

Hon. RODOLPHE LEMIEUX (Postmaster General). I am aware that some packages were detained at Whitehorse. In order to make the matter clear, I think I should give my hon. friend the regulation which has been in existence in the department for some years respecting mail matter to the Yukon territory during the winter months. My hon. friend is aware that only correspondence limited to a certain class can be forwarded if addressed to places beyond Whitehorse, as follows :

Letters (in their usual and ordinary form); post cards; singly wrapped newspapers and periodicals from the office of publication, addressed to public libraries, to newspaper publishers and to individual subscribers; transient newspapers and third-class matter of all kinds except books, trade catalogues, circulars and patterns and samples of merchandise.

The following articles are not transmitted from places north of Whitehorse during the season of closed navigation :

Newspapers and periodicals sent to dealers for purposes of trade (in bulk or otherwise), sample copies of newspapers and periodicals, books, trade catalogues, circulars and patterns and samples of merchandise and fourth-class matter (merchandise).

The term 'package' as used does not enable the department to say with certainty whether what has been detained in the post office mentioned by my hon. friend should have been detained under the regulations or not. As to that, we will have an inquiry made at once, and my hon. friend will be made aware of the result as soon as possible.

WAYS AND MEANS—THE BUDGET.

Hon. W. S. FIELDING (Minister of Finance) moved that the House go into Committee to consider of the Ways and Means for raising the Supply to be granted to His Majesty. He said: Mr. Speaker, the last volume of Public Accounts in the possession of the House is for the fiscal period of nine months ended 31st March last. Perhaps it is worthy of note—though we here generally understand it—that the broken period was made necessary by the change in our fiscal year. Of course, it is difficult to make comparisons between a period of nine months and a period of twelve months; but, after the passing of the present year, we shall come to conditions under which comparisons may be made as usual.

The outturn of the financial period to which I have referred proved somewhat more favourable than the anticipations which I ventured to present to the House in the budget speech of the previous November. I had estimated a revenue of \$65,000,000; the actual revenue for the nine months was \$67,969,328.29, an excess over the estimate of \$2,969,328.29. I estimated an expenditure chargeable to Consolidated Fund of \$52,000,000; the expenditure proved

to be \$51,542,161.09, which was less than the estimate to the extent of \$457,838.91. I estimated a surplus of \$13,000,000; the actual surplus for the nine months was \$16,427,167.20. That is, the surplus for the nine months was larger than the surplus of any fiscal year in the history of confederation. It may be well to note, in passing, though the figures are in the possession of the House already, that the main sources of our revenue were as follows :

Customs..	\$39,760,172 53
Excise..	11,805,413 21
Post Office..	5,061,728 45
Dominion Lands..	1,443,632 03
Railways..	6,509,099 78
Miscellaneous..	3,389,282 29
	\$67,969,328 29

The customs revenue during the nine months proved very buoyant, showing a very large proportionate increase over that of 1905-6. The same may be said of excise.

The post office revenue continues to increase and that service may now be regarded as being firmly established on a paying basis. In the nine months of the financial period 1907, we received from this source \$5,061,728.45. The expenditure for that period was \$3,979,557.34, leaving a surplus of \$1,082,171.11. The operations of the Post Office Department up to and including 1902 resulted in deficits year by year. In 1903 we had a small surplus of \$292,654. Each succeeding year has shown a surplus and so well has the administration of this branch of the service prospered that in the nine months of 1907 we actually netted a surplus of \$1,082,171.11.

The statement of post office revenue and expenditure for a series of years is so interesting that the House will pardon me if I spend a moment in calling attention to it. The statement from 1896 to 1907 is as follows :

Year.	Revenue.	Expenditure	Deficit.	Surplus.
	\$	\$	\$	\$
1896..	2,964,014	3,665,011	700,997	
1897..	3,202,938	3,789,478	586,540	
1898..	3,527,809	3,575,411	47,602	
1899..	3,193,777	3,603,799	410,022	
1900..	3,205,535	3,758,014	552,479	
1901..	3,441,504	3,931,446	489,942	
1902..	3,918,415	4,023,636	105,221	
1903..	4,397,832	4,105,178	.....	292,654
1904..	4,652,324	4,347,540	.....	304,784
1905..	5,125,372	4,634,527	.....	490,845
1906..	5,933,342	4,921,577	.....	1,011,765
1907..	5,061,728	3,979,557	.....	1,082,171

It is of course to be remembered that this great change from a period of deficits to a period of surpluses is coincident with a

very material reduction in the most important postal rates of the country. We have not only had a greater revenue with a lower rate of postal taxation, but from year to year a continued expansion in the service. Taking only the last period of nine months, it is found that there have been the following increases in that service:

Class of office.	Increase for nine months.
Post offices..	236
Postal note offices..	355
Money order offices..	115
Savings banks..	32

This is in addition to the large increase in the mileage of mail service as compared with previous years.

The Intercolonial account to which attention has already been called by the Minister of Railways and Canals (Mr. G. P. Graham) showed that there was a revenue for the nine months of \$6,248,251.45, while the working expenses were \$6,030,171.83, showing an excess of revenue over working expenses, for the nine months, of \$218,079.62.

The Prince Edward Island Railway was treated separately; there the balance is the other way, there is an excess of expenses over revenue of \$67,713.55.

For convenience of reference I have put in summary form the expenditure of all kinds, the revenue, and the net debt statement for the period of nine months. That is set out in the following table:

Summary of revenue, expenditure of all kinds, and net debt for fiscal period of 9 months ended March 31, 1907.

Expenditure chargeable to Consolidated Fund	\$51,542,161 09
Capital expenditure—	
National Transcontinental Railway ..	\$5,537,867 50
Railways..	1,603,701 07
Canals..	887,838 61
Public works..	1,797,871 16
Dominion lands	526,582 61
Militia..	975,282 87
	11,329,143 82
Special expenditure—	
Railway subsidies ..	\$1,324,889 30
Bounties..	1,581,944 36
	2,906,833 66
Total expenditure..	65,778,138 57
Total revenue..	67,972,109 65
Excess of total revenue over total expenditure..	2,193,971 08
Add sinking funds..	1,177,146 71
Decrease of net debt..	3,371,117 79

It will be observed that there is an excess of total revenue over total expenditure of \$2,193,971.08. Adding to that the sinking funds, which are simply taken from one side of the account and placed on the other, and which amounted to \$1,177,146.71, we see that as a result of the year's operations there was a decrease in the net debt of Canada of \$3,371,117.79. This question of the public debt is at all times one of much

interest. Occasionally we have had the happy privilege of calling attention to a reduction of the public debt, but on every occasion when I have had to speak of that I have taken the precaution to warn the House and the country that it would not be reasonable to expect, in a country like Canada, that we should have frequent reductions of the public debt. Indeed, it may surprise some hon. gentlemen who are not familiar with our affairs to be told that in the whole history of confederation there have been only six years during which there have been reductions in the public debt. One of these reductions stands to the credit of Sir Francis Hincks, away back in 1871. Another stands to the credit of Sir Leonard Tilley in 1882. The remaining four have occurred in recent years and can be claimed by the present administration. A moderate increase in the public debt from time to time is to be expected and would be quite defensible. I think it must be a cause of surprise to many persons, and even to our critics, to know that after the lapse of 10½ years of the present administration there has been such a very small addition to the public debt. During that period we have carried on large operations. We have provided very liberally for that portion of our public expenditure which is 'chargeable to consolidated fund.' We have provided generously for the public service—perhaps my hon. friends opposite would use the stronger word, 'lavishly.' We have provided for our capital and special expenditure. We have expended \$127,000,000, apart from the ordinary charges, on what is called the capital and special account. Yet notwithstanding all these liberal allowances for all the public services, notwithstanding the large capital and special expenditure, notwithstanding the liberality with which all branches of the public services have been maintained, notwithstanding the energy carried into the development of our public works, we find ourselves at the end of this 10½ year period with an addition to the public debt amounting to only \$5,174,427. If it were not for the special item of the National Transcontinental Railway, which every hon. gentleman will admit is of exceptional character, we would find that during the 10½ years we have had no increase of the public debt whatever, but a very considerable surplus over expenditures of every kind. If we look into the question of the debt in its relation to the population of the country, which is a very fair way to look at it, we find reason for believing that Canada is very modest in the matter of incurring public debt. As the country increases its population, we, of course, increase in ability to bear the burden. If the increase of the public debt should simply keep pace with the increase of population and the development of our resources, there would be nothing to complain of. But when we are able to show that from the point of view of the

debt per head there has been no increase, but in reality an actual decrease of the public debt per head, I think it will be admitted that we are making a very gratifying statement. Beginning at the year 1891 and taking the figures of the population as furnished from time to time by our census department, we find that the net debt of Canada per head stands as follows:

NET DEBT PER CAPITA.

June 30, 1891..	49.09
" 1892..	49.15
" 1893..	48.96
" 1894..	49.40
" 1895..	50.57
" 1896..	50.82
" 1897..	50.87
" 1898..	50.77
" 1899..	50.62
" 1900..	49.88
" 1901..	49.84
" 1902..	49.59
" 1903..	46.84
" 1904..	45.74
" 1905..	45.63
" 1906..	44.63
March 31, 1907..	42.84

I take as the estimate of population for the last date mentioned, 31st March, the figures furnished by our Census Department as 3,153,789.

