

make in the duties on certain commodities by reason of the increased duties imposed on articles which are raw materials in their production.

On cigars and cigarettes we propose to increase the specific rate from \$3 per lb. to \$3.50 per lb., and on manufactured tobacco we propose an increase of 10 cents per lb. The increased revenue from this source will be over \$200,000 per annum.

I may explain that on account of schedule C of the French treaty no increase can be made in the rates of customs duties on wines and champagnes. The reason is that the customs rates under the French treaty are fixed and specific and not susceptible to increase during the continuation of the treaty.

So much for our proposal as regards customs. I now turn to the measures which we propose with reference to duties of excise. Our proposals in this respect are as follows: Upon spirits, from \$1.90 to \$2.40 per gallon; on malt liquor, from 10 cents to 15 cents per gallon; on malt, from 1½ cents to 3 cents per lb.; on cigars, from \$2 to \$3 per thousand; on cigarettes, from \$2.40 to \$3 per thousand; on manufactured tobacco, from 5 cents to 10 cents per lb. We anticipate an increased revenue from excise calculated upon the consumption of last year of about \$6,600,000 per annum.

In connection with the increases which I have proposed in customs and excise rates upon liquors and tobaccos, it has come to our knowledge that certain brewers, distillers and dealers, in expectation that a special war tax would be necessary upon these commodities, have during the past two weeks taken exceedingly large amounts out of bond. I have particulars of the abnormal increases in customs and excise revenue under my hand which I shall later lay before the committee. If we failed to deal with the situation thus created, our fiscal measure, so far as it relates to the commodities in question, would be defeated and we should be deprived in large part of the revenue which for the remainder of the year we have calculated upon from these sources. I have to propose, therefore, that part of the legislation relating to duties of customs and excise be deemed to come into effect on August 7, 1914.

These special war taxes, representing only a small fraction of our increase in military and naval expenditure, due to the critical situation which has arisen, will fall upon the entire community. In paying them each citizen will feel that the amount he pays is a direct contribution to the defence of Canada and the Empire.

[Mr. W. T. White.]

From these special war taxes I estimate we shall derive additional revenue of about \$7,000,000 during the remainder of the fiscal year. This leaves a sum of over \$36,000,000 to be provided by borrowing. We shall, as opportunity offers, issue further loans, but I must state to the House that the amount upon which we can rely from this source is conjectural and dependent upon the course of events.

In these circumstances I am taking authority, by legislation amending the Dominion Notes Act, to increase the amount of notes which may be issued against a 25 per cent margin of gold from thirty to fifty million dollars. This will give us an additional fifteen million dollars from money borrowed from our own people upon the Dominion's credit. We shall avail ourselves of this emergency measure to the extent that it may be found necessary to supplement our borrowings otherwise. I have already given notice of the legislation in that behalf.

As to the effect of the war upon industrial and commercial conditions in Canada, I do not regard it necessary that I should upon this occasion make any special pronouncement. Injury there will no doubt be to some of our enterprises, but such injury may be most marked at the beginning and not of long duration. In the circumstances, I feel that I can confidently appeal to all employers of labour to continue to carry on their operations to such extent as may be feasible to them in order that the distress of unemployment may be minimized as much as possible, and that the first brunt of the war may not fall too heavily upon the working community.

To many of our industries, notably to agriculture, there should be pronounced stimulation and quickening of activity. Trade between Canada and the motherland will undoubtedly receive an impetus, the importance of which to our future relations it would be difficult to overstate. If I have any general advice to offer it is that the people of Canada will, as I am sure they will, continue to maintain the calm, sane judgment for which they have always been noted. Above all, confidence is a supreme patriotic duty—confidence in one another, confidence in our country and its institutions, in the Empire, in the righteousness of our cause and, under Providence, in the certain ultimate triumph of our arms.

I beg, Mr. Speaker, to give notice that, when this House goes into Committee of Ways and Means, I shall move the following resolutions: