor under the Special War Revenue Act.

(b) That an excise duty be imposed on all beer imported into Canada and taken out of bond for consumption at the rate of twelve and one-half cents per gallon, to replace the excise tax imposed at the same rate under the Special War Revenue Act.

(c) That an excise duty be levied upon all beer brewed from duty-paid malt in storage at the time of the coming into force of this Act at the rate of ten cents per gallon.

3. That an excise duty be levied upon all unfermented wort (sweet wort) suitable for the brewing of beer in storage and unsold at the coming into force of this act, at the rate of ten cents per gallon, thereby equalizing the duty to be levied upon such sweet wort with the duty to be levied upon the malt entering into the production of sweet wort produced after the coming into force of the increased duty on malt hereby proposed; the tax imposed upon such wort under the Special War Revenue Act to be repealed.

4. That excise duties be levied on all malt syrup suitable for the brewing of beer at the following rates:

(a) When manufactured or produced in Canada prior to the coming into force of this act, per pound twenty cents;

(b) When manufactured or produced in Canada after the coming into force of this act, per pound seventeen cents;

(c) When imported into Canada or taken out of warehouse after the coming into force of this act, per pound twenty cents;

the above duties to replace the existing tax imposed by the Special War Revenue Act at the rate of twenty cents per pound, the reduction under (b) being to compensate for the increased duty on malt which enters into the production of such syrup.

5. That any enactment founded on this resolution shall come into force on the first day of July, one thousand nine hundred and thirty-four.

RESOLUTIONS TO AMEND THE CUSTOMS TARIFF

1. Resolved, That the Customs Tariff, being chapter forty-four of the revised statutes of Canada, 1927, as amended by chapter thirty-nine of the Acts of 1929, chapter thirteen of the Acts of 1930 (first session), chapter three of the Acts of 1930 (second session), chapter thirty of the Acts of 1931, and chapters six and thirty-seven of the Acts of 1932-33, be further amended by striking thereout paragraph (j) of subsection (1) of section 2 thereof and by substituting therefor the following:

(j) "Proof", "proof spirit" or "proof spirits", means any spirit having the strength of proof by Sikes' hydrometer, that is, spirit which at the temperature of fifty-one degrees Fahrenheit weighs exactly twelve-thirteenths of the weight of an equal measure of distilled water at the same temperature.

2. Resolved, That the aforesaid customs tariff be further amended by adding to section 5 thereof the following subsection:

(5) In computing the ad valorem rate of duty on tea purchased in bond in the United Kingdom, the value for duty shall not include the amount of the customs duty payable on tea for consumption in the United Kingdom.

3. Resolved, That 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, chapter thirty-nine of the Acts of 1929, chapter thirteen of the Acts of 1930 (first session), chapter three of the Acts of 1930 (second session), chapter thirty of the Acts of 1931, chapter forty-one of the Acts of 1932, and chapters six and thirty-seven of the Acts of 1932-33, be further amended by striking thereout tariff items 99e, 180, 187, 203b, 207, 208e, 208g, 208u, 210d, 210e, 219 (ii), 242, 254, 267b, 278b, 278d, 294, 334, 339a, 353, 353a, 370, 375, 380, 392a, 409e (ii), 410d, 412, 414b, 445j, 471a, 472, 475, 511, 537, 537a, 551c, 651, 651a, 685, 709, 733, 811, 815, the several enumerations of goods respectively and the several rates of duties of customs, if any, set opposite each of the said items, and by inserting the following items, enumerations and rates of duty in said schedule A:

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates B.P. Tariff	Present Rates Int. Tariff	Present Rates Gen. Tariff
99e	Dates, n.o.p. .... per pound When in packages weighing two pounds each, or less, the weight of such packages to be included in the weight for duty.	1 ct.	1¾ cts.	2½ cts.	1 ct.	1¾ cts.	2½ cts.
117	Halibut livers, fresh	Free	Free	Free	15 p.c.	20 p.c.	25 p.c.
180	Photographs, chromos, chromotypes, artotypes, oleographs, paintings, drawings, pictures, decalcomania transfers of all kinds, n.o.p., engravings or prints or proofs therefrom, and similar works of art, n.o.p.; blue-prints, building plans, maps, and charts, n.o.p.	15 p.c.	22½ p.c.	22½ p.c.	15 p.c.	22½ p.c.	22½ p.c.
180c	Decalcomania transfers, when imported for use exclusively in the manufacture of tableware of china, porcelain or semi-porcelain	Free	10 p.c.	12½ p.c.	15 p.c.	22½ p.c.	22½ p.c.
187	Albumenized and other papers and films chemically prepared for photographers' use, n.o.p.	15 p.c.	25 p.c.	30 p.c.	15 p.c.	25 p.c.	30 p.c.
187a	Hypersensitive or supersensitive panchromatic films, unexposed, for aerial photography	Free	10 p.c.	15 p.c.	15 p.c.	25 p.c.	30 p.c.
203b	Aniline and coal tar dyes, adapted for dyeing, in bulk, or in packages of not less than one pound weight.	Free	10 p.c.	10 p.c.	Free	10 p.c.	10 p.c.
	Provided, that when such dyes are permitted entry into the United Kingdom, by licence, under Section (2) of the Dye-Stuffs Act (1920) the rates of duty shall be	Free	Free	Free	Free	Free	Free
207	Dried blood, n.o.p.	5 p.c.	7½ p.c.	10 p.c.	5 p.c.	7½ p.c.	10 p.c.
207b	Dried blood, soluble	Free	Free	Free	5 p.c.	7½ p.c.	10 p.c.
208e	Cresylic acid and compounds of cresylic acid, used in the process of concentrating ores, metals or minerals, n.o.p.	Free	15 p.c.	15 p.c.	Free	15 p.c.	15 p.c.
208g	Calcium molybdate, when imported for use exclusively in the manufacture of steel, under regulations prescribed by the Minister	Free	Free	5 p.c.	Free 15 p.c.	Free 25 p.c.	5 p.c. 25 p.c.
208u	Xanthates and sulpho-thio-phosphoric (dithio-phosphoric) compounds, for use in the process of concentrating ores, metals or minerals	Free	Free	Free	Free Free	Free 15 p.c.	Free 15 p.c.
208v	Butyl alcohol, until October 15, 1934	Free	Free	Free	Free	25 p.c.	25 p.c.
208w	Theobromine, crude, and dimethyl sulphate	Free	Free	Free	Free	25 p.c.	25 p.c.
210d	Sodium, sulphate of, crude, or salt cake, per pound	1/5 ct.	3/5 ct.	3/5 ct.	½ ct.	3/5 ct.	3/5 ct.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates: B.P. Tariff	Present Rates: Int. Tariff	Present Rates: Gen. Tariff
210e	Nitrate of soda or cubic nitre when imported for use as a fertilizer, for use in the curing or pickling of meats or for use in the manufacture of vitreous glazes and enamel frits, or when imported by manufacturers of explosives for use exclusively in the manufacture of explosives, in their own factories..	Free	Free	Free	Free Free	Free 15 p.c.	Free 20 p.c.
216d	Phthalic anhydride, adipic, abietic, maleic and succinic acids and ethylene glycol, when imported by manufacturers of synthetic resins, for use exclusively in the manufacture of synthetic resins, in their own factories....................................	Free	Free	Free	Free	25 p.c.	25 p.c.
219	(ii) Solutions of hydrogen peroxide containing twenty-five per centum or more by weight of hydrogen peroxide....................................	Free	22½ p.c.	25 p.c.	Free	22½ p.c.	25 p.c.
219e	Mixtures containing cyanides, for use in combating destructive insects and pests......................	Free	Free	Free	Free	15 p.c.	15 p.c.
242	Dry red lead, orange mineral and titanium oxide; zinc oxides such as zinc white and lithopone........	Free	15 p.c.	15 p.c.	Free 15 p.c.	15 p.c. 20 p.c.	15 p.c. 22½ p.c.
246b	Stains and oxides, valued at not less than 20 cents per pound, and liquid gold, for use exclusively as colouring constituents in the manufacture of vitreous enamels and pottery glazes.......................	Free	20 p.c.	22½ p.c.	15 p.c. 15 p.c.	20 p.c. 22½ p.c.	22½ p.c. 25 p.c.
254	Gums, viz:—Arabic, Australian, copal, damar, elemi, kaurie, mastic, sandarac, Senegal, tragacanth, gedda, and barberry; gum chicle or sappato gum, crude; lac, crude, seed, button, stick and shell; ambergris; Pontianac............................	Free	15 p.c.	15 p.c.	Free	15 p.c.	15 p.c.
254a	Gum, amber..	Free	Free	Free	Free	15 p.c.	15 p.c.
267b	Crude petroleum not in its natural state, ·7250 specific gravity or heavier at 60 degrees temperature, when imported by oil refiners to be refined in their own factories..............................per gallon	Free	1½ cts.	1½ cts.	½ ct.	1½ cts.	1½ cts.
278b	Crude peanut oil, for refining for edible purposes, used as materials in Canadian manufactures............	Free	10 p.c.	10 p.c.	Free	Free	Free
278d	Olive oil for manufacturing soap or tobacco or for canning fish; olive oil for use in the processing of textile fibres, including the finishing of fabrics.....	Free	Free	Free	Free Free	Free 20 p.c.	Free 20 p.c.
294	Gypsum, ground, not calcined......................	10 p.c.	12½ p.c.	15 p.c.	10 p.c.	12½ p.c.	15 p.c.