The fiscal year for 1907-8 will close within a few days, on the 31st of March, according to the new system. In England the fiscal year is closed on the same date; and they are able to close up the business of the year very quickly. In fact I think it is the practice there to take the accounts as they actually stand on that date and declare the result immediately. That can be done in a country like England, with a comparatively small area and with nearly perfect means of communication. But with us in Canada, with a vast territory, and in some cases at least imperfect means of communication, it has been found necessary to make a liberal allowance in closing up the accounts. The Audit Act permits three months; we do not usually take the whole of three months; the practice in late years is to close up the accounts in about six weeks from the close of the year. Although we are now close at the end of the year, it is not easy to make a very close estimate for the reason that all over the Dominion, with vast distances, there are accounts still to be rendered. Still we are so near the end of the year that we ought to be able to make our estimate somewhat closer than usual. Our revenue to the 29th of February for the current year amounted to \$87,601,299. For the remainder of the year we make a conservative estimate, for we are aware that at the present time there is some check upon business activity. We place the revenue for the year at \$96,500,000. The expenditure chargeable to consolidated fund up to the 29th of February was \$60,720,353. Making a rea-

sonable allowance for the expenditure to the close of the year, we think the total outlay of the year chargeable to the consolidated fund will reach \$77,500,000. If these figures be realized, with a revenue of \$96,500,000 and an expenditure chargeable to consolidated fund of \$77,500,000, we shall have for this year the magnificent surplus of \$19,000,000. That will be a larger surplus than in any previous year.

Coming now to our capital and special expenditure, we have to estimate that on a pretty liberal scale, for we are now engaged in the construction of large works. We estimate our capital and special expenditure for the current year at \$33,000,000. This will make our expenditure of every kind for the year \$110,500,000. If we deduct from this our estimated revenue of \$96,500,000 and the sinking fund of about \$2,000,000, making \$98,500,000, we shall find that there will be a balance at the end of the year to be added to the public debt, of probably \$12,000,000. In this present year, in the figures which bring about this result of a possible and probable addition to the public debt of \$12,000,000, we shall spend no less than \$17,750,000 on the National Transcontinental Railway. If we did not have to make provision for that particularly large and exceptional item, we could close the year, not with an addition to the public debt, but with a reduction of the public debt to the extent of \$5,750,000.

I gave the House a few minutes ago the figures of the debt per head up to the 31st of March last, at which time there was a reduction of the public debt. At the end of the current year there will be a considerable addition to the public debt, and therefore it might be thought that would affect adversely the figures I have given of the debt per head. But I believe it is not so. During the past year we have had a particularly large immigration; I believe the population of Canada has increased during the past year very much more than in any previous year in our history, and I have no doubt that if a careful account be taken, it will be found that the increase in population will more than balance this increase in the public debt, and the net result will be that the debt per head at the close of this fiscal year will be no higher than it was in the figures I gave some little while ago.

I have spoken of the expenditure on the National Transcontinental Railway. We have for several years been spending money on that great work. At the beginning of the work the demands upon the public treasury were not great, but we are now reaching a point when the expenditures for that service will and must continue to be large. I find we have expended up to date on the National Transcontinental Railway, that is on the eastern division which the government are constructing, the following sums:

Year.	Amount.
1904..	\$ 6,249 40
1905..	778,491 28
1906..	1,841,269 95
1907..	5,537,867 50

Making a total up to the date of the last public accounts, of \$8,163,878.13. To this if we add the estimate for the current year, of \$17,748,000, we find that at the close of the present fiscal year on the 31st of March, we shall have spent within a few dollars of \$26,000,000 on the National Transcontinental Railway.

Mr. TAYLOR. I thought my hon. friend was going to build it for \$13,000,000.

Mr. FIELDING. That was one of my hon. friend's dreams ; if I wished to be more accurate and more just I would use a harsher word. The total expenditure on the Transcontinental Railway up to the 31st of March, to be exact, according to the actual outlay at the end of last March, and the estimated outlay this year, will be \$25,912,478.13. In considering the question of our increased expenditures it is well to bear in mind that by the amendment of the British North America Act we are now paying to the provincial governments very much larger allowances than were paid in former years. Provincial subsidies have hitherto amounted to \$6,745,133 per annum, but under the recent amendment to the British North America Act these provincial subsidies now call for \$9,032,774, an increase for that item alone of \$2,287,641. That, of course will stand in the general statement of expenditure of this government, but it is to be remembered that it is money which this government does not expend at all, but turns over to the provincial governments of the country to administer it as they think best and, I have no doubt, for the development of their respective provinces.

The trade returns for the eleven months which have passed are by no means discouraging. The total imports for eleven months to February 29, 1907, were \$308,264,306; for the corresponding eleven months to February 29, 1908, the imports were \$341,175,095.

Mr. FOSTER. Are these imports for home consumption ?

Mr. FIELDING. These are the total imports. The total exports for the eleven months of 1907 were \$266,076,601 ; for the eleven months of 1908 they were \$261,434,521. It will be seen from this statement that the imports have somewhat increased and that the exports show a slight decrease, but on the whole the statement of the trade up to the present time is by no means discouraging, although I quite realize that we are now at the stage when there must be some falling off in our revenue.

Mr. FIELDING.

FISCAL YEAR 1908-9.

Turning now to the fiscal year 1908-1909, upon which we shall soon enter, I think I am correct when I say that the general feeling of our business men is one of hopeful confidence united with much caution. We are just emerging from a period of world wide financial stringency. Financial systems and institutions of all countries have been severely tried. It should be a gratification to us all that none have stood the test better than those of Canada. In the single case in which one of our banks became embarrassed, sister institutions promptly took over its affairs and its business went on without the slightest hitch so far as the public interests were concerned. One of the conditions which accentuated the difficulties in the neighbouring republic was, fortunately, unknown here. I refer to what is called the hoarding of money. In the United States men lost faith in financial institutions and withdrew their money and locked it up. Happily nothing of the kind occurred in Canada. There was a justifiable confidence in our banking institutions. Where money was withdrawn it was not to be hoarded, but to be applied to investment or other useful purposes. The curtailment of credit naturally produced some embarrassments. But even out of this condition good may come. There was danger that the rapid expansion might lead to overtrading and imprudent ventures. It is as well, perhaps, that all concerned should be warned against such things. Business has received a check, but I do not look for a continued period of depression. Conditions should improve in the early summer, and if we are blessed with a season of good crops confidence will be fully restored.

On the part of the government it is a time for caution, and yet a time for courage. Large new enterprises, which would call for great outlay, may well be laid aside for a little while. But the works which we already have in hand, and perhaps other works not calling for heavy outlay, must not be neglected. Particularly must we not fail to push forward the great enterprise of the Transcontinental Railway. We have reached a stage in that enterprise which calls for heavy expenditure, yet we feel it our duty to urge upon the commissioners the prosecution of the work so that the new road may be completed at the earliest possible date.

The main estimates for the year, already in the possession of the House, propose to appropriate on account of consolidated fund \$76,871,471, and for capital account, \$42,365,620.

Supplementary estimates will come in due course and add considerably to these appropriations. It must be remembered, however, that the estimates do not usually by any means represent the actual expen-

diture. A considerable portion of the appropriations of every year remains unexpended and the works concerned are provided for in the following year.

As to the probable revenue for the coming year I would wish to speak with caution. The monetary stringency is producing a curtailment of imports. Some of my hearers will not regard that as a misfortune. I anticipate a falling off in our revenue in the early part of the new year. I am hopeful that later on the loss will, to a considerable extent, be made up and that in the end we shall find the revenue fairly satisfactory. I am estimating a revenue of \$96,500,000, for the year soon to close. I do not feel justified in expecting so large a revenue for the coming year. Probably it will be more likely to fall below \$90,000,000 than rise above it. Such a revenue would enable us to retain our strong financial position. We should have to be content with a reduction of the surplus. But I would expect the revenue to enable us to provide for all our consolidated fund expenditure and something as well by way of surplus. For our capital expenditure, or a considerable part of it, we shall undoubtedly have to add to our public debt. But, as I have often pointed out, it is unreasonable to expect that in a country like Canada we can carry on our work of development without occasional additions to that debt. If we have to add in the coming year to our debt account, it will not be for ordinary expenditure, but for our work on capital account, and particularly for our great work of the Transcontinental Railway. For that work alone we are asking an appropriation of \$30,000,000 for the coming year.

Mr. R. J. BORDEN. May I ask the hon. minister if he has an estimate of the total cost of the eastern division of the road?

Mr. FIELDING. No. Estimates were made in the earlier discussion, but I have not had them revised of late.

Mr. E. D. SMITH. Would the hon. minister say at what he estimates the total expenditure? He mentioned \$30,000,000 for the Transcontinental Railway.

Mr. FIELDING. I have not spoken of the capital expenditure for the current year, except for the Transcontinental Railway.

Mr. FOSTER. How much is that?

Mr. FIELDING. Thirty millions is what we are asking for. Of course, the estimates of the capital expenditure are before the House, but I have referred to this item particularly which is a large one and which seriously affects our finances.

LOANS.

In regard to the general question of loans, always a matter of interest, we have been

exceptionally fortunate in not being required to go very often to the money market. Our large surpluses have from time to time enabled us to meet payments which under ordinary conditions would have necessitated the borrowing of money. We have from time to time borrowed money temporarily on treasury bills, but as I have already pointed out we have added very little to the public debt. Now that we are in the midst of our Transcontinental Railway expenditure it is, of course, to be expected that we must go more frequently to the money market. Besides, we have reached a period in which we have to provide for very considerable maturing loans which have to be renewed, and this will necessitate our turning to the money market. Some have already been provided for and others are the subject of careful consideration and observation of the money market. In the last eight months we have borrowed over \$31,000,000 in the London and Paris markets. This money, obtained at a time of financial stringency, was obtained, on the whole, on favourable terms. Some portion was obtained on treasury bills some on short term loans, and some, as in a recent case, on a long term loan.

