UE OF CIGARET TO WOUNDED SOLDIE rt. P. Scarr Says Men in Ba

tle Call for Smoke to Smooth Pain. an instance of the value of a classes wounded soldiers at the Ambier, vice-president of the Comforts League, Oakwood ter from Sergt. P. Scarr. The

nlance somewhere in France rent to his aunt, Mrs. G. W. Pa St. Clarence avenue, Earlscour concert at the Royal George Th evening.

e are now working right up to the cline, and have some terrible cases tend to in the trenches," he says it in the control of the co e are now working right up to

N'S CLUB ENJOY SONGS AND SPEECHES

e Men's Club of St. Clement, ch in Eglinton spent a delighth last night in speech and song third monthly rally. Dr. Risk, the of the government in the modern ament, was in the chair and show assess were given by R. H. Beaton of Broadview Boys' Y.M.C.A. and J. Broadview Boys' Y.M.C.A. and J. T. Ward Price and H. P. Thome contributed several vocal selections

IES BATTLE WITH THE ARABS IN EGYPT

ier Tells Sister in Earlscourt of Successful Tussle With Enemy.

iting from a camp on the desert near andria, Egypt, to his sister, Mrs. ge Hughes, Earlscourt, Pte. Harry, Duke of Lancaster's Own Yeory, says: "We have been in action with the Senussi Arabs. There were sh. Dominion and Indian troops and the strength of the semmy , and the strength of the enabout 4500, with three big guns or four machine guns. The s were well handled. The enem need from their camp to engage of , and made an attempt to surrour their camp was occupied by us

unition Column, died of mastei le on Monday might. The remain removed to Bluevale, his neity yesterday afternoon, the Column

P UPON RESOURCES TIGHTENED BY BRITAIN

ure of War Material, Food r Factories Has Been Authorized.

ONTROL OF SHIPPING

rictions Placed Upon Movements of All But Small Vessels.

NDON, Feb. 15, 10.25.—The gov. ent is employing the powers conon it by various war measures ghten its grip on the resource country in order to ensure their ation for the successful prosecuof the war.

order in council published toempowers the admiralty, the council or the minister of mucouncil or the minister is to take possession of any war rial, food, forage or stores of any iption and of any articles sequito their production, and also to possession of any factory in which core any description needed for of any description need other order in council more stringent control decreeing that after itish, ship exceeding 500 tons, ex-it is engaged in the coasting shall be allowed to proceed on voyage, unless a license to do so anted by the board of trade.

UEST ON THE BODY OF A. E. McDOWALL

Find G. T. Railway Should Take Precaution When Shunting Trains.

verdict of accidental death was ht in by Coroner Mason's jury iquest held last night on the body ar E. McDowall, who died from in sustained by being crushed being crushed being at the Grand Trunk Don yards, was added to the verdict to that the Grand Trunk should more precautions were taken while ting was being done.

THE IRISH WON.

Irish Rifle Club, under the com-of Capt. Emo, met and defeated orth Toronto Rifle Club, in charge apt. Gilmore, at the armories is by the score of 338 to 329, I are its defeat was the first the North its men have sustained in 22 continuous matches.

SANITARY WASHED IPING RAGS E. PULLAN Maud St. Ad. 760

FURTHER CREDIT OF \$150,000,000 IS EXTENDED BY BRITAIN TO CANADA that our gold reserves held agains: D minion notes amount to \$115,147,985. or 64.2 per cent. of the outstanding carculation.

HUGE SUM REQUIRED FOR OUTLAY ON WAR

WEDNESDAY MORNING

Appropriation of Quarter Billion Dollars is Asked of Parliament.

REVENUE HAS GROWN

Surplus for Present Fiscal Year Will Be Forty-Five Millions.

(Centinued From Page 1.)