326c	Concave blanks of uncoloured clear glass, when imported by manufacturers to be used exclusively in the manufacture of silvered mirror reflectors for lighting systems........	Free	10 p.c.	10 p.c.	15 p.c.	20 p.c.	22½ p.c.
326d	Beads, drops or other shapes of glass, when imported by manufacturers of imitation pearls, for use exclusively in the manufacture of such articles in their own factories........	Free	Free	Free	15 p.c.	20 p.c.	22½ p.c.
334	Kryolite or cryolite........	Free	Free	Free	Free	Free	Free
					Free	25 p.c.	25 p.c.
339a	Lead capsules for bottles........	Free	27½ p.c.	30 p.c.	10 p.c.	27½ p.c.	30 p.c.
353	Aluminum and alloys thereof, crude or semi-fabricated, viz.: Pigs, ingots, blocks, notch bars, slabs, billets and blooms; bars, rods and wire; angles, channels, beams, tees and other rolled or drawn sections and shapes; pipes and tubes; plates, sheets and strips, including circles; leaf, n.o.p., or foil, less than ·005 inch in thickness, plain or embossed, with or without backing; wire and cable, twisted or stranded, reinforced with steel or not; aluminum powder........	Free	30 p.c.	30 p.c.	Free	30 p.c.	30 p.c.
353a	Aluminum leaf, less than ·005 millimetres in thickness; aluminum scrap........	Free	Free	Free	Free	Free	Free
	Provided, that nothing shall be deemed to be aluminum scrap except waste or refuse aluminum, fit only to be remelted.				Free	30 p.c.	30 p.c.
362a	Metal parts, electro-plated, for loose-leaf binders....	20 p.c.	37½ p.c.	45 p.c.	30 p.c.	37½ p.c.	45 p.c.
365a	Findings of metal, not plated or coated, including stampings, trimmings, spring-rings, bolt-rings, clasps, snaps, swivels, vest chain bars, joints, catches, pin tongues, buckle tongues, coil pins, clip actions, settings and eyepins, when imported by manufacturers of jewellery or ornaments for the adornment of the person, for use exclusively in the manufacture of such articles, in their own factories	15 p.c.	25 p.c.	30 p.c.	25 p.c.	35 p.c.	40 p.c.
					30 p.c.	37½ p.c.	45 p.c.
365b	Wire or strip, viz.: Gold, gold-filled, silver, silver-filled, brass or nickel silver, knurled, twisted, figured or with ornamental design rolled or drawn thereon, and wire of nickel silver, plain, in coil or otherwise, when imported by manufacturers of jewellery or ornaments for the adornment of the person, for use exclusively in the manufacture of such articles, in their own factories........	Free	20 p.c.	25 p.c.	10 p.c.	30 p.c.	35 p.c.
370	Copper rollers, and stones, used in the printing of textile fabrics or wallpaper........	Free	10 p.c.	10 p.c.	Free	10 p.c.	10 p.c.
					20 p.c.	30 p.c.	35 p.c.
375	Ferro-alloys:—						
	(a) Ferro-manganese, spiegeleisen and other alloys of manganese and iron containing not more than 1 per centum, by weight, of silicon—per pound, or fraction thereof, on the manganese contained therein........	Free	1 ct.	1¼ cts.	Free	Free	Free

