

think such a consummation of our banking system is the one thing that would justify it."

An hon. Member: Sedition.

Mr. Woodsworth: Somebody suggests that this is sedition. Well, such an utterance might be seditious in the mouths of some of my comrades in the working class, but I suppose it is comparatively safe for Sir Clifford Sifton to make this statement.

I suggest that the members of this house ought in some way to be protected against misrepresentation of the proceedings of the house and of what is said by those who take part in them.

ROYAL ARCHITECTURAL INSTITUTE

On the orders of the day:

Hon. J. W. EDWARDS (Frontenac-Addington): May I call attention to an article appearing in the Ottawa Evening Journal of yesterday?

Some hon. MEMBERS: Oh, oh.

Mr. EDWARDS (Frontenac): I may say for the information of my hon. friends opposite that this is not a comic journal. The article in question refers to a very important convention which is to be held in this city to-morrow and the next day, namely, that of the Royal Architectural Institute of Canada, with representatives from coast to coast. I see in this article that the only person mentioned as representing the Department of Public Works is a gentleman holding a very minor position. This is an important convention and I should like to know from the Minister of Public Works (Mr. Elliott) whether his department will be represented by its chief architect or, if not by him, at least by some of its senior architects.

Hon. J. C. ELLIOTT (Minister of Public Works): The department will be properly represented.

Mr. MACKENZIE KING: I may add for the information of my hon. friend that the government as a whole has arranged to receive a deputation from this particular organization. They are to meet the government as a body.

SOLDIERS' CIVIL RE-ESTABLISHMENT

REPORT OF ROYAL COMMISSION

On the orders of the day:

Hon. R. J. MANION (Fort William): I desire to ask a question of the Minister of Soldiers' Civil Re-establishment (Mr. King, Kootenay). We have seen a good deal in the press within the last two months about the Hunter commission, which is considering questions relating to the Department of Soldiers' Civil Re-establishment. Would the [Mr. Woodsworth.]

minister kindly tell the house when the report of the Hunter commission and the evidence connected therewith will be tabled for the information of members?

Hon. J. H. KING (Minister of Soldiers' Civil Re-establishment): I will have the report tabled at the next sitting.

Mr. MANION: And the evidence also?

Mr. KING (Kootenay): If the evidence is required I will include it.

Mr. MANION: I should like to have the evidence also as many of us are interested in this question.

RESTIGOUCHE RIVER—SMELT SEASON

On the orders of the day:

Hon. G. B. JONES (Royal): Mr. Speaker, I tried to get in touch with the Minister of Marine and Fisheries (Mr. Cardin) before the house opened, but I could not locate him. I desire to bring to his notice that the fishery overseer on the Restigouche river in New Brunswick has notified the fishermen and the buyers that the smelt season will not be extended; whereas on the other side of the river in the province of Quebec, under exactly similar conditions, the season has been extended. I should like to know the reason for this discrimination.

Right Hon. W. L. MACKENZIE KING (Prime Minister): The Minister of Marine and Fisheries is not in his seat at the moment. I will bring the matter to his attention.

ACQUISITION OF ALASKA PANHANDLE

On the orders of the day:

Mr. W. G. McQUARRIE (New Westminster): Mr. Speaker, might I be permitted to ask the Prime Minister if he has received a request from the government of the province of British Columbia to negotiate with the United States for the acquisition by Canada of the panhandle of Alaska; and if so, will he consider the request?

Right Hon. W. L. MACKENZIE KING (Prime Minister): Mr. Speaker, I am not aware of such a request having been received. When received we will give it consideration.

On motion of Mr. Mackenzie King, the house proceeded to government orders.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF HON. J. A. ROBB, MINISTER OF FINANCE

Hon. J. A. ROBB (Minister of Finance): Mr. Speaker, by unanimous consent between

the leaders of the different parties, which we on this side appreciate very much, I move:

That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

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

Public Accounts 1926-27

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

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

Fiscal Year 1927-28
Revenue

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

Revenues and Expenditures

Revenues Ordinary Revenue	Actual 1926-27	Estimated 1927-28	Increase	Decrease
Taxation Revenue—				
Customs Import Duties.. . . .	\$141,968,678	\$153,600,000	\$11,631,322	\$
Excise Duties.. . . .	48,513,160	57,000,000	8,486,840	
War Tax Revenues—				
Excise Taxes (Sales, Stamps, etc.)	105,613,160	88,000,000	.....	17,613,160
Income Tax.. . . .	47,386,309	55,300,000	7,913,691	
Delayed Business Profits Tax..	710,102	640,000	.....	70,102
Miscellaneous Taxes.. . . .	2,457,863	2,530,000	72,137	
Total Revenue from Taxation.	\$346,649,272	\$357,070,000	\$28,103,990	\$17,683,262
Interest on Investments.. . . .	8,559,401	10,190,000	1,630,599	
Post Office.. . . .	29,069,169	31,000,000	1,930,831	
Dominion Lands.. . . .	3,327,273	3,400,000	72,727	
Canada Grain Act.. . . .	2,582,984	2,600,000	17,016	
Miscellaneous.. . . .	8,507,677	8,320,000	.....	187,677
Total Ordinary Revenue.. . .	\$398,695,776	\$412,580,000	\$31,755,163	\$17,870,939
Special Receipts				
German Reparation Payments—				
Under Dawes Plan.. . . .	1,756,704	2,977,000	1,220,296	
Pre-Dawes Payments.. . . .	.....	3,790,000	3,790,000	
Miscellaneous.. . . .	.....	133,000	133,000	
Total Revenue.. . . .	\$400,452,480	\$419,480,000	\$36,898,459	\$17,870,939
			17,870,939	
			\$19,027,520	

Revenues and Expenditures

Revenues	Actual	Estimated	Increase	Decrease
Ordinary Revenue	1926-27	1927-28		
Interest on Public Debt..	\$129,675,368	\$128,700,000	.....	\$ 975,368
Pensions..	37,902,939	39,380,000	\$ 1,477,061	
Subsidies to Provinces..	12,516,741	12,516,741		
Soldier and General Land Settlement—				
Administration..	1,250,787	1,300,000	49,213	
Soldiers' Civil Re-establishment..	6,976,762	6,820,000	.....	156,762
National Revenue..	10,130,430	11,700,000	1,569,570	
Post Office..	31,007,698	32,250,000	1,242,302	
National Defence..	13,086,051	15,950,000	2,863,949	
Agriculture..	5,838,941	6,490,000	651,059	
Public Works—Chargeable to Income..	11,178,054	15,500,000	4,321,946	
Dominion Lands and Parks..	4,251,662	4,150,000	.....	101,662
Trade and Commerce..	4,168,047	4,200,000	31,953	
Civil Government..	10,865,757	11,800,000	934,243	
Other Expenditure..	40,698,936	42,973,259	2,274,323	
Total Ordinary Expenditure.	\$319,548,173	\$333,730,000	\$15,415,619	\$ 1,233,792
Special Expenditure				
Adjustment of War Claims..	64,485	1,660,000	1,595,515	
Discount and Expenses of Loan Flotations	3,278,032	12,000	.....	3,266,032
Miscellaneous Charges to Consolidated Fund	1,615,883	1,600,000	.....	15,883
Maritime Freight Rates Act—				
Estimated Amount Required—				
Canadian National Railways.. . . . .	.....	3,395,000	3,395,000	
Other Railways.. . . . .	.....	448,000	448,000	
Capital Expenditure				
Public Works..	2,920,670	3,485,000	564,330	
Railways..	2,792,343	4,200,000	1,407,657	
Canals..	13,845,689	13,720,000	.....	125,689
Loans and Advances Non-Active				
Canadian National Railways..	10,000,000	.....	.....	10,000,000
Canadian Government Merchant Marine..	426,817	1,000,000	573,183	
Quebec Harbour Commission..	680,000	1,415,000	735,000	
Miscellaneous Non-Active Accounts..	462,596	.....	.....	462,596
	\$355,634,688	\$364,665,000	\$24,134,304	\$15,103,992
			15,103,992	
			\$ 9,030,312	
Surplus of Revenue over Expenditure	\$ 44,817,792	\$ 54,815,000		
Assets written off as Non-Active—				
Soldier Land Settlement Loans..	2,921,063	14,000,000		
Seed Grain and Relief—Advances.. . . . .	.....	2,000,000		
(Department of the Interior)				
Net Decrease of Debt..	\$ 41,896,729	\$ 38,815,000		

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

We expect to receive from customs duties \$153,600,000, an increase of \$11,600,000 over the previous year; excise duties \$57,000,000, an increase of \$8,400,000; income tax \$55,300,000, an increase of \$7,900,000; interest on investments \$10,190,000, an increase of

[Mr. Robb.]

\$1,630,000; post office \$31,000,000, an increase of \$1,930,000; Dominion lands and certain other sources of revenue \$8,530,000, an increase of \$161,000.

The revenue services which will show decreases are,—excise taxes (sales, stamps, etc.) \$88,000,000, a decrease of \$17,600,000 under the previous year; delayed business profits tax \$640,000, a decrease of \$70,000; miscellaneous services \$8,320,000, a decrease of \$180,000.

Expenditures

The estimated expenditures for the year are: ordinary expenditures, \$333,730,000;

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

Mr. Speaker, with the consent of the house may I also place on Hansard:

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

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

Estimated Ordinary Revenues For the Fiscal Year, 1927-28		Amount	Percentage of Total Revenue
Special War Tax Revenue			
Excise Taxes (Sales, Stamps, etc.)		\$ 88,000,000	21.33
Income Tax		55,300,000	13.40
Delayed Business Pro- fits Tax		640,000	.16
Miscellaneous Taxes		2,530,000	.61
Total Special War Tax Revenue		\$146,470,000	35.50
Customs Import Duties		153,600,000	37.23
Excise Duties		57,000,000	13.82
Total Revenue from Taxation		\$357,070,000	86.55
Interest on Investments		10,190,000	2.47
Post Office		31,000,000	7.51
Dominion Lands		3,400,000	.82
Canada Grain Act		2,600,000	.63
Miscellaneous Receipts		8,320,000	2.02
		\$412,580,000	100.00

Estimated Expenditure for the Fiscal Year 1927-28

Principal Expenditure attributable to the Great War	Amount	Percentage of total Expenditure
Interest on Public Debt (Increase over 1914)	\$ 115,807,000	31.76
War Pensions	38,140,000	10.46
Soldiers' Civil Re-establishment	6,820,000	1.87
Soldiers Land Settlement Administration	1,300,000	.36
Imperial War Graves Commission	574,000	.16
Battlefield Memorials	200,000	.05
Adjustment of War Claims	1,660,000	.45
	\$ 164,501,000	45.11

Other Fixed and Public Debt Charges

Interest on Public Debt (as of 1914)	\$ 12,893,000	3.54
Other Pensions	1,240,000	.34
Superannuation	1,500,000	.41
Subsidies to Provinces	12,516,000	3.43
Discount and Expenses of Loan Flotations	12,000	
Premium Discount and Exchange	10,000	
	\$ 28,171,000	7.72

General Expenditure

Charges of Management	\$ 910,000	.25
Civil Government	11,800,000	3.24
Administration of Justice	2,166,000	.60
Legislation	2,430,000	.67
Penitentiaries	1,760,000	.48

Estimated Expenditure for the Fiscal Year 1927-28—*Con.*

General Expenditure— <i>Con.</i>	Amount	Percentage of total Expenditure
Agriculture..	6,490,000	1.78
Immigration and Colonization..	2,900,000	.79
Health..	780,000	.21
National Defence..	15,950,000	4.37
Royal Canadian Mounted Police..	2,360,000	.65
Public Works—Chargeable to Income..	15,500,000	4.25
Railways and Canals Chargeable to Income..	1,369,000	.38
Canada Highways Act..	1,066,000	.29
Mail Subsidies..	867,000	.24
Ocean and River..	3,600,000	.99
Lighthouse and Coast..	2,900,000	.80
Steamboat Inspection..	130,000	.04
Fisheries..	1,600,000	.44
Mines & Geological Survey..	600,000	.16
Scientific Institutions..	1,010,000	.28
Indians..	4,076,000	1.12
Government of the Northwest Territories..	415,000	.11
Government of the Yukon Territory..	180,000	.05
Special grant to Maritime Provinces..	1,600,000	.44
Miscellaneous..	2,726,000	.75
National Revenue (Outside Service)..	11,700,000	3.21
Post Office (Outside Service)..	32,250,000	8.84
Public Works Collection of Revenue..	1,000,000	.27
Railways and Canals Collection of Revenue..	2,550,000	.70
Dominion Lands and Parks..	4,150,000	1.14
Trade and Commerce..	4,200,000	1.15
Labour..	1,400,000	.38
Public Printing and Stationery..	295,000	.08
Miscellaneous Consolidated Fund Charges..	1,400,000	.38
Capital Expenditure—		
Public Works including Marine Department..	3,485,000	.96
Railways..	4,200,000	1.15
Canals..	13,720,000	3.76
	<hr/>	
	\$165,535,000	45.40
	<hr/>	
Total Estimated Expenditure on Government Services ..	\$358,207,000	98.23
Other Expenditures		
Maritime Freight Rates Act—Estimated Amount required—		
Canadian National Railways..	\$ 3,395,000	.93
Other Railways..	448,000	.12
Home Bank Depositors Relief Act..	200,000	.06
Loans to Quebec Harbour Commission..	1,415,000	.39
Loans to Canadian Government Merchant Marine..	1,000,000	.27
	<hr/>	
Grand Total..	\$ 364,665,000	100

Surplus \$54,815,000

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

[Mr. Robb.]

665,000 there will be a surplus of revenues over all expenditures of \$54,815,000.

Net Debt Reduced \$38,815,000

After provision has been made to the extent of \$16,000,000 for the writing down of certain soldier land settlement loans and other assets, the reduction in the net debt will be

\$38,815,000. Thus, during the five-year period ending 31st March, 1928, after providing for writing down certain assets, we will have succeeded in reducing our net debt by \$144,700,000.

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

It has also been deemed advisable to reduce by some \$2,000,000 active assets now carried as seed grain and relief advances, transferring this amount to non-active assets. These accounts have been running for many years and a certain number are now considered of doubtful value.

Outstanding Public Debt.

Representations have been made in this house and elsewhere that, through a sinking fund properly invested, provision should be made for retirement of our total debt within a limited number of years. I do not intend to go into the merits of this proposal beyond remarking that there are opinions both for and against the adoption of a fixed plan. In the final analysis it must be recognized that a net surplus of revenues over all expenditures is the only effectual sinking fund for debt retirement. In 1845 an eminent British economist, McCulloch, dealing with the question of sinking funds and taxation, declared:

The greater productiveness of industry and the greater well-being of the community are the real sinking funds which a wise government should exert itself to build up and encourage.

In recent years we Canadians have succeeded in reducing annually both debt and taxation; each reduction of interest bearing debt has enabled us to reduce taxation further, and while welcoming any workable plan that will ensure the retirement of our national debt, I submit that until Canada is nearer

the pre-war rate of taxation, annual reduction of taxes is as important as reduction of debt. Our policy is to reduce both.

Retirement of Maturing Loans

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

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

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

The saving in interest resulting from these transactions will be \$3,607,000 annually. An additional advantage will accrue from a further reduction in the amount of outstanding tax-free bonds, as the December 1st maturity of \$63,437,250 carried exemption from taxation.

Guaranteed Securities

Canadian National Railways

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

This issue was made to provide for the following authorized commitments of the railway company:

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

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

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

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

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

Montreal Harbour Commissioners

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

Canadian National (West Indies) Steamships Ltd.

Parliament last year authorized the government to guarantee securities of the Canadian National (West Indies) Steamships Limited to provide for the construction of steamships for the West Indies service. A guarantee to the amount of \$3,000,000 has been executed but actual borrowing will take place only to meet cash requirements as construction proceeds. The company has arranged for bank advances as collateral for which the guaranteed securities are to be pledged.

