

**CIHM
Microfiche
Series
(Monographs)**

**ICMH
Collection de
microfiches
(monographies)**



Canadian Institute for Historical Microreproductions / Institut canadien de microreproductions historiques

© 1997

The copy filmed here has been reproduced thanks to the generosity of:

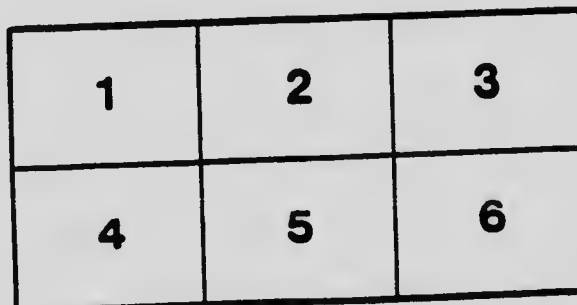
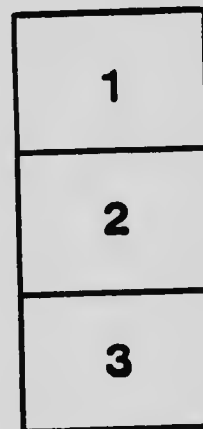
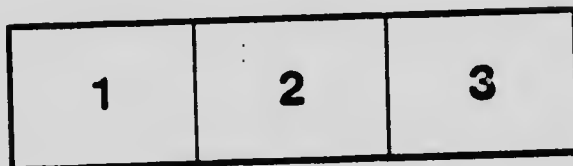
National Library of Canada

The images appearing here are the best quality possible considering the condition and legibility of the original copy and in keeping with the filming contract specifications.

Original copies in printed paper covers are filmed beginning with the front cover and ending on the last page with a printed or illustrated impression, or the back cover when appropriate. All other original copies are filmed beginning on the first page with a printed or illustrated impression, and ending on the last page with a printed or illustrated impression.

The last recorded frame on each microfiche shall contain the symbol \rightarrow (meaning "CONTINUED"), or the symbol ∇ (meaning "END"), whichever applies.

Maps, plates, charts, etc., may be filmed at different reduction ratios. Those too large to be entirely included in one exposure are filmed beginning in the upper left hand corner, left to right and top to bottom, as many frames as required. The following diagrams illustrate the method:



L'exemplaire filmé fut reproduit grâce à la générosité de:

Bibliothèque nationale du Canada

Les images suivantes ont été reproduites avec le plus grand soin, compte tenu de la condition et de la netteté de l'exemplaire filmé, et en conformité avec les conditions du contrat de filmage.

Les exemplaires originaux dont la couverture en papier est imprimée sont filmés en commençant par le premier plat et en terminant soit par la dernière page qui comporte une empreinte d'impression ou d'illustration, soit par le second plat, selon le cas. Tous les autres exemplaires originaux sont filmés en commençant par la première page qui comporte une empreinte d'impression ou d'illustration et en terminant par la dernière page qui comporte une telle empreinte.

Un des symboles suivants apparaîtra sur la dernière image de chaque microfiche, selon le cas: le symbole \rightarrow signifie "A SUIVRE", le symbole ∇ signifie "FIN".

Les cartes, planches, tableaux, etc., peuvent être filmés à des taux de réduction différents. Lorsque le document est trop grand pour être reproduit en un seul cliché, il est filmé à partir de l'angle supérieur gauche, de gauche à droite, et de haut en bas, en prenant le nombre d'images nécessaire. Les diagrammes suivants illustrent la méthode.