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	(*b*) Silico-manganese, silico spiegel and other alloys of manganese and iron containing more than 1 per centum, by weight, of silicon—per pound, or fraction thereof, on the manganese contained therein..............................	Free	1½ cts.	1¾ cts.	Free Free	Free 5 p.c.	Free 5 p.c.
	(*c*) Ferro-silicon, being an alloy of iron and silicon containing 8 per centum or more, by weight, of silicon and less than 60 per centum—per pound, or fraction thereof, on the silicon contained therein..	Free	1½ cts.	1¾ cts.	Free Free	7½ p.c. 10 p.c.	7½ p.c. 10 p.c.
	(*d*) Ferro-silicon, being an alloy of iron and silicon containing 60 per centum or more, by weight, of silicon and less than 90 per centum—per pound, or fraction thereof, on the silicon contained therein................................	Free	2½ cts.	2¾ cts.	Free	10 p.c.	10 p.c.
	(*e*) Ferro-silicon, being an alloy of iron and silicon containing 90 per centum or more, by weight, of silicon—per pound, or fraction thereof, on the silicon contained therein.................	Free	5 cts.	5½ cts.	15 p.c.	25 p.c.	25 p.c.
	(*f*) All alloys used in the manufacture of steel or iron, n.o.p..................................	Free	5 p.c.	5 p.c.	Free	5 p.c.	5 p.c.
380	Plates of iron or steel, hot or cold rolled:—						
	(*a*) Not more than 66 inches in width, n.o.p. ....per ton	$4.25	$8.00	$8.00	$4.25	$8.00	$8.00
	(*b*) More than 66 inches in width, n.o.p..per ton	Free	$6.00	$6.00	Free	$6.00	$6.00
	(*c*) Flanged, dished or curved, n.o.p..........	10 p.c.	25 p.c.	30 p.c.	10 p.c.	25 p.c.	30 p.c.
	Provided, that as regards subsection (*b*) of this tariff item, the provisions of Section 6 of the Customs Tariff Act shall not apply to importations under the British Preferential Tariff.						
392a	Forgings of iron or steel, in any degree of manufacture, hollow, machined or not, not less than 12 inches in internal diameter................................	Free	30 p.c.	30 p.c.	Free 20 p.c. 15 p.c.	30 p.c. 27½ p.c. 27½ p.c.	30 p.c. 30 p.c. 35 p.c.
409e	(ii) Fruit and vegetable grading, washing and wiping machines and combination bagging and weighing machines, and complete parts therefor............	Free	10 p.c.	10 p.c.	Free 15 p.c.	10 p.c. 27½ p.c.	10 p.c. 35 p.c.

410d	Well-drilling machinery and apparatus, and complete parts thereof, of a class or kind not made in Canada, and seamless iron or steel tubing over eight inches in diameter, for use exclusively in drilling for water, natural gas and oil, and in prospecting for minerals, but not to include motive power; packer rubbers for oil and gas wells............................	Free	Free	Free	Free 15 p.c.	Free 25 p.c.	Free 27½ p.c.
410n	(ii) Complete parts for repairs for the coal-cutting machines, n.o.p., enumerated in Tariff item 410n, when imported prior to January 1, 1935, and when for use exclusively in repairing coal-cutting machines imported into Canada prior to January 1, 1933......	Free	Free	Free	Free	10 p.c.	10 p.c.
412	Machinery, being presses for use in the printing of newspapers, of not less value by retail than $1,500 each, of a class or kind not made in Canada, and complete parts thereof, not to include saws, knives and motive power................................	Free	Free	Free	Free Free	Free 10 p.c.	Free 15 p.c.
441f	Metal parts, n.o.p., when imported by manufacturers of shotguns, to be used exclusively in the manufacture of shotguns, in their own factories..........	Free	17½ p.c.	25 p.c.	15 p.c.	27½ p.c.	35 p.c.
445j	Electric dry shaving machines, of a class or kind not made in Canada, for use in removing human hair, and complete parts thereof.......................	Free	10 p.c.	10 p.c.	Free 15 p.c.	10 p.c. 27½ p.c.	10 p.c. 35 p.c.
471a	Pressed steel belt pulleys for power transmission, and finished or unfinished parts thereof, including interchangeable bushings............................	Free	25 p.c.	27½ p.c.	Free 15 p.c.	25 p.c. 27½ p.c.	27½ p.c. 35 p.c.
472	Plates, rolls and cylinders engraved on wood, or on steel or other metal, and transfers taken from same, n.o.p.; engravers' plates, rolls and cylinders of steel or other metal, polished or otherwise processed, for engraving thereon or for transferring thereto from engraved plates...........................	10 p.c.	15 p.c.	20 p.c.	10 p.c. 15 p.c.	15 p.c. 27½ p.c.	20 p.c. 35 p.c.
475	Stereotypes, electrotypes and celluloids of books, and bases and matrices and copper shells for the same, whether composed wholly or in part of metal or celluloid; positive and negative films of periodical publications regularly issued at stated intervals as frequently as, at least, four times a year, not including catalogues..........	Free	Free	Free	Free	Free	Free
494b	Corkwood or corkbark in strips, for use in the manufacture of roller covers for textile machinery......	Free	Free	Free	Free	17½ p.c.	20 p.c.
511	Fishing rods, walking sticks and walking canes, of all kinds; golf clubs and finished parts thereof; skis; racquets and racquet frames and baseball bats; balls of all kinds for use in sports, games or athletics, n.o.p..	20 p.c.	30 p.c.	35 p.c.	20 p.c.	30 p.c.	35 p.c.