MATURED LIABILITIES.

On the 1st May, 1907, there fell due in London £1,831,398 1s. 5d. This represented a portion of the 4 per cent loan originally issued in 1874, which matured on the 1st May, 1904, and which was extended for three years from that date. On the 1st May, 1907, it was extended for a further period of four years to the 1st May, 1911, at the same rate of interest and with the same option to that offered to the holders in 1904, namely, the option of conversion into 3 per cent stock due 1938; the basis of conversion being £105 of threes for each £100 of fours, the option to expire on the 1st April, 1910.

This option was availed of to some extent by those who extended their holdings in 1904. The extension in 1904 amounted to £2,500,000. The balance between that and the amount extended in 1907 represents the conversion into 1938 stock.

On the 1st December, 1906, \$500,000 3½ per cent Canadian currency debentures matured and were paid off at Ottawa on presentation. These debentures were originally issued on the 1st December, 1891.

TEMPORARY BORROWING.

To provide for expenditure in connection with the Transcontinental Railway and other expenditures which could not be met out of the revenue, a temporary loan of £500,000 was made on treasury bills on the 17th August, 1907, for one year at the rate of 4½ per cent.

In December a short term loan for £1,500,000, to fall due 1st October, 1912, and bear-

ing 4 per cent interest, was negotiated; and on the 24th January a further temporary loan of £1,000,000 on treasury bills was made for one year at 4½ per cent.

On the 6th February, 1907, a further temporary loan on the security of treasury bills was negotiated for \$2,000,000 at the rate of 4 per cent for one year, one million of which was discounted by the Banque de Paris et de Pays Bas and the other million by the Crédit Foncier Franco-Canadien. It was felt that at the time these temporary loans were made it would not be in the public interest, on account of the unsatisfactory state of the money market and the high rates of interest prevailing, to make a loan of a more permanent character. Conditions, however, have recently improved, and as on the 1st April, 1908, the Intercolonial guaranteed 4 per cent loan of £1,500,000 matures, it was thought advisable in providing for this at the same time to provide a further amount of £1,500,000, or £3,000,000 in all, the rate of interest being 3½ per cent. This loan is redeemable on the 1st July, 1950, with the option to the government to redeem at par on or after the 1st July, 1930, on giving six months' notice. Holders of the £1,500,000 4 per cent guaranteed Intercolonial Railway bonds maturing the 1st April, 1908, were given the option of exchanging their bonds for an equivalent nominal amount of this stock. The issue price of the loan was par and the amount was over-subscribed. Holders to the amount of £1,123,000 of the bonds maturing 1st April, 1908, exchanged for bonds of an equal nominal amount of the new loan.

To sum up, the following amounts have been borrowed temporarily since 17th August:

Treasury bills.. . . .	£1,500,000	=	\$7,300,000
Short term loan.. . . .	1,500,000	=	7,300,000
Treasury bills.. . . .	2,000,000		

In all.. . . . \$16,600,000

To which must be added the long term loan of £3,000,000 = 14,600,000

Or a total of.. . . . \$31,200,000

A very interesting feature to which I wish to call the attention of the House is that the people over there who invest in Canadian securities seem to be fond of their Canadian investments and stay with them, and so when they are offered an opportunity of exchanging an expiring loan for a new one, in a great many instances they have come forward and simply continued their investment with Canada.

EARLY MATURING LIABILITIES.

On the 1st November, 1908, a 4 per cent loan of 1878-9 of £4,500,000 falls due. The amount of sinking fund of the loan is £1,128,014. This is a large obligation to be met, and due regard must be had to it in arranging our financial affairs. It is hoped that

Mr. FIELDING.

the summer will see still more improvement in the market conditions. Such arrangements will be made to meet the obligation as will be considered best in the public interest.

Mr. FOSTER. The minister has not said anything about the overdraft, I think about £300,000, which he mentioned earlier and which was paying Bank of England rate.

Mr. FIELDING. I mentioned in an earlier discussion this session that there was an overdraft from our financial agents in London, and the arrangements which have been standing for some time have been that the bank charges us the current bank rates on overdrafts. It so happened that an overdraft occurred at a time when the bank rate stood remarkably high—higher than for the previous thirty years—the rate being 7 per cent. According to the letter of the understanding the bank might have required 7 per cent, but as the result of negotiations between the bank and myself the rate was fixed at 6 per cent for the short time during which the overdraft existed. The overdraft has since been paid off and it does not now form any part of our indebtedness.

I shall say a word now with regard to certain financial transactions between the government and the Quebec Bridge Company.

It will be remembered that last session the government took authority to advance money to the bridge company. The government had previously obtained from parliament authority to issue a guarantee of bonds to assist the bridge company. These bonds were prepared with a view to being sold in the money market, but the money market conditions proving unfavourable the bonds were not sold, but were used as a basis on which the company could raise money from the banks, and the money to carry on the bridge work for some considerable time was raised in that way.

It became apparent to the government that we would probably have to take over the bridge. Although no Act to that effect has ever passed we have the power in our legislation to take over the bridge provided parliament shall authorize it. That is to say, as between the government and the bridge company we have the right to take over the bridge, but we can only take it over when authorized by parliament. I think the general tendency of discussion has been towards the taking over of the bridge. Now, it appeared to us in that view, if these bonds had to be sold in an unfavourable money market at a sacrifice we might be obliged to buy them back in a few years at par, and we thought that in view of the shape the bridge question was taking it was better that these bonds should not be issued and that the company should arrange in some other way. Accordingly at the last session of parliament we ob-

tained authority to advance to the bridge company the amount required in the same way that we advance it to the Montreal Harbour Commission, taking over the bonds of the corporation and holding them as against the loans. We were proceeding to take action under that authority with a view of advancing the money to the company, and thus enabling them to close their transactions with the bank, when just at that particular stage the bridge disaster occurred, and for the time being further action was suspended. However, the reasons which prompted the presenting of the legislation last session still continue. We all recognize the fact that the bridge has to be completed and the general indications are that the government will have to take the enterprise over. How they may manage it and handle it is a question that has yet to be dealt with. At all events, with the fair presumption that the government will have to take the bridge over, it seems to me that the reason still holds good that we should not allow these bonds to be sold in the market at a sacrifice. We have therefore, determined to carry out the legislation of last session. We have recently advanced \$2,000,000 to the bridge company to enable it to pay a part of its indebtedness to the bank. We are arranging to carry out the Act of last year to the fullest extent by giving them as soon as it can be arranged the balance of the money required. The bonds will then be entirely released; the bank will not any longer have any claim upon them; they will rest in the vaults of the government and the debt will become a debt to the government just as the debt of the Montreal Harbour Commission.

Mr. FOSTER. What is the claim of the bank?

Mr. FIELDING. The amount advanced by the bank was \$5,016,453, to which some interest of course has to be added. We have recently advanced to the company \$2,000,000 and we shall in a short time arrange to pay them the balance.

Mr. R. L. BORDEN. Will the hon. gentleman be good enough to say how much the country will have put into the bridge when that transaction will have been consummated in the way he has just mentioned?

Mr. FIELDING. I am afraid I cannot give a definite answer. We appropriated a subsidy, a part of which was paid, but when the Guarantee Act was passed, if I recollect aright, we cancelled the balance. The money actually paid in, as I have described the transaction, will be \$5,016,000, with interest, plus that portion of the subsidy which was originally paid, but the amount of which I cannot state.

Mr. MILLER. \$374,353.

Mr. FIELDING. I know there was \$1,000,000 voted, a portion of which was paid, and the rest was cancelled by the guarantee. I think my hon. friend asked about the rate of interest. The rate of interest arranged by the bridge company with the bank, I understood, was $4\frac{1}{2}$ per cent.

Mr. BRISTOL. Was there not some agreement between the Bank of Montreal, the government and the bridge company whereby 5 per cent was to be paid?

Mr. FIELDING. I do not think so. It may be that the bridge company agreed to pay that rate, and if so I do not think the government objected. I do not recollect any special agreement about it.

Mr. FOSTER. Does the minister know whether the bridge company has any outstanding debts other than the bank advances?

Mr. FIELDING. I have not given the matter close attention lately and am not able to answer definitely, but I understand that all the funds for the purpose of the bridge have been obtained from the Bank of Montreal and are included in this debt. There may be amounts of which I have no knowledge.

Mr. AMES. In the amount of \$30,000,000 which the minister says will be required for the Transcontinental Railway for the coming year, does he include the amount required for the bridge?

Mr. FIELDING. No. The Quebec bridge, while it has a relation to the Transcontinental Railway, is for this purpose treated separately.

Mr. R. L. BORDEN. Has the government any estimate of the additional expenditure required to complete the Quebec bridge?

Mr. FIELDING. No, that is a branch of the subject to which I have not given my attention. I am only explaining our financial transactions. That will come under the Department of Railways and Canals.