Civil Expenditures 1915-16.

creased duties levied under the Cus War Revenue Act.

the budget of last year I stated be the policy of the government that new works would not be under-taken until the financial outlook became clearer, and we should have in view the source of funds from which to meet the expenditure. This policy has been rig.dly followed. Only ks actually under contract been proceeded with civil expenditure has been works actually kept within close bounds. As a result our outlays for the year for purposes other than those of the war have been much less than the estimate of the budget. Up to the present our expenditure on ordinary account has been in round figures \$93,500,000. a de-crease of over \$13,000,000 as compared with the same period of the previous year. On capital account our expenaccount has ditures—principally upon such works as the National Transcontinental Rail-way, the Quebec Bridge, Hallfax Terminals, improvements to the St. Law-rence Ship Canal, the Welland Ship Canal, and the Hudson Roy Boy Canal, and the Hudson Bay Railway— have amounted to \$30,500,000, a de-crease of \$7,000,000 from the corresponding period of the previous year.

Taking into account our increase revenue on the one hand and our de-creased ordinary and capital expendi-ture on the other, it will be seen that. apart from the cost of the war, there has been an improvement in the finanposition of the Dominion for the than \$51,000,000. The improvement for entire fiscal year will probably

War Expenditure 1915-16. During the last session parliament of the kind, the first having been passed at the special session following upon the outbreak of the war and providing for an amount of \$50,000,000. The prime minister will introduce at this session the first measure providing for an additional sum of at least \$250,000,000.

The number of our troops having to 100,000, to 250,000, with a present authorized establishment of 500,000.

Canada, with the result that it was a first to standard the period of the period o our war expenditure has correspond-ingly increased and has now very large figures. From the

been one of raising money to fill the financial operations of the year.

Loan Issues 1915-16

We entered upon the present fisca! year with £3,000,000 of treasury bills maturing in June. We had also a bank tedness of \$5,000,000 These treasury bills were retired upon maturity and our bank indebtedness has been paid off. The Dominion Government has no outstanding treasury bill in the London market and is not overdrawn with any financial institution. On the contrary, we have, at the present time, very large balances to our credit both at home and abroad. In fact the government is financed until the beginning of next

Our loan transactions for the year have been as follows: In March last we made an issue in London of £5,

When Hydro has to compete on even terms with Telco, the rates of Hydro may be based on cost. When it is relieved of this competition, its rates are based on "all the traffic will stand." That is why Hydro is forced to sell current for cooking purposes at ninetenths of a cent per kilowatt hour, while it charges the taxpayers of Toronto two and twelve-hundredths cents per kilowatt hour for street lighting purposes. What would Hydro be able to charge private consumers if it were not for Telco competi-

TARIFF UPON APPLES AND OIL IS GIVEN AN UPWARD SWING

Rate of Ninety Cents Per Parrel Now in Force Upon Apples-Moderate Advance in Tariff on Oils and Petroleum.

ster White today apply only to apples and oil, and the event justifies expectations that revision would be comparatively unimportant in scope. The tariff resolution was as follows

amend schedule A to the customs tar-OTTAWA, Ont., Feb. 15 .- Tariff iff, 1907, and to strike thereout tariff charges announced by Finance Mini- items 92 and 267, the several enumerations of goods respectively, and the several rates of duties or customs if any, set opposite each of the said tems, and to provide that the following items, enumerations and rates of (1.) Resolved that it is expedient to duties be inserted in said schedule "A."

92—Apples, per barrel 267—Oils, petroleum (not including crude petroleum imported to be refined, or illuminating or lubricating oils) .8235 specific gravity or heavier at 60 de-

War Measure Act. 1915.

In Force Today. (2.) Resolved that any enactment founded on the foregoing resolutions shall be deemed to have come into force on the 16th day of February, for const 1916, and to have applied to all goods that day.

mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that day. and to have also applied to goods pre-viously imported for which no entry for consumption was made before

000,000 of four and one-half per cent. debenture stock, maturing 1920-25. The issue price was 991-2 and the offering was over-subscribed. In August we made an issue in Nev York of \$25,000,000 of 5 per cent. notes maturing August 1st, 1916, and of \$20,000,000 of 5 per cent. notes maturing August 1st, 1917, or a total issue of \$45,000,000. These notes were sold at the price of par and 991-2 respeccial position of the Dominion for the period since April last of no less a sum per cent. and are convertible into per cent. bonds of the Dominion of Canada, maturing August 1st, 1935. The purpose of this loan was to pro-vide for expenditure upon public undertakings under contract and other War Appropriation Act for capital outlays throughout the Dom-In November we offered to the Can

adian public a domestic loan of \$50,-000,000 of 5 per cent. ten year bonds, the issue price being 971-2 payable in instalments extending over the period from November, 1915, to May 1st, 1916. This issue, as is well known to the house, was most enthusiastically and more than doubly subscribed. In view now of this response and the ear est desire of investors and financial and investors and financial and of the large amounts and subscribed for institutions who had subscribed for large amounts to participate in the loan, the authorized amount was gathered that the general position of our finances has been that while our fevenues have been substantially inchanced that at the time of this ischanced that a creasing and our ordinary and capital sue the imperial government, owing expenditures materially declining, our to adverse sterling exchange condiwar expenditure has been mounting tions which had for some time prerapidly. Our problem has theref re vailed, were at a serious disadvantage in making payment for munigap between revenues and total out-lay, and I turn now to describe the Canada. To assist in overcoming the difficulty and to facilitate further purchases in Canada, the government placed the sum of \$50,000,000 from the proceeds of the domestic war loan to the credit of the imperial treasury. This credit is now being availed of for the purpose mentioned. In my last budget speech I explained to the house the arrangement made by the government for advances by the our war expenditure. amount of such advances to date has been £27,000,000. It will be gratifying to the house to learn that since the beginning of the period of serious decline in sterling exchange June onwards the government has been able to finance all our war expenditures in Canada without assist-

imperial treasury towards r expenditure. The total ance from the imperial treasury. Had ance from the imperial treasury. Had we been obliged, during the period in question, to bring funds for this purpose from London to Canada, we should not only have made a heavy loss on the transactions, but would have been in direct connection with have been in direct competition with the imperial treasury in selling sterling exchange for the purpose of meeting their obligations maturing due upon orders for munitions and supplies placed on this side of the Atlantic. By reason of our terms of the land of the land. ing revenues and our borrowings in the United States and Canada it has not been necessary for us to hegotiate any sterling bills since June of last year.

Outcome of 1915-16.

As closely as we can estimate, the financial outcome of the present fiscal year, he said, will be as follows:
Revenue from all sources \$170,000,000 Ordinary expenditure 125,000,000

Surplus\$ 45,000,000
As the proceeds of the American
loan, which was specially made to loan, which was specially made to meet capital expenditure, have been more than sufficient for the purpose (the expected expenditure under this heading being \$40.000.000), it has been possible for the government to devote its entire surplus, estimated at \$45,000.000, as stated, in payment of the principal of our ed in payment of the principal of our war expenditure. The house, of course, understands that in our ordinary expenditure is embraced the entire interpretable of the principal est charge upon our public debt, which includes our war borrowings. Ordinary expenditure also includes pensions.

Briefly, then, the result of the preent year's transactions as to revenu and expenditure may be summarize as follows: We borrowed in the United States the amount required for our capital expenditures. Our revenue will exceed our ordinary expenditure by \$45,000,000. This \$45,000,000 we devot to the payment of our war expenditure. By the end of the year the net national debt will stand at about \$580. 100,000, an increase of \$131,000,000 dur

Economic Conditions, 1915-16. Turning from the financial tran actions and position of the government to the general affairs of the coun ry, we find much cause for gratifica tion and thankfulness. Business has adjusted itself in a remarkable way to the altered conditions. We have been blessed with a most bountiful harvest, blessed with a most bountiful harvest, interest, leading to deproclation and the greatest by far in the history of the Dominion, and this coupled with afflict a nation. In this connection it the greatest by far in the history of

the demand for war material, supplies and munitions, has given such stimu-lation and impetus to trade and in-dustry that, notwithstanding the war, we are experiencing a high degree of prosperity. Propacly the most out-standing feature of our national econoiny during the year has been the extraordinary change which has taken place in our international trade bal-For the fiscal year 1912-13 it was adverse to the extent of over \$300.000,000; in 1913-14 of \$180.000,000, oud, ond in 1914-15 of \$36,000,000. For the present fiscal year it seems certain that we shall have a favorable trade balance in the neighborhood of \$200, 000,000. That so great change has taken effected in one brief year is a striking tribute at once to the marvelous pro-ductivity of the Dominion and the capability, industry and thrift of our people. Our total trade for the year will aggregate approximately \$1,200,-000.000, an increase of nearly \$200,000,one in exports, and a slight reduction in imports. This is the largest aggre-gate trade in the history of the Do-

public are rapidly increasing in vol-ume, thus insuring adequate credits for the commercial, industrial and agricultural needs of the community Altho, since the outbreak of the war borrowing for our capital requirements has been possible in Great Britain only on a greatly reduced scale, our provinces, municipalities, railway, in-dustrial and other corporations have resorted with a marked degree of success to the investment markets of the United States, where a strong demand ex.sts for their securities.