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates B.P. Tariff	Present Rates Int. Tariff	Present Rates Gen. Tariff
511a	Cricket bats, balls, gloves and leg guards..........	Free	30 p.c.	35 p.c.	20 p.c. 17½ p.c. 25 p.c.	30 p.c. 22½ p.c. 25 p.c.	35 p.c. 25 p.c. 45 p.c.
523h	Sailcloth wholly of Egyptian cotton, imported for use exclusively in the manufacture of sails for boats and ships, under regulations prescribed by the Minister	Free	20 p.c.	25 p.c.	17½ p.c.	20 p.c.	25 p.c.
	and..................................per pound	....	3½ cts.	4 cts.	2 cts.	3½ cts.	4 cts.
523i	Filter cloth wholly of cotton, with cut pile, in the web or made up, imported for use exclusively in mining and metallurgical operations.....................	10 p.c.	30 p.c.	35 p.c.	25 p.c.	30 p.c.	35 p.c.
	and..................................per pound	....	3½ cts.	4 cts.	2 cts.	3½ cts.	4 cts.
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.........	Free	17½ p.c.	25 p.c.	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...	27½ p.c.	30 p.c.	32½ p.c.	20 p.c.	22½ p.c.	25 p.c.
541d	Canvas in the web, wholly of flax or hemp or both, plain woven, not coloured, not further manufactured than impregnated with weather-proofing or preservative materials, suitable for manufacturing into tents, awnings, tarpaulins, hatch covers and similar articles, weighing not less than 18 ounces and not more than 26 ounces per sq. yard..................	15 p.c.	30 p.c.	35 p.c.	25 p.c.	30 p.c.	35 p.
	and..................................per pound	....	3½ cts.	4 cts.	3 cts.	3½ cts.	4 cts.
551c	Yarns and warps composed wholly of hair or of hair and any vegetable fibre, imported by manufacturers for use in their own factories...............	Free	17½ p.c.	20 p.c.	Free and	17½ p.c.	20 p.c.
					....	15 cts. per lb.	17½ cts. per lb.
	and..................................per pound	....	15 cts.	17½ cts.	10 p.c. and 7½ cts. per lb.	17½ p.c. 15 cts. per lb.	20 p.c. 17½ cts. per lb.
556	Needled hair felt, imported by manufacturers of felt carpets and carpeting, for use exclusively in the manufacture of such felt carpets and carpeting, in their own factories..............................	Free	10 p.c.	10 p.c.	30 p.c.	40 p.c.	40 p.c.
	and..................................per pound	....	15 cts.	17½ cts.	18¾ cts.	32½ cts.	35 cts.
558f	Rovings, yarns and warps wholly of spun artificial silk or similar synthetic fibres produced by chemical processes, not coloured, imported by manufacturers for use exclusively in the manufacture of cut-pile fabrics, in their own factories.................	Free	30 p.c.	35 p.c.	25 p.c.	30 p.c.	35 p.c.
	but not less than......................per pound	....	28 cts.	28 cts.	28 cts.	28 cts.	28 cts.