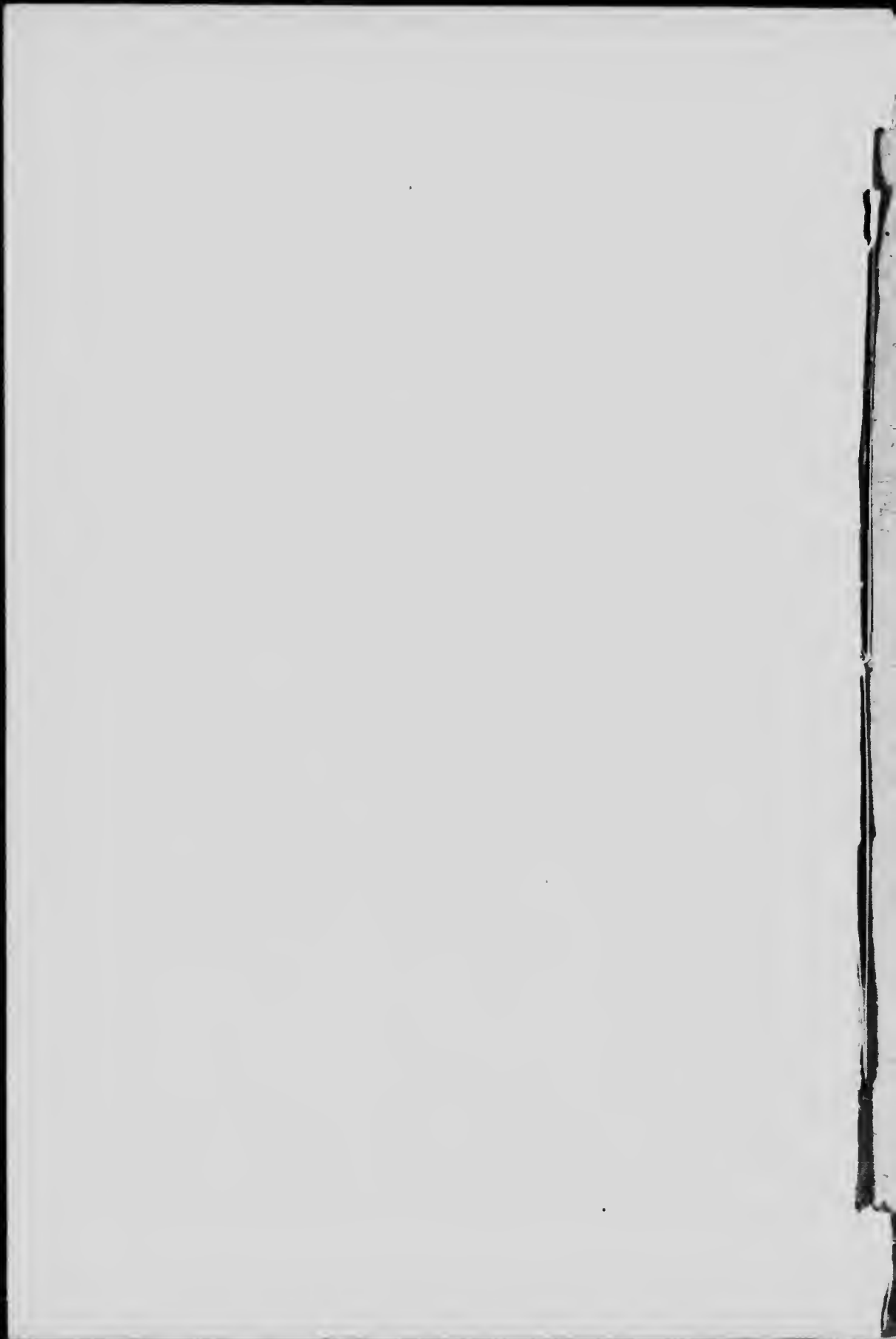
MICROCOPY RESOLUTION TEST CHART

(ANSI and ISO TEST CHART No. 2)



APPLIED IMAGE Inc

1653 East Main Street
Rochester, New York 14609 USA
(716) 482 - 0300 - Phone
(716) 288 - 5989 - Fax



DC7

CANADA

BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.
MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS

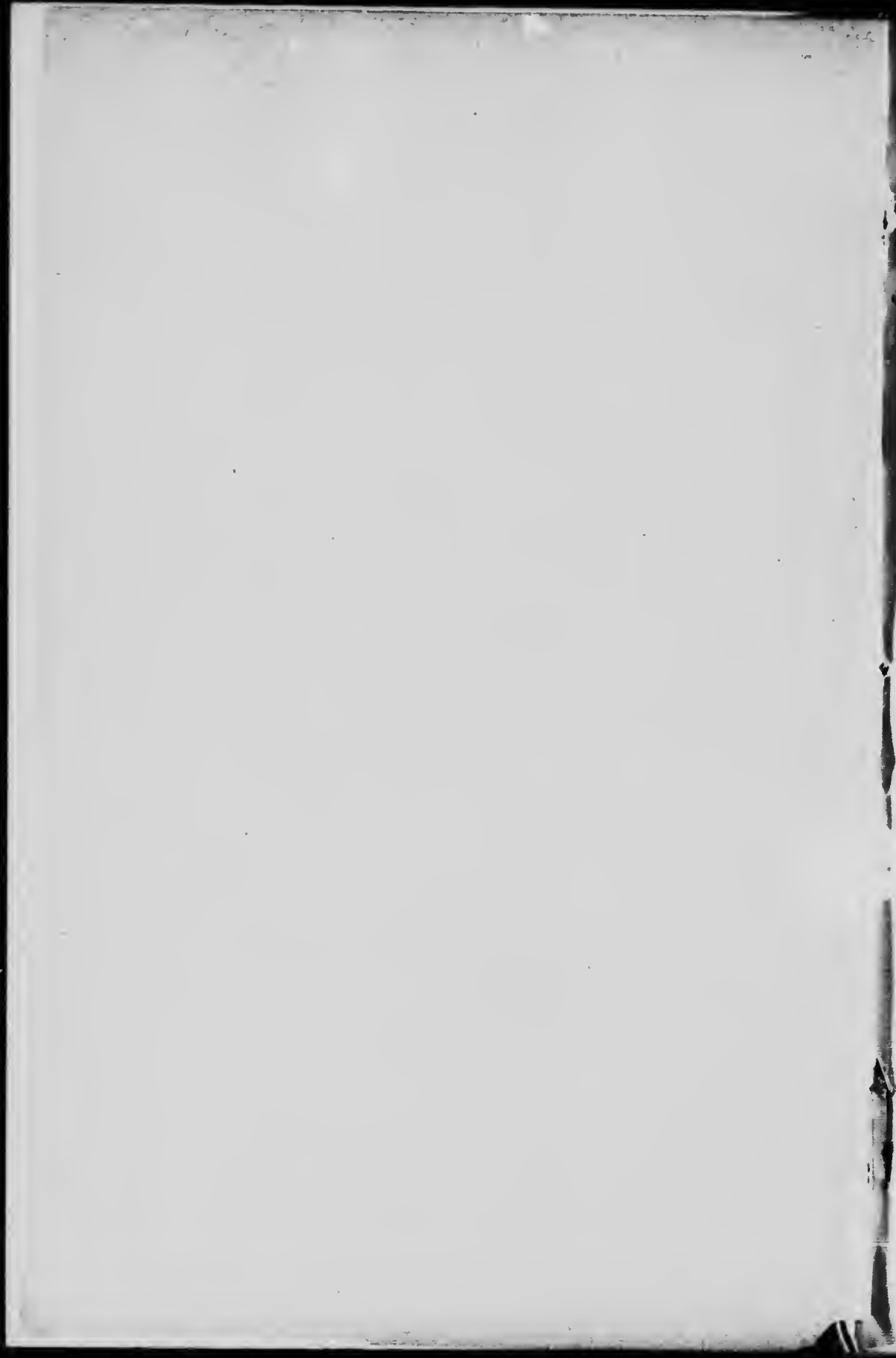
TUESDAY, MARCH 17

1908



OTTAWA

PRINTED BY S. E. DAWSON, PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1908



CANADA

BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.
MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS

TUESDAY, MARCH 17

1908



OTTAWA

PRINTED BY S. B. DAWSON, PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
1908

55000 0

2-3340

89998

0 900627

CONTENTS

	Page.
Fiscal Period, 1906-7..	5
Revenue, expenditure, &c..	5
Post Office..	6
Intercolonial Railway..	7
Summary..	7
Public Debt—Debt <i>per capita</i>..	8
Fiscal year 1907-8—Estimate of results..	9
National Transcontinental Railway..	11
Subsidies to Provinces..	12
Trade of 1907-8..	12
Fiscal year 1908-9..	12
Loans..	14
Matured liabilities..	15
Temporary borrowing..	16
Early maturing liabilities..	17
The Quebec Bridge..	17
Statistics of Canada's progress..	20
Government aid in moving western grain crop..	21
Chartered banks and emergency circulation..	26
Changes in Excise Laws—Tobacco..	28
Memorandum on tobacco duties—excise..	29
No tariff changes..	30
Conclusion..	32
Diagrams.	