On one or two occasions in previous years I have presented to the House diagrams illustrative of the progress of Canada. I have had similar diagrams prepared for the current year, and they will be distributed in due course. I will present, however, figures which will show at a glance the great progress Canada has made in a comparatively few years. I take statistics illustrating thirty years of the progress of Canada:

	Total Trade
Year ended June 30, 1877.. ..	\$175,203,355
1887.. ..	202,408,047
1897.. ..	257,168,862
1907.. ..	617,964,952

Total Imports.	
Year ended June 30, 1877.. . . .	\$ 99,327,962
1887.. . . .	112,892,236
1897.. . . .	119,218,609
1907.. . . .	359,793,278
Total Exports.	
Year ended June 30, 1877.. . . .	\$ 75,875,393
1887.. . . .	89,515,811
1897.. . . .	137,950,253
1907.. . . .	258,171,674
Total Trade with Great Britain.	
Year ended June 30, 1877.. . . .	\$ 74,823,292
1887.. . . .	83,455,681
1897.. . . .	98,935,040
1907.. . . .	208,745,193
Railway traffic—Tons carried.	
Year ended June 30, 1877.. . . .	6,859,796
1887.. . . .	16,356,335
1897.. . . .	25,300,331
1907.. . . .	63,866,133
Bank discounts.	
Year ended June 30, 1877.. . . .	\$126,222,470
1887.. . . .	169,357,326
1897.. . . .	226,960,482
1907.. . . .	639,970,696
Deposits by the people in the Chartered Banks.	
Year ended June 30, 1877.. . . .	\$ 62,129,706
1887.. . . .	107,154,483
1897.. . . .	201,141,688
1907.. . . .	589,459,889
Deposits in the Post Office and Government Savings Banks.	
Year ended June 30, 1877.. . . .	\$ 7,470,630
1887.. . . .	40,832,275
1897.. . . .	48,934,975
1907.. . . .	61,493,671

I think, Sir, I should avail myself of this opportunity to give to the House some explanation of the action of the government in connection with what is called the moving of the crops last autumn. I shall find it necessary to present to the House a Bill in a day or two, and before that Bill comes down I shall see that all the papers in connection with the matter shall be laid on the table, so that hon. gentlemen, before being asked to deal with the Bill, will have all the information before them. In the meantime, I may state briefly the history of the transaction. The money stringency, which was general, was particularly severe in our western country. That was natural, for the autumn is its period of greatest activity. At that season very much depends on the arrangements for the moving of the crops to the sea-board. At the beginning of November urgent representations were made to the government that the fiscal arrangements which could be made with the banks were insufficient to provide the means for handling the crops. We were informed that the ordinary lines of credit granted by the banks had either been exhausted or were too limited to meet the emergency. The condition of the crop was another feature to which our attention was called. Unfortunately, a considerable portion of the crop of last season was touched by frost, and its condition, we were advised, was

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such that it could hardly be carried over the winter with safety. For that and various reasons it seemed to be important that the crops should be moved, and we were asked to devise some means of granting aid. Mr. Gladstone, or Lord Beaconsfield, on one occasion when told that something must be done said that evidently the party who said so did not know what ought to be done. I suppose that those who began this movement had no very clear idea of the form in which relief should be granted. I must do the banks the justice, if justice it be, to say that they were not the movers in the matter; they did not initiate the demand for aid. Indeed, it is fair to them to say that when the matter was first mooted, some of our best bankers were inclined to think that there was no need of further aid—that the banking facilities of the country were sufficient to meet all the requirements. However, representations continued to come to us in such form as demanded consideration. One of the first communications the government received on the subject was from one of our trusted officers in the Northwest, the warehouse commissioner, Mr. Castle, a gentleman in every way capable of advising what was the need of the situation. We summoned Mr. Castle to Ottawa and had the benefit of his knowledge and advice. The council of the Winnipeg Board of Trade urged upon us the necessity of taking action; the Manitoba Grain Growers' Association urged that we should take action; in many ways representations were made to us that it was really necessary that something should be done and done quickly. The season of navigation was about to close. Very much depends upon what may be done within the last two or three weeks in moving a crop when it has to be moved almost wholly by water—for only a limited quantity of this crop is moved all-rail. We came to the conclusion that the subject was one that we could not afford to set aside. Our bankers, who at first, were very dubious about it and thought it not necessary, modified their views, and advised the government that some such action as proposed should be taken. The conclusion of the whole matter was that we decided that we would aid such of the banks as were engaged in the grain trade, and might wish to avail themselves of the assistance, with loans not to exceed in the aggregate \$10,000,000. When this matter was first announced, the banks, as I say, did not look upon it with too much favour, and were slow to take advantage of it. We had proposed that the rates of interest to be paid to the government for this loan should be 6 and 7 per cent. These are, undoubtedly, high rates of interest, but they were no higher than the Bank of England rate at that time, for it was then 7 per cent. So we decided to authorize the advance of this money to the banks on condition that they

should repay it within a short time at the rates of interest stated, and should put up securities for the loan which were to be submitted to a committee of banking experts whom I named for that purpose. The gentlemen whom I named were: Mr. Clouston, of the Bank of Montreal; Mr. Thomas Fyshe, former manager of the Merchants' Bank; and Mr. J. M. Courtney, ex-deputy Minister of Finance.

In a short time, an intimation was given to us that the banks were hardly willing to utilize the order in council under the proposed conditions. They said that the rates of interest were so high as to give them no profit. Much of the explanation was given me in conversation, of course, because banks do not like to put themselves on record in these things. It was intimated also that they were unwilling to put up securities in the hands of the government, as it would expose their business affairs to the inspection of the government. Therefore, it seemed that there was some doubt whether the banks would avail themselves fully of the aid we desired to give. The movement we had in view could only be made successful through the co-operation of the banks, so when we found hesitation on their part, we thought we should try to meet their objection. Some, proud of the strength of our banking institutions, were inclined to think that if a bank accepted aid of this kind from the government it would be a reflection on that bank. That was a mistaken view, of course; but still I know that there was hesitation on that account. Therefore, we decided to modify our arrangement, and let the banks have the money, if they wished to take it, at a lower rate of interest. Under the new arrangement, we allowed the Bank of Montreal to deal directly with the banks, the Bank of Montreal acting as our agent. They were to arrange matters with the banks and collect a rate of interest not less than 4 per cent. That was ultimately agreed upon as meaning 4 per cent for sixty days; 5 per cent for a second sixty days, and 6 per cent if payment was delayed longer. The object was to get quick returns, as this was an exceptional transaction.

I am inclined to think that if we had done nothing more than announce the intention to grant this aid much help would have been given, by that simple act, to the west. I have the opinion of eminent bankers who have told me that, as soon as it was announced that the government intended to provide relief for the situation, confidence in the west was restored, that bankers who had been curtailing their credits took a more generous view of the situation, and things began to improve. It has been stated in the public press that nothing was done under this arrangement, that the government did not give any money to the banks, or the banks to the people; that the whole thing was a misunderstanding—and I am afraid that sometimes even harder words were

used. But I am glad to be able to say to the House that much was done under the arrangement. We found, after we had reduced the rates of interest in the manner I have described that the banks did take the funds thus offered to them by the government to the extent of \$5,315,000. Nearly all of this money has now been returned. At this moment about \$965,000 remains outstanding, and there can be no question that the balance will be promptly paid. What threatened to be a serious crisis in the financial situation of the west was averted, confidence was restored, the situation was improved, and the interests of the government were protected at every point.

Now came the question how we could provide this money. We do not have \$10,000,000 always lying idle in the treasury of Canada; and, at a moment when the Bank of England rate was 7 per cent, it was not easy to borrow money quickly—and this was a transaction which required prompt handling, if we could borrow at all.

Mr. FOSTER. When did the Bank of England raise its rate to 7?

Mr. FIELDING. Early in November. It was 7 per cent when this transaction occurred. I am sure of that, for it was the basis of our proceedings. It was raised to 7 in November, and continued until January, if my recollection serves me well. There had been no such banking rate for thirty-four years, that is, the last experience of such a rate had been in the year 1873. It was obvious that, if the government attempted to borrow this money hurriedly in England, it might not be able to borrow it at all, for, in the existing state of the market, it was not a question of credit but of being able to secure the money on any terms. And, even though we could borrow, the borrowing might have a bad effect upon the general credit of Canada for a long time. It seemed a case where the government might be justified in impairing to a small extent the reserves held against the redemption of Dominion notes. Any part of the \$10,000,000 required could be furnished in the shape of Dominion notes, which we should issue in the usual way; but the issue of that amount of notes would carry us to a figure beyond our gold reserve. Though I speak of our gold reserve, it is not, in Canada, entirely gold, but is in part imperial guaranteed debentures, but I treat the two as one. We found that it was necessary, if we would provide this money promptly, in some degree to affect the position of our reserve. We decided to accept from the borrowing banks the securities they were able to give us, plus the guarantee of the Bank of Montreal—that is, the Bank of Montreal not only acted as our agent, but we required them to guarantee the whole transaction—so as I say, we agreed to accept these securities, plus the

guarantee of the Bank of Montreal as equivalent to the guaranteed debentures which we hold in our reserve fund and against which our notes are issued. It was a technical departure from our Dominion Notes Act which will require the ratification and approval of this parliament. But I think I will be justified in saying that if ever there was an occasion when the government might put a strain upon that question of their reserve, it was in the condition of affairs then existing and for the purpose which I have indicated. The highest point reached by the circulation was on December 31 when it was \$62,623,628. This included the extra issue. But for this extra issue, the circulation would have been \$57,500,000 and the reserve of gold and guaranteed debentures held against this would have been equal to 61 per cent. The effect of the issue was to reduce our percentage of reserve to 56 per cent, a difference of 5 per cent. For this 5 per cent reduction in our reserve we had the securities put up by all the banks to which the money was advanced, and we had, in addition to that, the guarantee of the Bank of Montreal. Thus I think it will be found that while there was a technical departure from the law governing our Dominion notes, which calls for ratification by the parliament of Canada if parliament shall so approve, still the occasion was a very exceptional one and one upon which we were justified in adopting exceptional methods. Even putting aside the securities to which I have referred, we still had, at the worst point, a reserve of 56 per cent of our total issue, which most financiers will say is a very strong position.

Mr. FOSTER. What is the date of these advances, when the loans were made?

Mr. FIELDING. The order in council was passed on November 12, and the advances followed on towards the latter part of November. I could not give the dates but I will see that, in the papers brought down, the dates are given.

The experience that we have had, the difficulties of the past season, must suggest to us all, particularly to those from the west, that there is some need of greater elasticity of our currency so that we will be able to meet a difficulty of this kind in the future, without even a technical violation of our currency laws. I think the best form in which we can do that is by extending the powers of the banks with respect to the issue of their circulation. I think it well to state at once my view in that matter and this statement will be followed in due course by a Bill amending the Bank Act. It seems to me to be the part of wisdom for the government to authorize the banks to issue what, for convenience, may be called an 'emergency currency,' (using an expression frequently employed in the United States) to allow the banks to issue for a limited time, during the crop move-

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ment, the season of emergency, currency to the extent of 15 per cent of their combined paid up capital and rest or reserve, these taken together measuring the strength and stability of a bank. I propose in a Bill which it is my intention to introduce to authorize the banks during the emergency period of crop movement which would be defined, beginning probably in October and ending after the turn of the year, to issue circulation to the extent of 15 per cent of their combined reserve and paid-up capital.

Mr. PRINGLE. Will the minister then increase the deposit which the bank will be required to put up to protect the note holder?

Mr. FIELDING. Oh, yes, certainly. For every note a bank issues, it must put up proper deposit in the guarantee fund.

It may be thought that we would get the necessary additional currency by an increase of the bank capital. That is a very desirable form of increase, and if we could rely upon the increase of the bank capital perhaps the other method would not be called for. Our bank capital has increased to a considerable extent, as will be seen by these figures for five year periods:

Year.	Bank Capital.
1895..	\$61,701,007
1900..	64,735,145
1905..	82,199,900
1908 (January 31)..	93,057,255

This indicates a very considerable increase in the banking capital of the country; but in proportion to the increase in the trade of Canada the increase of the banking capital has not been large. Our home trade has largely increased as we know, but we have not statistics which will accurately measure that trade. Our foreign trade, for which we have accurate statistics, has enormously increased. In 1895 our foreign trade was \$224,000,000 and in 1907 it was \$617,000,000. Thus the trade of the country has enormously increased while the banking capital has, relatively, increased in a less degree.

The explanation of that of course is that the savings of the people in the way of deposits have furnished the money that has enabled the banks to handle this very large business. But the savings of the people, large and generous as they have been, are proving insufficient now to handle the business, and I think, in view of the fact that the banking capital has increased so slowly, we must look for help in the form which I have suggested. It is well to remember that the increase of bank capital may bring with it embarrassment as well as aid. Our banking capital is owned in Canada, very largely.

Mr. W. F. MACLEAN. Why should it not be owned very largely abroad?

Mr. FIELDING. That is another question.

Mr. W. F. MACLEAN. That should be the object of legislation.

Mr. FIELDING. Our banking capital is largely owned in Canada, a small percentage being owned abroad. The people in Canada who own the banking capital will probably find their surplus moneys locked up at the present time in various forms, they may be in bank deposits or in business enterprises; to call upon them to put up new capital might simply mean the transferring of money from one form of investment to another and this might be a cause of embarrassment to the shareholders, who might not be able to comply with the demand for increased capital. Of course if we can sell the bank shares abroad, as has been done in some cases, and bring in new capital, that would be the better condition, but then we have no guarantee that that can be done. While we have something to hope from the enlargement of the bank capital, because some large banks have already made application for the necessary authority and will undoubtedly increase their capital. I do not think we are justified in the belief that even with this increased capital we shall get enough money to handle the immensely increasing business of Canada. We therefore propose as a reserve fund, if I may so call it, to allow the banks to have this power of issuing a special circulation to the extent and on the basis I have mentioned.

Mr. W. F. MACLEAN. How much would that be on the present capital of the banks?

Mr. FIELDING. The total paid up capital is \$93,057,255. The total rest or reserve is \$71,071,984. These two items combined, the capital paid up and the rest or reserve, make \$164,129,239. Fifteen per cent of this would amount to \$24,619,385. It is fair to say, however, that all the banks would not avail themselves of that privilege. Some of the banks are engaged in lines of business which move regularly and smoothly and probably they would not desire to engage in this crop movement business which calls for expansion. However that may be, it will be seen that the addition to the circulation last autumn of five or six million dollars was a great help and enabled us to tide over what would otherwise have been perhaps a serious difficulty in the west. We think that if we give the banks the power to issue this circulation we shall be doing something to meet a difficulty which has existed and which we may expect to exist in a less degree in the future. I do not expect that such a severe condition as that of last fall will occur very soon again. Our object in this is not to give the banks additional privileges, but additional means of meeting the country's demands, and we propose that on this extra circulation which they are to be allowed to issue they shall pay a

tax to the government not to exceed 5 per cent. If banks are to handle the business—banks as a rule are not benevolent enterprises, they will expect a reasonable profit—they could afford to pay the government 5 per cent, in some conditions 4 per cent, if the market is favourable, and then lend the money to their customers at ordinary business rates. However, we do not feel that we should grant them this privilege for nothing, and we require them to pay a tax to the government not to exceed 5 per cent upon the circulation which is thus to be issued.

We propose to make some important changes in the excise laws, but they are not intended to affect the revenue. We propose to readjust the taxation on tobacco. There is a well known expression: Readjustment without increase. This, I think, is entirely a case of that kind. At all events, we do not aim at increase; we aim to so readjust the tobacco duties as to meet the conditions which have arisen, but without adding anything to the burden of taxation. The first object of the change will be to establish a uniform rate of licenses for tobacco manufacturers instead of the varying rates which now exist. The second object will be to carry a larger part of the burden of taxation on the raw leaf as it is introduced into the manufacture of tobacco; and the third purpose is to establish a uniform stamp for cigars. The resolutions bearing on that subject will be introduced by my hon. friend the Minister of Inland Revenue, and I shall lay them on the table at the conclusion of my remarks. But I may present at once a summary of the changes proposed. It will be observed that some of them seem to be very important, but they work out so as to leave the burden of taxation substantially as it is to-day:

MEMORANDUM ON TOBACCO DUTIES.—EXCISE.

	Present Rates.		Proposed Rates.	
	\$	cts.	\$	cts.
Chewing and smoking tobacco from imported leaf....per lb.	25		5	
Manufactured tobacco from native leaf.. . . .per lb.	5		5	
Snuff containing not more than 40 per cent of moisture..per lb	25		5	
Moist snuff containing over 40 per cent moisture, in packages of less than five pounds. per lb	25		5	
The same, in packages of five pounds and over....per lb.	18		5	
Cigars from imported leaf..per thousand.	6 00		2 00	
Cigars from native tobacco..per thousand.	3 00		2 00	
Cigars in packages of less than ten each.. . .per thousand.	7 00		3 00	
Cigarettes from domestic leaf weighing not more than three pounds per thousand..per thousand.	1 50		2 40	

	Present Rates.	Proposed Rates
	\$ cts.	\$ cts.
Cigarettes from foreign leaf weighing not more than three pounds per thousand... ..per thousand.	3 00	2 40
Cigarettes from either foreign or native leaf, weighing more than three pounds per thousand... ..per thousand.	8 00	7 00
Foreign leaf tobacco, unstemmed... ..per lb.	10	28
Foreign leaf tobacco, stemmed... ..per lb.	14	42

It is not intended that this change of rates shall take effect immediately. It will be necessary for the department to equip itself with a quantity of new stamps to meet the new conditions, and in the resolutions I shall present it will be proposed that these rates shall take effect and go into operation by proclamation of the Governor in Council. As it is not intended that the burden of taxation shall be in any respect varied, it is thought that there will be no disadvantage in pursuing that course.

Mr. W. F. MACLEAN. Is there any change in the spirit duties?

Mr. FIELDING. No.

Mr. FOSTER. The minister has read us what he proposes as the rates, but he has not given us any reason for the changes.

Mr. FIELDING. I said the reasons were, first, a desire to have a uniform license instead of a varying license; in the second place, a desire to have a uniform stamp rather than the varying stamps they now use in the cigar trade; in the third place, the desire is to have the tax on the raw leaf rather than on the manufactured article. The taxation will be collected on the raw leaf to a larger extent than it is at present. This, we think, will be a convenience to the department, and it is in accordance with the wish of a large proportion of the people interested in the tobacco trade. However, I will put the resolutions in full on the table, they will appear on the Order Paper, and my hon. friend the Minister of Inland Revenue will deal with them at a later stage.

Coming now, in conclusion, to the question of the customs tariff, I have to say that we do not propose to make any changes in it at present. We made a revision of the tariff a year ago, and while I do not imagine that it is a perfect instrument, we think that on the whole it has worked well and is well adapted to the requirements of the country. Some industries have made representations that things are not quite as well in their line as they would like to have them, and they would be glad to have some change. I do not suppose that we shall ever reach a time when there will not be some persons who think that there should be a change, that present conditions are not

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all they wish. There is always a disposition to feel that when any business difficulty arises the proper remedy is to be found in a higher tariff. One would think that what is occurring across the line to the south of us would go far to dispel that old-time heresy. Over there they have the benefit, if it be a benefit, of a much higher tariff than we have in Canada. We know that the conditions of business over there during the past few months have been very much worse than they have been with us. However that may be, we think that the Canadian tariff is in a pretty fair condition, and we think that those who have made representations to us with a view to a change—in some respects, possibly not in all—will find that as general business improves, as we think it will in a short time, their disadvantages will disappear and their industry will have all the encouragement that it reasonably requires.

One deputation came to us at the eleventh hour. Yesterday we were waited upon by a deputation of quite a number of gentlemen largely interested in the production of pork, who complained to us that the peculiar conditions existing at the present time in relation to their trade placed them at a disadvantage. They seemed to think that to some extent at least that disadvantage arose from an evasion of the customs laws as respects the importation of foreign pork; and they seemed to think that if the customs laws were more rigidly carried out in respect to the dumping clause, they would get some measure of relief. Whether they are correct in their impression as to the cause of the evil is a matter to be inquired into. My hon. friend the Minister of Customs has taken that matter up with a view to looking into it very carefully, and if there has been any failure on the part of the customs to administer the law properly, I am sure the Minister of Customs will be glad to find a remedy. The production of pork, particularly of bacon and hams, has become in Canada a very large and important trade, and we should be very careful to see that everything possible is done to encourage it. I am hopeful that the result of the investigation by the Minister of Customs and of the application of the law, if necessary, in a stricter form, will give these gentlemen the relief that they desire.

Mr. W. F. MACLEAN. Does the minister mean by that that the Chicago article is now flooding the Canadian market?

Mr. FIELDING. The complaint made is that a considerable quantity is coming in and sold at prices that they cannot fairly compete with; they suggested that there was something illegitimate in the prices.

Mr. BRODER. Was the deputation composed of people outside the trade?

Mr. FIELDING. They were chiefly representing the farming interests, I believe,

and I think some of the gentlemen were more or less connected with the packing trade, too. However, these representations came to us only yesterday, and I do not now say more than they are receiving the careful consideration and attention of the government.

Mr. COCKSHUTT. Does the new French treaty have any effect on this trade?

Mr. FIELDING. No; the new French treaty is not yet in operation. But if I had any occasion to mention it, I should recall the fact that my hon. friend condemned the treaty and voted for it.

Mr. BENNETT. Is the House to understand that this was a representation of the farmers or of the pork packers that met the hon. minister yesterday?

Mr. FIELDING. I understand that the deputation was chiefly representing the farming interest. Although there were one or two gentlemen having some interest in the packing trade the farmers' interest was the one most strongly represented to us.

Mr. W. F. MACLEAN. Does the hon. the Minister think that Canadian packers would prefer to sell American products as Canadian products if they could bring them in here cheaply?

Mr. FIELDING. I think that the Canadian packers would not prefer to bring in American pork to sell as Canadian and to send it across the water and get the benefit of the great reputation that Canadian pork has. If that has been done I trust that between my hon. friend the Minister of Agriculture (Mr. Fisher) and my hon. friend the Minister of Customs (Mr. Paterson) there is some machinery to prevent it.

Mr. Speaker, I think that the tendency in late years has been to let the House be content with a budget speech not so long as some of us have, in times past imposed upon it and I thought that I would be content with a somewhat concise statement of the financial position of the country and not having any tariff changes as respects customs to propose there is no reason why I should continue my remarks. I therefore beg to move:

That Mr. Speaker do now leave the chair and that the House resolve itself into a Committee of Ways and Means to consider the following proposed resolution:

Resolved that it is expedient that the Inland Revenue Act be amended as follows:

1. That section 275 of the said Act be repealed and the following substituted therefor:

275. The person in whose favour a license for manufacturing tobacco or cigars is granted, shall, upon receiving such license pay to the collector the sum of fifty dollars.

2. That section 279 of the said Act be repealed and the following substituted therefor:

279. There shall be imposed, levied and collected on tobacco and cigars manufactured in Canada, the following duties of excise, which

shall be paid to the collector as by this Act provided, that is to say:

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

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

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

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

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

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

(g) on cigarettes made from raw leaf tobacco or any substitute therefor, weighing not more than three pounds per thousand, two dollars and forty cents per thousand.

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

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

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

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

4. All stemmed and unstemmed raw leaf tobacco and all materials and articles the pro-

duct in whole or in part of raw leaf tobacco which are in process of manufacture in any tobacco or cigar manufactory licensed to use foreign raw leaf tobacco shall, in addition to the duty already paid upon the raw leaf be subject to the difference between the rate so paid and that hereby imposed, and all other materials in stock in any factory at the time this Act comes into force shall under the conditions of subsection 2 of this section, be subject to the rate of duty therein mentioned, and the quantity upon which such additional duty shall be paid as well as the quantity upon which the percentage of such other materials shall be based shall be determined in such manner as the department directs.

All manufactured tobacco and cigars in bond at the time of the coming into force of this Act shall be subject to the rates of duty thereon now existing, and such rates of duty shall remain in effect so long as any goods in which they apply remain in the bonded warehouse of the manufacturer or any other person.

5. That sections 280 and 281 of the said Act be repealed.

6. That an amendment be made requiring manufacturers of wood alcohol to take out a license and to pay therefor an annual fee of one dollar.

7. That the rates of duty hereby imposed shall come into force and effect upon any such day or days as the Governor General by proclamation directs.

Hon. GEO. E. FOSTER (North Toronto). Mr. Speaker, the new matter which has been brought out by the hon. the Minister of Finance (Mr. Fielding), during the course of his speech, will be taken up in order in the course of the remarks which I may make to the House. Some of it is quite new and it has been pretty difficult to grasp all the significance of it or even to get the facts down. As to the resolutions, for instance, affecting the excise, they are not very clear unless they have greater explanation, and it is quite impossible for me to take these up and follow them without knowing something more about the facts of the case. The minister's explanations were not very extended as to the reasons why these changes were proposed or as to the particular effects they would have. I propose therefore to address some more general remarks to the House taking up the various points made by the hon. the Minister of Finance during the course of his remarks.

I may say, Mr. Speaker, that it has been a very favourite custom of hon. gentlemen on the other side of the House, in speaking in reference to their administrations in Canada, to do three things. In the first place, they have been very careful to depreciate the condition of affairs as they found it in Canada in 1896 when they came into administrative power; in the second place, they have been equally careful to keep as far as possible in the background the great truth that for the last ten years there has been an exceedingly progressive and prosperous condition as regards busi-

ness matters, that there have been great activity and development among all the great nations of the world in which world wide progress all the principal countries, and Canada amongst the others, have had their share of the great blessing; in the third place, they have been equally careful to make it appear that what prosperity and progress have come to Canada have been due to the policy of the administration at present in power to which the government of the country changed in 1896. Perhaps I could not better illustrate this than by reading a remark made by the hon. Minister of Agriculture (Mr. Fisher) in his place in the House of Commons, not a very long while ago. He proceeds, in the course of his speech, to say:

From 1891 to 1895, when every one will admit that the national policy was in its decline, when these gentlemen opposite know that the country was not doing as well as it was during the five previous years—

He continues:

It did not take five years of Liberal rule to make the country prosperous . . . although the development of production in Canada came quickly and effectively under our policy. During the first few years after we put our policy in force the farmers of Canada began to produce more; the farmers of Canada began to be better off. . . . Then the full effect of our policy came into force; then the country began to feel the full tide of prosperity.

I propose to make that, which might be amplified by speeches from multitudes of partisans and by writings from a great many good party papers, the text of a few remarks by way of recalling to our minds the condition of things in 1896. I think I would be perfectly justified in saying that probably no government ever came into power in Canada at so favourable an opportunity as the government of my right hon. friend (Sir Wilfrid Laurier) in 1896, or found the country in a condition of affairs more broad or stable in its foundations and in its opportunities for progress and development than they found it in 1896. In 1889 and in 1890 a world wide depression commenced and that world wide depression continued for some two, three, or four years striking every considerable country. We do not need to strain our memories to know what took place in the United States of America. Their banks were tumbling in every direction, great industries were putting up their gates, men who had found plenty of employment before were walking the streets asking for employment and finding none and in every grade of business and in every region of industry, there were depression and failure and there were all the consequences which resulted from such conditions. In the Dominion of Canada, to go no further, we felt the effects of the depression, as Canada

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always feels the effect of a world wide depression and particularly of a depression which takes place in the country to the south of us. But, it is indisputable that in the Dominion of Canada, during these five years of depression and of hard times, comparatively speaking, this country came through that period with probably better results and in a better condition than any other country in the world. I do not need to go far to give proof of that. I go to our own records. The government of that day helped the country to come through that period of depression with the least evil effects to itself. What did we do? The people were aided in the first place by relief from taxation. In 1890 when the first stress of hard times came the aim of the government was to lighten the load of taxation upon the people and in that year taxation was taken off the common necessities of life to the amount of \$521,755. In 1891, pursuing the same course the government struck the duty entirely off all raw sugar and reduced the duty on refined sugar, and in the years from 1891 to 1895 the relief given to the tax payers in that respect alone was \$19,851,995, counting the decreased duties upon a nearly equal consumption.

In 1894 a general reduction of the tariff was made involving a saving to the taxpayers of \$1,500,000. So that footing up the relief in the way of lessened taxation granted by the government in these years it amounted to \$21,873,750. That was one way by which the people were enabled to retain in their pockets as their earnings and their savings a very large amount of money which might otherwise have been taken out of their pockets and spent in the general services of the country, and which enabled them to meet the stress of hard times in better fashion and to come out in better form.

But, Sir, there was another way in which the government aided in that time of trouble. It economized in expenditures. I think a government should always set an example to the country. I think a government ought to act very largely as a business man or as an individual having business and a home would act, and economize in the matter of expenditures when depression is on. Well, Sir, in 1889 the total expenditures of this country were \$43,518,198.

In 1890 we spent \$41,770,332.

In 1891 we spent \$40,793,208.