597b	Harps	Free	27½ p.c.	30 p.c.	20 p.c.	27½ p.c.	30 p.c.
616c	Liquid rubber compound, non-alcoholic, when imported by manufacturers of sealing compounds for cans and jars, for use exclusively in the manufacture of such sealing compounds, in their own factories	Free	Free	Free	15 p.c.	25 p.c.	27½ p.c.
634	(ii) Materials, when imported by manufacturers of artificial feathers, fruits, grains, leaves and flowers, for use exclusively in the manufacture of such articles, in their own factories	20 p.c.	27½ p.c.	27½ p.c.	27½ p.c. and	40 p.c. 10 cts.	45 p.c. per yard 10 cts.
					27½ p.c. and 30 cts.	40 p.c. 40 cts.	45 p.c. per pound 40 cts.
651	Buttons of all kinds, covered or not, and button blanks other than in the rough, n.o.p.; recognition buttons and cuff or collar buttons and per gross	20 p.c. 5 cts.	35 p.c. 5 cts.	35 p.c. 5 cts.	20 p.c. 5 cts. 15 p.c.	35 p.c. 5 cts. 25 p.c.	35 p.c. 5 cts. 25 p.c.
651a	Buttons, and button blanks other than in the rough, of vegetable ivory and per gross	20 p.c. 5 cts.	35 p.c. 10 cts.	35 p.c. 10 cts.	20 p.c. 5 cts. 15 p.c.	35 p.c. 10 cts. 25 p.c.	35 p.c. 10 cts. 25 p.c.
663d	Soya beans, when imported by manufacturers of milk foods for human consumption, for use exclusively in the manufacture of such milk foods, in their own factories, until September 30, 1934	Free	Free	Free	Free	1½ cts.	2 cts. per pound
685	Pantagraphs and parts thereof, including diamond points, and engraving mills, for engraving copper rollers used in printing textiles and wallpapers; blankets, blanketing and lapping imported for use exclusively by textile manufacturers and wallpaper printers	Free	Free	Free	Free 15 p.c. 15 p.c.	Free 25 p.c. 27½ p.c.	Free 25 p.c. 35 p.c.
709	Articles and other goods, the growth, produce or manufacture of Canada, returned to the exporter thereof after having been exported without having been advanced in value or improved in condition by any process of manufacture or other means; also quick-silver flasks, and other metallic receptacles or holding liquids, oyster pails, and impact registers or recorders for use in railway cars, after having been once exported from Canada	Free	Free	Free	Free 20 p.c.	Free 30 p.c.	Free 35 p.c.
	Provided that the said articles and goods are returned within five years from time of exportation, subject to regulations prescribed by the Minister;						

Tariff Item	—	British Preferential Tariff	Intermediate Tariff	General Tariff	Present Rates B.P. Tariff	Present Rates Int. Tariff	Present Rates Gen. Tariff
	Provided also that any article or goods described in this paragraph, upon which an allowance of drawback has been made, shall not be admitted to entry except upon payment of duties equal to the drawback allowed; Provided further that any of such goods or articles manufactured in bond or under Excise regulations in Canada and exported shall not be admitted to entry except upon payment of the Customs or Excise duties to which they would have been liable had they not been exported from Canada.						
811	Ceramic insulator cores, not further manufactured than burned and glazed, printed or decorated or not, without fittings, when imported by manufacturers of spark plugs for use exclusively in the manufacture of spark plugs, in their own factories..	5 p.c.	10 p.c.	15 p.c.	5 p.c. 15 p.c.	10 p.c. 25 p.c.	15 p.c. 27½ p.c.
815	Potato starch or potato flour enumerated in Tariff Item 39 of the Customs Tariff, when imported for use as material in Canadian manufactures, the weight of the package to be included in the weight for duty, until July 31, 1934..............per pound	½ ct.	1 ct.	1 ct.	½ ct.	1 ct.	1 ct.