While these features of our economy are significant and encouraging in the extreme, we must continually keep beparticipants in a war, the greatest in increasing scale, with undiminished vigor and with no prospect of early termination. Indeed, all signs seem rather to point to prolongation until by superior resources on the one hand nd exhaustion with collapse on the other. To win the war with the deciwhich will ensure lasting forth its full collective power in men and in money.

From this viewpoint it is our true pol.cy to augment our financial strength by multiplying our productive exercions and by exercising a rigid economy, which reduces to the minimum all expenditures upon luxuries and non-essentials. Only in this way caused by the withdrawal of so many of our workers from industrial activities, repair the wastage of the war, and find the funds for its continuance. It cannot be too frequently or too earnestry impressed upon our people that the heaviest burdens of the conflict still he before us, and that industry and thrift are. for those who remain at home, supreme patriotic duties upon whose faithful fulfilment our suc and consequently our national safety,

may ultimately depend. Apart altoge her from these higher grounds, it is to be pointed out that in sofar as our present prosperity is based upon abnormal prices for our produce and upon the production of war ma-terial, it is precaricus and transient and dependent upon the continuance of the war and its conditions. On ordinary business grounds done the prudent husbanding of resources, the wise the plainest considerations of practical wisdom and good sense. It is in the spirit of these remarks that I now approach the consideration of our finan-

coming year.

Fiscal Year 1916-17. It is well to make it perfectly clear at the outset that notwithstanding the satisfactory increase in revenue and our diminishing civil expenditures, the burden of financial administration will be much heavier in the coming than it has been in the past year. The last War Appropriation Act authorized an expenditure of \$100,000,000. The War expenditure of \$100,000,000. The War Appropriation Act of this session will authorize an expenditure of \$250,000. 600, all of which and possibly more will be required for the raising equipping, transporting and maintenance ping, transporting and mamionance of our rapidly increasing forces. The all-important question, therefore, to be considered is "how shall we provide that money?" There are only two sources from which it can legitimately come, namely, from revenue and from orrowing. The government is resolutely resolved to maintain the standard of our currency and not to resort to the issue of unsecured paper money, which is merely a forced low without

As regards our ordinary and capital expenditure, we shall endeavor to continue to effect all possible reductions. Our estimates contain numerous items hitherto adopted by parliament, representation with which it is not our senting works with which it is not our senting works with which it is not our intention to proceed during the period of the war. The policy adopted from its outbreak, which has given such excellent results to given such excellent results to date, of proceeding only with works actually under contract, will continue to guide us. Further, should financial exigency so require we shall not hesitate to terminate contracts and leave works in an unfinished condinotwithstanding the immediate and prospective loss and damages involved. I do not, however, think that such a course will be necessary

So far as we can estimate our ordinary expenditure for the coming year will amount to about \$135,000,year will amount to about \$135,000,000 as compared with \$125,000,000 for this year and \$135,000,000 for last year. Our capital estimates are \$30.000,000 as compared with \$46,000,000 for this year. Adding the ordinary and capital expenditure we look forward to a total civil expenditure for ward to a total civil expenditure for the year of \$160,000,000 as compared with \$165,000,000 for the present less than \$20,000,000 represents in-creased interest due to our war borrowings and a further sum of \$2,000 of the war. In making a comparison between our ordinary expenditure for the coming year and that of preceding years, these important items, aggregating an increase due to the war of \$22,000,000, must be taken into ac-

Should it seem expedient we shall feel justified in borrowing as we did during the present year, for our capital expenditure. Assuming that capital expenditure. Assuming that this is accomplished, we should have on the basis of present revenue a surplus of \$35,000,000 to apply upon our war expenditure. This would leave the sum of \$215,000,000 additional to be borrowed for the war. Adding to this our proposed borrow-ing for capital expenditure, we are fronted with an increase of public nearly \$250,000,000.