In the five years succeeding we spent on an average in round figures \$42,000,000 a year. So that by this economy in expenditure we thereby saved to the country in money which we would have had to have borrowed and the burden of carrying which would have been laid upon the people. As showing the reduction in this respect, in 1891 \$41,702,383 was expended as against

\$43,518,198 in 1889. In these two ways the country was helped to go through the period of stress and by that help it came out all the better.

Take some comparative statistics. The fall from 1890 to 1894 in the exports of Great Britain amounted to £47,000,000; in France, £19,000,000; in Germany, £8,000,000 in the United States, \$140,000,000; in Australia, £19,000,000. The fall in the imports of Great Britain in that time amounted to £12,000,000; in France, £13,000,000; in Germany, £10,000,000; in the United States, \$170,000,000, and in Australia, £19,000,000. But, Sir, in that period when trade was falling both in imports and exports in all these great countries of the world, Canada came through that period with an import trade just about stationary and with an increase of exports in that period of \$17,000,000. Her savings increased in that period by \$46,000,000; the mileage of her railways increased 2,700 miles; there was a largely increased business in passengers of 1,100,000; in freight of 750,000 tons; there was an increased shipping return in and out (excluding coasting) of 640,000 tons; an increased coasting trade of 2,700,000 tons. Industries were well sustained; the imports of raw material in their principal parts were very nearly doubled in that time. The exports of manufactured goods increased in that time 35 per cent; the exports of agricultural products were \$22,000,000 in 1890 and \$36,000,000 in 1895, an increase of 65 per cent, and in agricultural and animal products there was an increase in the exports in that time of 35 per cent.

All know how well our banks stood during all that stress; there was not a single failure. The upward movement was well under way in the latter half of 1895 and continued in 1896. May I give one or two statements with reference to that which may have weight. Probably one of the greatest writers on economic subjects, the Hon. Mr. Wells, of the United States, writing in the 'Forum' in 1894 with reference to the Dominion of Canada and the general depression of trade over the world said:

In the Dominion of Canada separated from us on the north by an imaginary line there has been no panic, no unusual demand for money, no stoppage of industries, no restriction of trade, no increased rate of interest; in short nothing beyond the ordinary course of events except as far as these events may have been influenced by contiguity to what may be termed a financial cyclone whose pathway of destruction was contiguous to but not within Canadian territory.

I could duplicate that statement by the reports of bank managers, of boards of trade in our own country, and by publicists of equal repute with Mr. Wells in other countries and by copious illustrations from the financial papers of Great Britain, but I do

not care to place these upon the records; they are within the knowledge of all.

So that in 1896 when these gentlemen came into power, Canada strengthened as well as chastened was on the upward grade in that great march of prosperity, that great outburst of progress and development which probably has had no equal in any period of the world's history. All through the world in every great country for the succeeding ten years, in increasing degree there has been this general record of the stimulation and extension of industries of the great employment of labour, of the immense productions of articles manufactured and grown in the soil and taken from the mine and from the sea; in fact, in all the characteristics of great development and of great commercial interchange between the countries. My hon. friends found when they came into power in 1896 a country united from sea to sea, a country united in sentiment. There was not a single question which really separated the people of this country, one part of it from the other. The only troublous question that was on the surface—it was not nearly as deep as it was made to appear—was the question which was largely fanned into life and kept fanned into life by hon. gentlemen opposite, namely, the famous school question which was debated at that time. But that went very little distance to disturb the good, straight, stable relations of this country. Talked a good deal about on the platform, made a hobby by party papers, given a greater value and a greater force than it intrinsically possessed, it would seem at one time to an outsider to have been a question of great disturbing moment. It was not a question that could not be solved by the good sense of the people; and at no time, in my belief, did it threaten a disturbance of the good feeling and unity which existed between the different sections of the people of this country. Our hon. friends found a Northwest, which had passed the stage of experiment, and which, after ten or twelve years of continuous temptation of the soil, so to speak, the learning to adapt methods of culture to the climate and the variations which existed, came out of that period of experimentation, and in 1896 stood as a great producing agricultural country free from any causes of universal or overpowering disaster. That period of experimentation had passed, and the Northwest in 1896 had made its record and its story as a great country promising immense profits to agriculturists. In 1896 the stream of immigration from the United States and from other countries of the world had begun to set towards that country. In 1896 it was traversed by a great trunk line of railway, with a network of parallel and intersecting lines, which afforded excellent means of ingress and egress for people going and coming and for

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the products that went in and came out. On the Pacific coast there stretched away to China and Japan and the Australian colonies well equipped lines of steam service, which by the way hon. gentlemen opposite always fought when votes were being asked by the government then in power for their establishment; and on the Atlantic side, stretching down towards the West Indies, and going across to the old country, were other well equipped lines of steamship communication. So that in matters of transportation there was a mechanism ready, abundant and well distributed, as a means for the development and growth of the country. The battle of industrial progress and industrial establishment had been fought out in the preceding eighteen years. Year after year it was fought out at the polls. Year after year the people supported the industrial policy, with protection as its principle, and in 1896, despite whatever may have been said or used in the canvass, the principle of industrial establishment and progress in this country was absolutely settled. The best proof of this fact was that when the gentleman who for eighteen years had fought it at the polls, came into power pledged to eliminate the whole principle of protection, they did not essay the task. They adopted the principle and went forward on the lines which had been laid down by the Liberal-Conservative party. In all these respects, the condition of this country in 1896 was not what my hon. friend the Minister of Agriculture presented it as being, in the extract which I have read; nor was it anything else than sane and sound. The period of great industrial prosperity and progress had begun to be opened up. So much for that phase of the question.

That was the condition of things our hon. friends found. What was the task that was ready to their hand? It was a task which had not been imposed upon them by the country, but which had been set by themselves. I want to draw particular attention to this point. These gentlemen, during their eighteen years of profession and canvass, in their march towards the seats of power in this country, had outlined their task and had set it before them for accomplishment. What was it, Sir? The task that they had set for themselves was, in the first place, to lighten the burden of taxation, which they declared was grievous. The system of taxation and the amount of taxation was, to use the vivid language of some of the front benchers, bleeding the people of this country white. Another part of their task as set by themselves was to reduce the expenditure of this country. The right hon. gentleman who leads the government himself stood in the city of Toronto before the elections of 1896, and pledged his word that if the people would put him in power he would reduce the expenditure of this country by some millions of dollars, and

would reduce the taxation as well. He was also, with his party, to diminish the public debt, to eliminate the principle of protection, to get for us reciprocity with the United States of America, to secure for us a mutual preference with Great Britain, to lop off over-expenditures in the civil government, to diminish the number of ministerial positions, to rid the people of the burden of superannuation, to cut down the gross expenditure at Rideau Hall, to take away the poison of the reptile press by destroying the newspaper and printing patronage given to friends of the party in power, to make the civil service more in consonance with the requirements of the country, to abolish bounties, to do away with subsidies to railways, to keep the lands for the settler and away from the speculator. The Senate was to be put upon a new and stable basis, the independence of parliament was to be assured, the purity of the electorate was to be guarded, and the standard of public life in this country was to be elevated. This, Sir, was the task, I say, not simply by the mandate of the country, but imposed upon themselves by the hon. gentleman and the party which he led. Eighteen years of profession had made this their certain task when they got into power, and the election of 1896 was in the nature of a contract, which sealed the bargain and the agreement and placed these men in the seats of the mighty in order that they might carry out their self-imposed task.

Now, Sir, that part of the world which takes a direct interest in Canadian affairs waited to see these gentlemen essay their task. Had they tested their theories and their policies and proven successful, they would have established themselves as able men and their policies as well conceived. But had they attempted this task and failed, that would have been proof positive either that their policies were wrongly conceived or that they were incapable of carrying even a well-conceived policy to success. Canada might well be vastly interested had these hon. gentlemen undertaken to administer the affairs of this great and growing country with \$3,000,000 less of taxation than had been taken from the country by the party they succeeded. Canada might well be intensely interested to see these hon. gentlemen undertake to administer the country's affairs with millions lopped off from the expenditure which formed the standard in 1896. And equally interesting would it have been to note the effect had these hon. gentlemen carried out the task they set themselves and eliminated the principle of protection from the tariff, absolutely destroying every vestige of it as they promised to do.

But, Sir, when they came into power they dropped the task they had set themselves, they forgot the promises they had made, they repudiated the policies they had proffered to the people. They did not attempt the

new work with new tools as they had promised. They found a workshop already built, with tools in place and fires burning bright. They entered that workshop, they used those tools, they employed the same system as their predecessors; and to-day, eleven or twelve years after they came into power, they are still at the old stand doing their work—not over efficiently—in the old way, so far as principles and policies are concerned, with some deviations which I propose to take up a little later.

Take first, for instance, their great policy of diminution of the taxation. Have they reduced taxation? Let me read a short table which places this matter in its proper light:

Comparison of taxation in 1896, 1906 and 1908:

	1896	1906	1908
	Conservative.	Liberal.	Liberal.
Customs	\$19,833,279	\$46,064,598	
Excise	7,926,006	14,010,220	
Total	\$27,759,285	\$60,074,818	\$73,359,108
Tax per head..\$	5 46	10 00	11 00

Increase 1908 over 1896 \$45,599,823 00 or 163 p.c.