4. 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 1049, and 1055, the enumerations of goods and the rates of drawback of Customs Duties set opposite to each of the said items, and by inserting the following items, enumerations and rates of drawback of Customs Duties in said Schedule B:—

Item No.	Goods	When Subject to Drawback	Portion of Duty (Not including Special Duty or Dumping Duty) Payable as Drawback
1049	Bituminous coal..................	When imported by manufacturers of coke and converted into coke in their own plants............................... Provided that drawback payable under this item is in lieu of drawback payable under any other item.	50 p.c.
1055	(a) Materials and Parts, n.o.p.	When used in the manufacture of goods enumerated in tariff items 438a and 438b................................	60 p.c.
	(b) Materials and Parts, as hereunder defined, including all materials or parts wrought into or attached thereto: engines, bodies in the white, chassis frames, hoods, plated radiator shells, splash shields, gas tank shields, gasoline feed pipes, die castings, plated or not, and front and rear fenders, finished or not.	When used in the manufacture of goods enumerated in tariff items 438a and 438b................................ (1) Provided, that no drawback shall hereafter be paid under this item unless at least fifty per centum of the cost of producing the finished article, not to include, after September 30, 1931, duties paid upon imported materials, has been incurred in Canada; (2) Provided further, that no drawback shall be paid under this item on importations of any of the undermentioned articles: Anti-squeak braids and strips; axles, front; axles, rear (not to include banjo housing); batteries; bearings, thrust, ball or plain; belts (fan); bodies, painted or trimmed; bolts; brakes, service or emergency; brake lever; brake lining; brake pedals and operating levers; bumpers; bumperettes; cold rolled cowl. roof drip, side and top mouldings; cold rolled running board mouldings, glass channels, belt moulding and hinges; caps (wheel hub); carpets; castings (sand); chassis springs, between frame and axles; circuit breakers; clamps (hood); clevis pins; clocks, stem winding; clutch; clutch pedals; cotter pins; dash liner assemblies; distributors; drag links; drums (wheel); exhaust pipes; electric generators; electric wiring and cables; electric light bulbs; fans (motor); fasteners, carpet and curtain; felt parts; finished strips (window); floor boards (wood); foot rests; forgings, drop, rolled, or pressed; gas tanks; gear shift levers; gear shift lever knobs; glove compartments; hubs; ignition	25 p.c.

Item No.	Goods	When Subject to Drawback	Portion of Duty (Not including Special Duty or Dumping Duty) Payable as Drawback
		coils; jacks; lamps (head, side, tail and dome) but not including lenses; laminated glass; lubrication fittings; mirrors (rear view); moulded rubber parts; mufflers; nuts; paints; lacquers and thinners; propeller shafts; pyroxylin covered or double top fabric, and enamelled oilcloth; radiator cores; robe rails; rubber tubing; running boards; running board covers; rivets; screws; shock absorbers; solder; spark plugs; springs, coil and seat; stampings of metal (except radiator shell, cowl and body stampings); starter switches; starting motors; starting units; steering gears; studs; tacks; tires (rubber); tire carriers; tire covers; tool kit equipment; tops, and curtains for same; transmissions; Universal joints; upholstering fabrics and materials, other than printed fabrics; varnishes; visors; washers, plain; wheels, including hubs and drums; wheel carriers; wheel rims; windlaces; window shades; windshields, complete; windshield frames and metal parts; wood parts for bodies.	
		(3) Provided further, that on all materials and parts used in the manufacture in Canada of the parts enumerated in Proviso. (2) to this Item there shall be payable, when such parts are used in the manufacture of the goods enumerated in tariff items 438a and 438b, a drawback of duty for domestic purposes of..............................	25 p.c.
		(4) Provided further, that any claims for drawback that have accrued or may accrue up to and including the 30th day of September, 1931, shall be paid in accordance with the provisions of the Tariff as existent on the 25th day of May, 1931.	
		(5) Provided further, that the Governor in Council may make such regulations, if any, as are deemed necessary for carrying out the provisions of this tariff item.	
1060	Plate glass enumerated in tariff item 322, on which duty was paid at the rates of duty set opposite said item.	When used in the manufacture of safety or non-shatterable glass.............	99 p.c.

5. Resolved, that Schedule C to the Customs Tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, be amended by adding thereto the following item:—

1217	Smoke screen apparatus, for use on motor vehicles or on water-borne craft of all kinds.

6. Resolved, that any enactment founded upon the foregoing resolutions to amend the Customs Tariff or Schedules thereto shall be deemed to have come into force on the nineteenth day of April, one thousand nine hundred and thirty-four, 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 date.