The question has often been discussed as to the true financial policy of a nation in time of war. Some have strongly favored the policy of large borrowings; others have insisted that the cost of a war should be de frayed by a nation at the time it is teing waged. Obviously in a war such as this, the latter course would be impossible. The truth seems to ce that it is not practicable for all nations to adopt the same policy or for any nation the same policy at all times. On the financial side stability consinues to be maintained.

The circumstances and conditions of individual nations must be taken into commenced, including the Hudson Bay Railway. Welland Canal, Quebec are institutions disclose a position of rowing strength. The savings of the accumulated wealth, a policy of drastic taxation would appear to be advisable. With a country such as complication are rapidly increasing in volving the financial side stability consideration. If a country has much accumulated wealth, a policy of drastic taxation would appear to be advisable. With a country such as complications are rapidly increasing in volving the financial side stability consideration. If a country has much accumulated wealth, a policy of the redemption of outstanding Dominion notes constituted a gold reserve of sixty-four per cent.

To get the redemption of outstanding Dominion notes constituted a gold reserve of sixty-four per cent.

To get the \$215,000,000 required for tal is less than \$50,000. This limitations was expenditures during the fiscal year ending March 31,1917, and the larger than \$1,1917, and the larger than \$2,1917, and the larger than \$2,1917, and the redemption of outstanding Dominion notes constituted a gold reserve of sixty-four per cent.

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To get the \$215,000,000 required for the redemption of outstanding Dominion notes constituted a gold reserve of sixty-four per cent.

To get the \$215,000,000 required for the rede would appear to me that we are justi- | year than last by \$57,000,000. fied in placing upon posterity the plause.)
greater portion of the financial burden Expenditures upon the war. Sir of this war, waged as it is in the latterests of human freedom, and first their benefit in equal if not in greater degree than for our own. Canada in the last session an additional war credit of \$100,000,000. At the present session a still further vote of sent session a sked by the the development of unbounded re-sources, will be well able to meet the interest and sinking fund charges upon such debt as we shall be obliged incur in defence of our country and is liberties. From an example, the house will more readily see what I have in mind. Let us assume that our inannual interest will amount to \$25,-000,000. This sum with a substantial amount added yearly for a sinking fund could in my opinion be met, propeace, the empire will require to put vided strict economy be practised by governments, from the future revenues of the Dominion. In national finance, if debts can be funded, the practical question is that of payment of annual interest. But while this is so, the fact must not be overlooked that debt is debt, a financial obligation and burden upon the body politic, whether owe:

to investors at home on abroad.
making these observations it is earnest desire that neither the house nor the country will gather the impression what we underraced the magnitude of the liabilities which we are assuming or the gravity of the financial consideration involved in our participation in this great struggle. We believe, however that the people of Canada desire the government to put forward the maximum of effort in the cause, and that will, both for the present and the future, be prepared to cheerfully

bear whatever burdens may be en-tailed upon them in consequence. While I have stated, as I think correctly, what the general policy of Canada should be so far as relates to our war finances, I do not desire to be understood as saying that we should not endeavor to raise by taxation a considerable part of our war expenditure. On the contrary, it is my view that it is our clear national duty and supremely in the interests of our credit to provide what we reasonably can without impairing our economic strength. To attempt more would mean too drastic taxaupon a community whose trade and commerce have been seriously interrupted and affected by war conditions, and unduly heavy burdens upon a people already contributing generously of their substance to funds and organizations whose pa-triotic object is the constort and well-being of our soldiers and the dependence they have left behind, of their substance to

In connection with taxation, there is another feature which we must eir in mind namely, that Canada is a country inviting immigration, and we must be careful not to to become a country of heavy indivi-dual taxation. In this connection I bank it opportune to state on behalf of the government and as enunciating its settled policy, that in providing our war expenditure resort will not be had to taxation upon the farms. personal effects or incomes of those

engaged in our great basic industry of agriculture.

Taxation and Loans, 1916-17. With those preliminary observa-tions as to general financial policy

PROFITS IS IN EFFECT

Minister Announces Measures to Meet Strain of War.