CANADA

BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.
MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS AT OTTAWA, TUESDAY, MARCH 17.
1908

WAYS AND MEANS—THE BUDGET

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

FISCAL PERIOD 1906-7—REVENUE, EXPENDITURE AND SURPLUS.

The outturn of the financial period to which I have referred proved somewhat more favourable than the anticipations which I ventured to present to the House in the budget speech of the previous November. I had estimated a revenue of \$65,000,000; the actual revenue for the nine months was \$67,969,328.29, an excess over the estimate of \$2,969,328.29. I estimated an expenditure chargeable to Consolidated Fund of \$52,000,000; the expenditure proved to be \$51,542,161.09, which was less than the estimate to the extent of \$457,838.91. I estimated a surplus of \$13,000,000; the actual surplus for the nine months was \$16,427,167.20. That is, the surplus for the nine months was larger than the surplus of any fiscal year in the history of confederation. It

may be well to note, in passing, though the figures are in the possession of the House already, that the main sources of our revenue were as follows:—

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

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

POST OFFICE.

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

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

Year.	Revenue.	Expenditure.	Deficit.	Surplus.
	\$	\$	\$	\$
1896	2,964,014	3,665,011	700,997	
1897	3,202,938	3,789,478	586,540	
1898	3,527,809	3,575,411	47,602	
1899	3,193,777	3,603,799	410,022	
1900	3,205,535	3,758,014	552,479	
1901	3,441,504	3,931,446	489,942	
1902	3,918,415	4,023,636	105,221	
1903	4,397,832	4,105,172		292,654
1904	4,652,324	4,347,540		304,784
1905	5,125,372	4,634,527		490,845
1906	5,933,342	4,921,577		1,011,765
1907	5,061,728	3,979,557		1,082,171

It is of course to be remembered that this great change from a period of deficits to a period of surpluses is coincident with a very material reduction in the most important postal

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

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

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

INTERCOLONIAL RAILWAY.

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

The Prince Edward Island Railway was treated separately. There the balance is the other way; there is an excess of expenses over revenue of \$67,713.53.

FISCAL PERIOD 1906-7—SUMMARY OF RESULTS.

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

SUMMARY of revenue, expenditure of all kinds, and net debt for fiscal period of 9 months ended March 31, 1907.	
Expenditure chargeable to Consolidated Fund..	\$51,542,161 09
Capital expenditure—	
National Transcontinental Rail- way	\$5,537,867 50
Railways	1,603,701 07
Canals	887,838 61
Public works	1,797,871 16
Dominion lands	526,582 61
Militia	975,282 87
	11,329,143 82
Special expenditure—	
Railway subsidies	\$1,324,889 30
Bounties	1,581,944 36
	2,906,833 66
Total expenditure	65,778,138 57
Total revenue	67,972,109 65
Excess of total revenue over total expendi- ture	2,193,971 08
Add sinking funds	1,177,116 71
Decrease of net debt	3,371,117 79

PUBLIC DEBT AND DEBT PER CAPITA.

It will be observed that there is an excess of total revenue over total expenditure of \$2,193,971.08. Adding to that the sinking funds, which are simply taken from one side of the account and placed on the other, and which amounted to \$1,177,146.71, we see that as a result of the period's operations there was a decrease in the net debt of Canada of \$3,371,117.79. This question of the public debt is at all times one of much interest. Occasionally we have had the happy privilege of calling attention to a reduction of the public debt, but on every occasion when I have had to speak of that I have taken the precaution to warn the House and the country that it would not be reasonable to expect, in a country like Canada, that we should have frequent reductions of the public debt. Indeed, it may surprise some hon. gentlemen, who are not familiar with our affairs, to be told that in the whole history of confederation there have been only six years during which there have been reductions in the public debt. One of these reductions stands to the credit of Sir Francis Hincks, away back in 1871. Another stands to the credit of Sir Leonard Tilley in 1882. The remaining four have occurred in recent years and can be claimed by the present administration. A moderate increase in the public debt from time to time is to be expected and would be quite defensible. I think it must be a cause of surprise to many persons and even to our critics to know that after the lapse of 10 $\frac{3}{4}$ years of the present administration there has been such a very small addition to the public debt. During that period we have carried on large operations. We have provided very liberally for that portion of our public expenditure which is chargeable to consolidated fund. We have provided generously for the public service—perhaps my hon. friends opposite would use the stronger word, 'lavishly.' We have provided for our capital and special expenditure. We have expended \$127,000,000, apart from the ordinary charges, on what is called the capital and special account. Yet notwithstanding all these liberal allowances for all the public services, notwithstanding the large capital and special expenditure, notwithstanding the liberality with which all branches of the public service have been maintained, notwithstanding the energy carried into the development of our public works, we find ourselves at the end of this 10 $\frac{3}{4}$ year period with an addition to the public debt amounting to only \$5,174,427. If it were not for the special item of the National

Transcontinental Railway, which every hon. gentleman will admit is of exceptional character, we would find that during the 10½ years we have had no increase of the public debt whatever, but a very considerable surplus over expenditures of every kind. If we look into the question of the debt in its relation to the population of the country, which is a very fair way to look at it, we find reason for believing that Canada is very modest in the matter of incurring public debt. As the country increases its population, we, of course, increase in ability to bear the burden. If the increase of the public debt should simply keep pace with the increase of population and the development of our resources, there would be nothing to complain of. But when we are able to show that from the point of view of the debt per head there has been no increase, but in reality an actual decrease of the public debt per head, I think it will be admitted that we are making a very gratifying statement. Beginning at the year 1891 and taking the figures of the population as furnished from time to time by our census department, we find that the net debt of Canada per head stands as follows:—

NET DEBT PER CAPITA.	
June 30, 1891..	\$49.09
" 1892..	49.15
" 1893..	48.96
" 1894..	49.40
" 1895..	50.57
" 1896..	50.82
" 1897..	50.87
" 1898..	50.77
" 1899..	50.42
" 1900..	49.88
" 1901..	49.84
" 1902..	49.59
" 1903..	46.84
" 1904..	45.74
" 1905..	45.63
" 1906..	44.63
March 31, 1907..	42.84

I take as the estimate of population for the last date mentioned, 31st March, the figures furnished by our Census Department as 6,153,789.

FISCAL YEAR 1907-8.

The fiscal year for 1907-8 will close within a few days, on the 31st of March, according to the new system. In England the fiscal year is closed on the same date; and they are able to close up the business of the year very quickly. In fact I think it is the practice there to take the accounts as they actually stand on that date and declare the result immediately. That can be done in a country like England, with a comparatively small area and with nearly perfect means of

communication. But with us in Canada, with a vast territory, and in some cases at least imperfect means of communication, it has been found necessary to make a liberal allowance in closing up the accounts. The Audit Act permits three months; we do not usually take the whole of three months; the practice in late years is to close up the accounts in about six weeks from the end of the year. Although we are now near to the end of the year, it is not easy to make a very close estimate, for the reason that all over the Dominion, with vast distances, there are accounts still to be rendered. Still we are so near the end of the year that we ought to be able to make our estimate somewhat closer than usual. Our revenue to the 29th of February for the current year amounted to \$87,601,299. For the remainder of the year we make a conservative estimate, for we are aware that at the present time there is some check upon business activity. We place the revenue for the year at \$96,500,000. The expenditure chargeable to consolidated fund up to the 29th of February, was \$60,720,353. Making a reasonable allowance for the expenditure to the close of the year, we think the total outlay of the year chargeable to the consolidated fund will reach \$77,500,000. If these figures be realized, with a revenue of \$96,500,000 and an expenditure chargeable to consolidated fund of \$77,500,000, we shall have for this year the magnificent surplus of \$19,000,000. That will be a larger surplus than in any previous year.

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

I gave the House a few minutes ago the figures of the debt

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

NATIONAL TRANSCONTINENTAL RAILWAY.

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

Year.	Amount.
1904..	\$ 6,249 40
1905..	778,491 28
1906..	1,841,269 85
1907..	5,537,267 50

Making a total up to the date of the last public accounts, of \$8,163,878.13. If to this we add the estimate for the current year, of \$17,748,600, we find that at the close of the present fiscal year on the 31st of March we shall have spent within a few dollars of \$26,000,000 on the National Transcontinental Railway.