Now, let us look at the total taxes collected in ten years under Conservative rule and under Liberal rule:

Total taxes collected by Conservatives in ten years, 1887-96..	\$287,931,372
Total taxes collected by Liberals in ten years, 1897-1906..	430,329,802
Excess taken by Liberals over Conservative government..	142,398,430

So, as regards the amount of taxes, there can be no doubt of the vast increase made by hon. gentlemen opposite. Why, Sir, it reads almost like a fairy tale. Looking at it one way, these hon. gentlemen opposite might proclaim this increase of taxation a great feat. The taxes in 1896 amounted to \$27,700,000. Let me show how this amount has been exceeded under Liberal rule:

Amount by which taxation under Liberals exceeded taxation under last year of Conservative rule:

1896 Taxation under Conservatives..	\$27,756,000
1897 This amount was exceeded by..	948,000
1898	1,817,000
1899	7,199,000
1900	10,984,000
1901	10,984,000
1902	15,630,000
1903	21,256,000
1904	25,902,000
1905	26,261,000
1906	32,315,000
1908	45,590,000

What does that mean? Does that mean that the country is paying less than it was paying in 1896? No, Sir, but that the country has been bled, if white in 1896 so far as the amount of taxation is concerned, infinitely whiter by the taxation as it has developed in 1908. Hon. gentlemen will say: That is beside the question; we have reduced the taxation, that is, we have reduced the rate of taxation. No man can

deny that the burden, the amount of taxation at least, has been vastly increased. Has the rate of taxation been increased or not? Hon. gentlemen opposite will say that the rate of taxation has not been increased. Let us go to the word and the testimony. I take from the Trade and Commerce Report these figures: The Liberal-Conservatives from 1879, when protection was introduced, until 1896, when these gentlemen came into power, had an average tax rate on dutiable goods of 28·35 per cent. In 1896 the rate of taxation was 29·74 per cent. These gentlemen then came into power and the rate of taxation from 1897 when it was 29·96 per cent went down gradually, but very slightly, until in 1906 it became 26·83 per cent. There was a possible reduction in rate of 3 per cent. But, Sir, there is another point to be taken into account, and that is that under these hon. gentlemen quite a large proportion of the amount of protection is imposed not by way of customs tariff, but by way of bounty and it is absolutely necessary that that should be taken into account if you wish the figures to rightly express the truth. What did these hon. gentlemen do? The rate of taxation is too high, so they say in and, we will reduce the customs taxes on various articles of iron, on twine and on oil brought into this country; we will reduce the rate per cent and the customs tax on the articles, but we will protect the makers by paying a bounty upon the article: they make and in this way make up to them the loss of protection. So I say it is absolutely necessary in order to be fair that you shall take the protective burden imposed by way of bounty as well as the protective burden imposed by the customs duties. I have added the bounties and the customs duties together and the result shows that in 1897 the average duty (including bounty) was 30·15 per cent; in 1906 it was 28·22 per cent and in 1907 about 27·40 per cent. Thus if you take the real test of the protection, the customs duty and the bounty protection together, you will find that whereas from 1897 to 1906 the rate was 28·62 per cent, the average from 1879 to 1896 was 28·35 per cent. Consequently the real incidence giving protection in this country by customs duty and bounty was from 1897-1907 just a little more than the incidence given from 1879 to 1896 under the national policy. So I say in actuality the duty for protection has not been diminished to any appreciable extent. I go still further. I say and will prove that the duty rate has practically been increased. In the first place the Finance Minister commenced by imposing duties upon spirits and tobacco of \$1,783,000 in 1897. He increased the duties upon sugar in 1898, under a false pretence that by the preference on sugar he was going to help the sugar exporters of the West Indies, when in reality, the United States had a countervailing

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bounty which more than overtopped the preference that we were giving to the West Indian planters, but in spite of that being proved and known, the Finance Minister never gave up his added duties upon sugar.

But leaving that aside, everybody knows that there has been a very sharp increase in prices in the last ten years. In the United States the best authorities give the increase at from 50 per cent to 60 per cent. In Great Britain it is given from 35 per cent to 40 per cent. In Canada it is anywhere from 35 per cent to 50 per cent. We have not the same close system of statistics as they have, for instance, in the United States, and we therefore do not get it so correctly, but there has been this large increase in prices. You have your ad valorem duty, we will say, of 30 per cent. In 1896, \$1,000 bought you a certain quantity and quality of goods. You brought these into this country, the ad valorem duty was 30 per cent and the importer paid \$300 of duty. To-day the same quantity and quality of goods will cost you \$1,500 owing to the increase in prices. When it comes to the Canadian border the ad valorem duty is still 30 per cent, but 30 per cent upon \$1,500 is \$450. This is the duty which the importer now has to pay, whereas he paid only \$300 three years ago. Thus the increase in price with the maintenance of the same ad valorem duty has added very largely to the incidence of the taxation.

What I mean to say by that illustration is this, that the Finance Minister, in order to get the same amount of duty, namely, \$450 upon the same amount and quality of goods ten years before, would have had to place a duty of 45 per cent upon them instead of a duty of 30 per cent; and therefore, by the increase in price the duty really is made, as compared with 1896, a 45 per cent rate instead of a 30 per cent rate. But that is not all that the ultimate consumer has to pay. The consumer not only pays the extra price and the extra duty, but he pays the extra profits of the wholesaler and retailer upon the extra cost of the goods, because the retailer and the wholesaler have their profits upon the cost of the goods. The cost of the goods now is \$1,500, whereas ten years ago it was \$1,000, therefore the profits of the retailer and of the wholesaler are made upon the invoice of \$1,500 instead of the lessened invoice of \$1,000. Therefore the consumer has to pay an extra price of \$500 and also an extra \$150 of duty and the extra profit of the wholesaler and the retailer; so the rate of duty under rising prices kept at the old ad valorem, becomes really higher and higher in proportion as the price advances from year to year. Now, Sir, take for a calculation the \$173,000,000 worth of dutiable goods imported in 1906. If you take those at the values of 1896, it would be about \$120,000,000, and take the rate of duty of 1896, 26·83 per cent, it would have yielded you only \$32,800,000. But the

Finance Minister gathered, not \$32,800,000, but \$46,400,000 as duty into his treasury on exactly the same ad valorem, because in 1906 the value of imports was \$50,000,000 greater than in 1896. Now if you take either an increase price of 50 per cent or an increase of 35 per cent, just as you please, and work it out, you get this result, that to the extent of the rise in prices the Finance Minister has been able, with the same ad valorem duties, to take a largely increased taxation out of the pockets of the tax payers. Does the right hon. gentleman, who wisely does not often dabble in figures, take in the extent of the change in this taxation business?

Sir WILFRID LAURIER. No, I am sorry to say that I cannot.

Mr. FOSTER. I am afraid that he does not. Let me give him an illustration. In 1896 the taxation was \$27,700,000. Reduced down to weeks, it meant taking out of the people \$530,000 weekly; reduced to days, it meant \$76,000 per day. But in 1908, with \$73,000,000 of taxation, it means that you take out of the pockets of the people \$1,400,000 weekly, or \$200,000 each day. Does my right hon. friend deny the accuracy of the calculation? It is a sum in simple arithmetic which I think he will not find it difficult to pencil out for himself.

Now, Sir, that being the fact with reference to taxation, let me ask my right hon. friend to listen to himself, which he sometimes is rather loath to do. I find this gem preserved from the platform speeches of 1893, in the city of Ottawa. The speaker is Sir Wilfrid Laurier. Pointing up to the hill he says:

You have seen those beautiful buildings on parliament hill. The government which has its headquarters in those buildings takes \$36,000,000 or more in the form of taxation every year.

The ministers who spend that money you may be sure do not take it out of their own pockets; they take it from you, from me, from all the people of the country.

That money is taken from our pockets by an ingenious system of taxation. The government wields a magic wand the touch of which draws the money from your pocket without your understanding that the money is taken from you as taxation.

If our countrymen would but reflect on these matters, I am sure they would put an end to the policy which makes such things possible.

The tax is levied indirectly, the effect of it is none the less to take the money from you and to hand it over to the government.

Every one of you knows how much municipal taxes and how much taxes school you pay, and how much you pay for the support of the provincial government. But how man, can tell how much they pay to the support of the Dominion government?

Take all the other taxes you have to pay and add them together and they do not amount to as much as you are required to pay to the Dominion government.

Every pound of nails, every axe, every yard of cloth you buy from your merchant is a medium through which you pay to the Dominion government.

And drawing himself up he says:

I hold that it is important that we should have a series of meetings in the province of Quebec and elsewhere to explain these things to the people, for the people do not pay as much attention to these things as they ought. If they were understood, the present government would be chased out of power, just as the robbers were chased out of the temple.

Now I commend that speech to my right hon. friend when the gentlemen on the hill are taking, not \$36,000,000, but \$73,000,000 out of the pockets of the people. I commend it to my right hon. friend when every pound of nails, every axe, every yard of cloth, is still taxed. I commend it all the more to my right hon. friend when, whereas in 1893, when he was making that speech \$530,000 a week was taken out of the pockets of the people, under the present method, \$1,400,000 per week is taken out of them by this government.

At six o'clock, House took recess.

After Recess.

The House resumed at eight o'clock.

PRIVATE BILLS.

CANADA WEATHER INSURANCE COMPANY.

House in Committee on Bill (No. 37) to incorporate the Canadian Weather Insurance Company.—Mr. M. S. Schell

On section 5—first general meeting and election of directors:

Mr. FIELDING. There is an error in section 5. The Bill is not as intended. It says that:

So soon as fifty thousand dollars of the capital stock of the company has been subscribed, &c.

It should be one hundred thousand dollars. I am advised that the solicitor so understood it. I would therefore beg to move:

That section 5 be amended by substituting for the word 'fifty' the words 'one hundred.'

Section as amended agreed to.

Bill reported, read the third time and passed.

SUBSIDIARY HIGH COURT, ANCIENT ORDER OF FORESTERS.

House in Committee on Bill (No. 62) respecting the Subsidiary High Court of the Ancient Order of Foresters in the Dominion of Canada.—Mr. Guthrie.