the policy of the Government so far as possible to maintain the existing programme of public works under construction. New works will not, however, be undertaken until the financial situation clears; and in this connection we must ask the forbearance and co-operation of members of both sides of the House. On the one hand, we do not desire to shut down construction now under way, with the consequent resulting unemployment, and, on the other, we must have in mind existing financial conditions, and embark upon new expediture only when we have in view the source of funds with which it may be defrayed. Under this policy I estimate that our revenue will just about suffice to meet our ordinary running expenditure; at least, I am hopeful that it will do so.

This leaves to be otherwise provided for capital, special and investment expenditure a sum totalling probably $30,000,000, together with such special expenditure as we may make for the common defence of Canada and the Empire. We are asking Parliament for a vote of $50,000,000. What portion of this may be expended during the remainder of the fiscal year is problematical, but we must assume at least the greater part. With the world at war and our national existence at stake, it is not the part of patriotism to spare either blood or treasure, and the Government may be depended upon to continue to uphold to the utmost of its power the arm of Britain in the fateful contest in which she is now engaged for the preservation of the Empire and the freedom of the world.

Assuming a capital and special war expenditure of, say, $60,000,000, we must further provide $8,500,000 for the retirement of Treasury Bills maturing in November, making a total of $68,500,000, which must be met by the proceeds of borrowing or special taxation. We have already borrowed $25,000,000 by the issue of June. This leaves a balance of $43,500,000 which we must now devise ways and means to meet.

To partially meet the special war expenditure I have to propose certain increases in customs and excise duties upon articles and commodities to the taxation of which resort is usually had in the emergency of war.

The special war taxation which I have to propose to the House will affect the rates of duties of customs and of excise upon coffee, sugar, spirits and tobacco. On green coffee, which was free when imported direct from the country of growth and production or purchased in bond in the United Kingdom, it is proposed to place a duty of 2¼ cents per lb. under the British preferential tariff and 3 cents per lb. under the general tariff. The increased revenue on coffee for the year will be about $500,000. As to sugar, we propose that upon the raw commercial article testing 75 degrees by the polariscope, the rate of duty shall be increased from 25 cents under the British preferential tariff to 88 cents per 100 lbs., and from 31¼ cents under the general tariff to $1.11¼ per 100 lbs. No change is proposed in the rates respecting each additional degree over 75 degrees. In other words, an increase is proposed of 63 cents per 100 lbs. under the British preferential tariff and 80 cents per 100 lbs. under the general tariff. On raw sugar which tests 96 degrees an increase is made in the British preferential tariff from 40¾ cents per 100 lbs. to $1.03¾ per 100 lbs. and an increase in the general tariff from 57½ cents per 100 lbs. to $1.37½ per 100 lbs. On refined sugar testing 88 degrees by the polariscope the British preferential tariff rate will be increased from 72 cents to $1.52 per 100 lbs., and under the general tariff from 93 cents to $1.93 per 100 lbs. No change is made in the rates respecting each additional degree over 88 degrees. In other words an increase is proposed of 80 cents per 100 lbs. under the British preferential tariff and $1.00 per 100 lbs. under the general tariff.

On refined sugar which tests 99 degrees we propose to increase the British preferential tariff from 83 cents per 100 lbs. to $1.63 per 100 lbs., and the general tariff from $1.07⅔ to $2.07⅔ per 100 lbs. In other words, we propose to increase refined sugar four-fiths of a cent per lb. under the British preferential tariff rate and one cent per lb. under the general tariff rate. The revenue we shall derive from this special taxation on sugar will probably exceed $5,000,000 per annum upon the basis of last year's importations of sugar.

On whisky, brandy, gin and other distilled spirits of like character, it is proposed to increase the duty from $2.40 to $3 per proof gallon. The increased revenue on spirits so imported will exceed $2,500,000 per annum upon the basis of last year's consumption.

Certain other minor changes will be proposed, which it is unnecessary to advert to here, on account of the increase in coffee, sugar and spirits duties. In other words, there are certain changes, known as consequential changes, which it is necessary to