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

The League of Nations in 1927 made an interesting comparison of the international trade of the world and for this purpose took the calendar years 1913 and 1926. It was

[Mr. Robb.]

found that in 1913 only three nations had favourable trade balances. In that year the United States had a favourable trade balance of \$7.13 per capita, Argentine \$6.78 per capita, and British India 60 cents per capita. Thirteen years later there were six countries with favourable balances of trade, and Canada, which in 1913 had an unfavourable balance of \$29.61 per capita, in 1926 led the world with a favourable balance of \$29.34 per head of population. The countries so listed are:

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

In the first nine months of the present fiscal year, viz., from April 1 to December 31, our total imports were \$823,054,094; while the total exports amounted to \$970,154,998, giving a favourable trade balance of \$147,100,904. A comparative statement of our total trade for the same periods in the past two years follows:

	Imports	
	April 1st to 1926	December 31st 1927
Free	\$277,186,180	\$297,055,594
Dutiable	489,576,862	525,932,873
Electricity	66,508	65,627
Total	\$766,829,550	\$823,054,094
	Exports	
	April 1st to 1926	December 31st 1927
Domestic produce	\$983,924,100	\$950,103,367
Foreign	11,361,988	16,391,583
Electricity	3,452,786	3,660,048
Total	\$998,738,874	\$970,154,998

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

Trade With Treaty Countries

Favoured nation treatment is of importance alike to basic producers and to manufacturers of finished products. Our prolonged winters tend to restrict employment in some industries while others have only a short marketing season in Canada. Consequently, to maintain a high state of efficiency, ex-

port markets are to many industries, as well as to basic producers, of almost primary importance. Canada now enjoys favourable trade relations with many foreign countries to whom we sold \$157,000,000 of goods in the fiscal year 1927, purchasing in return \$78,000,000.

Empire Trade

Our trade records show that in the fiscal year 1927 we sold to the empire goods to the value of \$542,000,000 and purchased in return \$214,000,000, collecting in duties from these imports \$36,598,000. Sometimes comparisons are made to arrive at the average rates of duties assessed under various columns, so it may be pointed out in passing that nearly 35 per cent of the total duties collected on empire imports was paid on \$25,711,000 of alcoholic beverages. If we except the United Kingdom from the calculations it will be noted that in the fiscal year 1927 Canada purchased from other British countries goods to the value of about \$50,000,000. On these imports \$4,267,000 were collected in customs, over 54 per cent of the total being paid as duties on sugar and spirits, thus showing in a broad way that the major portion of our imports from the British dominions and possessions consists of non-competitive and raw products. As practically all of our \$94,000,000 of exports to those British dominions and possessions are fully manufactured, the value of working for closer trade relations within the empire is surely apparent.

Reductions in Taxes

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

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

The Customs Tariff

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

Cottons

Considering first the items comprising the cotton schedule, it is proposed that the maximum under the general tariff be reduced from 37½ per cent to 30 per cent with a single exception.

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

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

Woollens

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

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

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

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

Linen, Flax and Jute Products

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

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

Silk and Artificial Silk

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

Textile Machinery

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

Other Tariff Changes

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

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

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

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

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

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

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

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

Drawbacks

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

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

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

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

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

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

	Preferential Tariff		General Tariff	
	Old Rate	Proposed Rate	Old Rate	Proposed Rate
Mining Industry				
Xanthates and cresylic acid for concentrating ores and minerals.....	15 p.c.	Free	17½ p.c.	Free
Locomotives and motor cars for underground haulage..	22½ p.c.	10 p.c.	35 p.c.	20 p.c.
Mining hoists of a class or kind not made in Canada.....	15 p.c.	10 p.c.	27½ p.c.	20 p.c.
Machinery for concentration of ores and minerals.....	15 p.c.	10 p.c.	27½ p.c.	20 p.c.
Printing and Publishing Industry				
Press blankets.....	22½ p.c.	Free	35 p.c.	10 p.c.
Drawback on paper used in the production of magazines..	80 p.c.			
Fruit and Horticultural Industries				
Small onion plants for transplanting or propagation purposes.....	15 p.c.	Free	17½ p.c.	Free
Preparations or chemicals for disinfecting, dipping or spraying.....	10 p.c.	Free	20 p.c.	Free
Fishing				
Aluminium floats of a class or kind not made in Canada..	15 p.c.	Free	25 p.c.	Free
Parts of engines for fishermen's boats.....	15 p.c.	10 p.c.	27½ p.c.	15 p.c.
Road-Making				
Flake calcium chloride for road-treating. Per 100 pounds	10 cents	Free	15 cents	Free
Aviation				
Engines and complete parts thereof for the equipment of aircraft—Present rates continued until July 1, 1930.				