FEW TARIFF CHANGES

System of Rural Credits to Be Established by Government.

(Continued From Page 1.)

The British Government has extended to Canada an additional drawn upon as sparingly as possible.

Total Revenue \$170,000,000.

Sir Thomas White, in opening, congratulated the house, and the country upon the remarkable increase of revenue for the current fiscal year. He said that it had been estimated that the additional taxation imposed last thust be borne in mind that included in our ordinary expenditure for the coming year is the sum of \$36,000,000, representing charges upon our public debt, of which sum no \$36,000,000, representing charges say that the result had far exceeded upon our public debt, of which sum no less than \$20,000,000 represents instead of \$150,000,000, the revenue for the current fiscal year would amount to \$170,000,000. (Appleuse.) Up to Feb. 10 the actual revenues collected since April 1 amounted to \$145,000.000, an increase of \$31,000,000 over the cor-responding period of last year.

The budget of last year had no soon-er gone into operation, the finance minister continued, than the decline in our custom receipts was arrested. Our custom receipts for April, May, June and July equaled the custom receipts for the same months of 1914. The custom receipts for the six months be-ginning Aug. 1. 1915, had shown enormous increases over the customs receipts for the first six months of the war. Of the \$145,000,000 revenue so far collected \$82,000,000 came from customs, and \$19,000,000 of the same was the result of the increased tariff taxation imposed at the last session; \$14,000,000 had been collected from rostal receipts; \$19,000,000 from excluse, and about \$3,000,000 from the last session; seemed to require it. In any event the minister was confident that we would have a surplus next year of \$35,000. special taxes other than postal levied under the special War Revenue Act

Expenditures Decreased Not only had our revenues increased, Sir Thomas said, but the expenditures had decreased. The expenditures of the government upon current ac-count for the fiscal year up to date, amo inted to only \$93,000,000, a decrease of \$13,000,000 compared with the expenditures for the similar period of last year. Upon capital account our expen-ditures amounted to \$30,500,000. Proctically all the money had been spent upon works in progress when the war commenced, including the Hudson Bay Railway. Welland Canal, Quebec advisable. With a country such as saving up to date upon capital exours, rich in potential resources, penditures was \$7,000,000. Apart from certain of future development and great expansion of production and tion of the Dominion Government thru population, but without at present increased revenues and decreased ex-large accumulations of wealth, it penditures would be better for this

sent session a still further vote of \$250,000,000 would be asked by the government. It would, therefore, be seen that altho our revenues had in creased and our expenditures, apart from the war, had decreased, the exfrom the war, had declared grown so penditures upon war had grown so rapidly as to create a tremendous de-ficit. The problem of the hour was how debtedness on account of this war will to bridge the gap between our revenue reach \$500,000,000; at 5 per cent. the and the tremendous expenditures oc-

casioned by the war.
No Bank Overdraft. At the opening of the present fisca year Sir Thomas said the Dominior Government had treasury bills out in the London market to the amount the London market to the amount of \$,000,000 pounds sterling and had a bank indebtedness of \$5,000,000. The treasury bills above referred to had been retired and we now had no overdraft at the bank. On the contrary, the government had large credits in banks at home and abroad had financed up to next June; \$45,000,-000 had been borrowed in New York and \$100,000,000 had been realized from the domestic loan; \$50,000,-000 of this had been used to help the mother country finance her munition orders is Canada Stock debentures had also been sold in London to the amount of 5,000,000 pounds sterling.
The finance minister said that imperial authorities between the outbreak of the war and last June had advanced us 27,000,000 pounds sterling. No further advances had been made.

As closely as we can estimate, the

financial outcome of the present year Sir Thomas continued, will be as fol Revenue from all sources...\$170,000,00

Ordinary expenditure 125,000.00

our ordinary expenditure is embraced the entire interest charge upon our public debt, which includes our war borrowings; ordinary expenditure also

includes pensions.
Briefly, then, the result of the present year's transactions as to revenue and expenditure may be summarized as follows: We borrowed in the United States the amount required for our capital expenditures. Our revenue exceed our ordinary expenditure by \$45,000,000. This \$45,000,000 we devote to the payment of our war expenditure.
By the end of the year the net mational
debt will stand at about \$500,000,000
an increase of \$131,000,000 during the

Canada's Great Trade. Discussing the economic situation of the country the finance minister an-mounced the total trade of Canada for the year ending March 31 next would amount to \$1,200,000,000, the greatest trade record in our history. Our extrade record in our history. Our exports had increased by \$200,000,000 our imports show a small decrease Our adverse belance of trade, amount ing to \$300.000,000 for the year ending

March 31, 1913, amounting to \$180.—
000,000 for the year ending March 31
1914, amounting to \$36,000,000 for the year ending March 31, 1915, would be changed into a balance in our favor of \$200,000,000 for the year ending on the 31st of next month. (Applause.)