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

Mechanics Tools

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

Salt Industry

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

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

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

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

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

In May, 1922, the first post-war budget presented by the government of the Right Hon. Mackenzie King was submitted to this house. Business was then passing through a period of depression, and a deficit of \$81,000,000 was announced. With a view to balanc-

ing the budget, expenditures were reduced, taxation re-adjusted and measures of relief to basic industries enacted. Thus by policies beneficial to all parts of Canada, national development both in industry and population, has been encouraged. Canadians are returning home—

Some hon. MEMBERS: Oh, oh.

Mr. ROBB: Does anyone challenge my statement that Canadians are returning home?

An hon. MEMBER: Everybody.

Mr. ROBB: Canadians are returning home, desirable types of immigrants are attracted and Canada is once more building solidly for the future.

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

With revenues now buoyant there is a tendency to have the Dominion embark on many new ventures, as well as a tendency towards indiscriminate private speculation. We should not, however, forget our national debt. Work and thrift are the only sure

roads to success. The generation that spent the money should not shirk its responsibilities. Further taxation reductions will become possible as Canada progresses, but national progress is dependent on the wholesome goodwill we practise towards one another.

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

1. Resolved, That it is expedient to amend Schedule A to The Customs Tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, by striking thereout tariff items 219a, 236, 267b, 277, 291, 438, 442, 453e, 462, 465, 467, 468, 494a, 520, 521, 522, 523, 524, 524a, 524b, 525, 526, 527, 528, 529, 530, 531, 532, 533, 533a, 533b, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 543a, 544, 544a, 545, 546, 547, 548, 548a, 549, 550, 551, 552, 553, 553a, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 568a, 569, 570, 571, 572, 573, 573a, 574, 575, 575a, 575b, 576, 577, 578, 579, 580, 581, 581a, 582, 583, 583a, 583aa, 583b, 583c, 583d, 590c, 610, 620, 621, 626, 627, 630, 631, 638, 638a, 639, 641, 643, 644, 645, 646, 681, 683, 721, 732, 734, 740, 750, 753, 764, 765, 772, the several enumerations of goods respectively, and the several rates of duties of customs, if any, set opposite each of said items, and by repealing Order in Council, P.C. 2158, dated the 9th day of November, 1927, designated as Item 790 of the Customs Tariff, and the following items, enumerations and rates of duty are inserted in Schedule A:—

Tariff Item	British Preferential Tariff	Intermediate Tariff	General Tariff
87b	Small onion plants grown from seeds and imported for bona fide transplanting or propagation purposes only.....	Free	Free
192a	Pulp board in rolls not less than nine one-thousandths of an inch in thickness for use in wrapping rolls of paper.....	Free	Free
208d	Flake calcium chloride for road-treating purposes only.....	5 p.c.	7½ p.c.
208c	Xanthates, cresylic acid and compounds of cresylic acid, used in the process of concentrating ores, metals or minerals.....	Free	Free
219a	Non-alcoholic preparations or chemicals for disinfecting, dipping or spraying, n.o.p.....	Free	Free
236	Surgical dressings, antiseptic or aseptic, including absorbent cotton, lint, lamb's wool, tow, jute, oakum, woven fabric of cotton weighing not more than seven and one-half pounds per one hundred square yards, whether imported singly or in combination one with another, but not stitched or otherwise manufactured; surgical trusses and suspensory bandages of all kinds; sanitary napkins, spinal braces and abdominal supports.....	Free	Free
267b	Crude petroleum not in its natural state 725 specific gravity or heavier at 60 degrees temperature, when imported by oil refineries to be refined in their own factories..... On and after the 1st July, 1931, per gallon.....	12½ p.c.	17½ p.c.
277	Palm and palm kernel oil, unbleached or bleached, not edible; shea butter.....	Free	Free
356b	Nickel chromium, in bars or rods not more than three-fourths of an inch in diameter, containing more than sixty per cent nickel and more than	3/10 ct.	4/10 ct.
		Free	Free