This record testified to the industry

progressive increases from month to month. Our harvest for 1915 had been the greatest in our history, while the manufacturing of munitions had stimulated our manufacturing enterprises to the highest pitch. Altho our more and with the profits of all perprovinces, municipalities and railways sons firms and corporations. provinces, municipalities and railways sons, firms and corporations enhad found the English money market closed to them they had resorted with success to New York. In spite "There are," said the minister, "in

of the war our country was enjoying a marvelous degree of prosperity.

Heavier Burdens Coming.

At the same time the minister reminded the house that we were in the in time of peace. midst of a great war that might last whose profits ari er would find neither the same demand for his products nor the same high prices and the men engaged in the manufacture of munitions would suddenly find themselves w.tnout employ-ment. It was therefore of the nignest

and economy" as our national motto.
It would require great energy and of the war. penditures for the year Sir Thomas estimated the current and capital ex-

000 interest on the public debt and \$2,000,000 for pensions. Of the \$36.-000,000 of interest to be paid \$20,000,-000 was due to the increase of the debt by reason of the war. Therefore of the \$160,000,000 that is to be spent next year "exclusive of war expenditures" there would be included \$22,-000.000 for which the war was directly responsible. Only public works already under contract would be carried on and the exigencies of the situation engaged in agriculture, we propose seemed to require it. In any event the to impose a tax of one-fourth of the minister was confident that we would net profits for every accounting period have a surplus next year of \$35,000,- ending since the outbreak of the war 000 which could be applied to war expenditures. The government would ask the house to vote a war credit of determining the profits and paid-up \$250,000.000. The problem then was to capital made and employed in Canada find the \$215,000,000 for war expenditures during the year ending March carrying on business in Canada and

No Paper Money.
Sir Thomas advised the house that recourse would not be had to a papermoney issue. To do so would be to
exact a forced loan from the people
without interest. He was glad to announce that the store of gold available
for the redemption of outstanding Do
To August 3, 1917.

"The tayatten will not apply to per"The tayatten will not apply to per-

ending March 31,131, and the sum that will be needed in follow- dealing in munitions or material ing years it was the policy of the of war and supplies for war ing years it was the policy of the purposes. The duration of the government to resort to taxation and borrowing. It was not advisable in the opinion of the mini-ster to attempt to raise too much money by the imposition of taxes. The government did not intend to borrow all the money for the war nor did it propose to place upon the people any crushing burden of taxation. "While I have stated," the minister continued, "as I think correctly, what the general policy of Canada should be so far as relates to our war finances. I do not desire to be understood as saying that we should not endeavor to raise by taxation a considerable part of our war expenditure. On the contrary, it is my view that it is our clear national duty and supremely in the interest of our credit to provide tion upon a community whose trade and commerce have been seriously in-terrupted and affected by war conditions and unduly heavy burdens upon a people already contributing gener-ously of their substance to funds and organizations whose patriotic object is the comfort and well being of our soldiers and the dependents they have

left behind. No Tax on Farmers. In connection with taxation, there is another feature which we must also bear in mind, namely that Canada is a country inviting immigration, and we must be careful not to create the inpression that it is likely to become a country of heavy individual taxation. In this connection I think it op-In this connection I think it portune to state on behalf of portune to state on behalf of the government and as enunciating its settled policy, that in providing our war expenditure resort will not be had to taxation upon the farms, personal effects or incomes of those engaged in our great basic industry of agriculture.

No Drastic Tariff Changes.

The finance minister's speech up to this time had been frequently into this time had been frequently interrupted by applause, but as he came
to the point where he was to announce his tariff and taxation
changes all the members of the house
leaned eagerly forward, and amid
profound silence he proceeded.

The changes in the tariff announced were slightly and comparatively
unimportant. The duty upon apples
is increased to 90c per barrel (British preference one-third less), not so
much for revenue purposes as to

ish preference one-third less), not so much for revenue purposes as to protect the Canadian apple grower, especially in British Columbia. The tariff duty on oils is also readjusted. "We propose," said the finance minister, "a duty of one-half cent a gallon on oils, petroleum, not including crude petroleum imported to be re-

This record testified to the industry and thrift of our people. Our banks and financial institutions were stronger than ever. Bank deposits showed the strong of the stron

matter what is capital invested.
"There are," said the minister, "in
time of war many businesses and industries which dor one reason or anabove the average return to capital whose profits arise directly from for a number of years and that finan-cial burdens entailed by that war upon the furnishing of supplies in connection Canada would be heavier in the fu-ture than they had been up to this stances of normal character. It has time. When the war ceased the farm-er would find neither the same demand sons, firms and corporations whose for his products nor the same high profits have been such, might well be called upon to contribute a share to the carrying on of the war. Their position being advantageous, compared with less fortunate fellow citizens, it importance that we adopt "production is just that a portion of their ad-and economy" as our national motto. vantage should be appropriated to the It would require great energy and benefit of the state. In this congreat thrift on the part of those who nection we have prepared a measure stayed at home to make up for the which I propose to introduce to the withdrawal of so many workers for house, providing for the taxation of enlistment to support our armies in the profits in excess of a certain perfield and prepare ourselves for the centage upon capital engaged in all dislocation bound to come with the end classes of business and industry, including railway, steamship, public-utility, financial, commercial, mining the money was to be raised for war ex- and industrial enterprises. We have fixed upon a rate of profit in the case of corporations and individuals and penditures of the government at \$160,- firms which may be taken as a 000,000. This would include \$36.000,- annual return in normal times. firms which may be taken as a fair annual return in normal times. We propose to impose taxation to the extent of one-fourth of the amount of net profits upon the capital derived since the outbreak of the war in excess of this fixed rate.

"To particularize our proposal is as Exempts Life Insurance. "Upon all incorporated companies carrying on business in Canada, ex-cepting life insurance companies which are otherwise dealt with, and those engaged in agriculture, we propose in excess of seven per cent, upon paid-up capital. Provision is made for

ships, and associations we propose a

measure will be limited to August 3rd, 1917. Banks and companies which are already taxed under the provisions o the special war revenue act, 1915, shall during the period of the measure now proposed be exempt from taxation under the provisions to the extent to which they are taxed under the said special war revenue act. The yearly taxation under this measure will be payable on or before the first day of November in each year. The first pay-ment will therefore not be called for

Prevent Stock Watering. The minister said that a higher rate was imposed on the profits of corporations than upon the profits of individuals and partnerships. He intimated that corporations often capitaliz-

ed intangible assets. It was he thought impossible for the government to go to find just what was the capital invested. Provisions, however, would be found in the resolutions and in the legislation to be founded thereon to guard against evasions of every kind. Companies would not be allowed to water their stocks, increase their capitalization or transfer their assets another company with smaller capital stock issue.

Retroactive Legislation.

The legislation it will be seen is retroactive. It takes effect August 4, 1914, and expires August 3, 1917. Some profits earned before the outbreak of the war may be taxed, but on the other hand, some profits earned before August 3, 1917, may escape taxation. It will all depend upon the company's accounting period. The minister estimated that from

twenty-five to thirty million dollars would be realized from the proposed taxation. The general scheme of taxation and many of the details for its working out will be found in the resolution, a copy of which appears in another column. The resolutions were tabled in the

house today by Sir Thomas White who gave notice that a bill founded thereon would be introduced at an early date.

PRINCIPALITIES IN MERGER.

BERLIN, Feb. 15.—(Via Wireless to Sayville.)—Amalgamation of the German principalities of Schwarzburg-Rudolstadt and Schwarzburg-Sondershau en was decided upon at a joint convention of the parliaments of these principalities today at Erfurt. The amalgamation was arranged, the Overseas News Agency says, "on account of the moral union of all Germans."

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