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

Mr. FIELDING. That was one of my hon. friend's dreams; if I wished to be more accurate and more just I would use a harsher word. The total expenditure on the Transcontinental Railway up to the 31st of March, to be exact, according to the actual outlay at the end of last March, and the estimated outlay this year, will be \$25,912,478.13.

SUBSIDIES TO PROVINCES.

In considering the question of our increased expenditures it is well to bear in mind that by the amendment of the British North America Act we are now paying to the provincial governments very much larger allowances than were paid in former years. Provincial subsidies have hitherto amounted to \$6,745,133 per annum, but under the recent amendment to the British North America Act these provincial subsidies now call for \$9,032,774, an increase for that item alone of \$2,287,641. That, of course, will stand in the general statement of expenditure of this government, but it is to be remembered that it is money which this government does not expend at all but turns over to the provincial government of the country to administer it as they think best, and, I have no doubt, for the development of their respective provinces.

TRADE OF 1907-8.

The trade returns for the eleven months which have passed are by no means discouraging. The total imports for eleven months to February 28, 1907, were \$308,264,306; for the corresponding eleven months to February 29, 1908, the imports were \$341,175,095.

Mr. FOSTER. Are these imports for home consumption?

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

FISCAL YEAR 1908-9.

Turning now to the fiscal year 1908-1909, upon which we shall soon enter, I think I am correct when I say that the general feeling of our business men is one of hopeful confidence united with much caution. We are just emerging from a period of world-wide financial stringency. Financial systems and institutions of all countries have been severely tried. It should be a gratification to us all that none have stood the test better than those of Canada. In the single case in which one of our banks became embarrassed, sister institutions promptly

took over its affairs and its business went on without the slightest hitch so far as the public interests were concerned. One of the conditions which accentuated the difficulties in the neighbouring republic was, fortunately, unknown here. I refer to what is called the hoarding of money. In the United States men lost faith in financial institutions and withdrew their money and locked it up. Happily nothing of the kind occurred in Canada. There was a justifiable confidence in our banking institutions. Where money was withdrawn it was not to be hoarded, but to be applied to investment or other useful purposes. The curtailment of credit naturally produced some embarrassments. But even out of this condition good may come. There was danger that the rapid expansion might lead to overtrading and imprudent ventures. It is as well, perhaps, that all concerned should be warned against such things. Business has received a check but I do not look for a continued period of depression. Conditions should improve in the early summer, and if we are blessed with a season of good crops confidence will be fully restored.

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

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

Supplementary estimates will come in due course and add considerably to these appropriations. It must be remembered, however, that the estimates do not usually by any means represent the actual expenditure. A considerable portion of the appropriations of every year remains unexpended and the works concerned are provided for in the following year.

As to the probable revenue for the coming year I would wish to speak with caution. The monetary stringency is producing a curtailment of imports. Some of my hearers will not regard that as a misfortune. I anticipate a falling off in our

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

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

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

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

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

Mr. FOSTER. How much is that?

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

LOANS.

In regard to the general question of loans, always a matter of interest, we have been exceptionally fortunate in not being

required to go very often to the money market. Our large surpluses have from time to time enabled us to meet payments which under ordinary conditions would have necessitated the borrowing of money. We have from time to time borrowed money temporarily on treasury bills, but as I have already pointed out we have added very little to the public debt. Now that we are in the midst of our Transcontinental Railway expenditure it is, of course, to be expected that we must go more frequently to the money market. Besides, we have reached a period in which we have to provide for very considerable maturing loans which have to be renewed, and this will necessitate our turning to the money market. Some have already been provided for and others are the subject of careful consideration and observation of the money market. In the last eight months we have borrowed over \$31,000,000 in the London and Paris markets. This money, obtained at a time of financial stringency, was obtained, on the whole, on favourable terms. Some portion was obtained on treasury bills, some on short term loans, and some, as in a recent case, on a long term loan.

MATURED LIABILITIES.

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

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

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

TEMPORARY BORROWING.

To provide for expenditure in connection with the Trans-continental Railway and other expenditures which could not be met out of the revenue, a temporary loan of £500,000 was made on treasury bills on the 17th August, 1907, for one year at the rate of $4\frac{1}{2}$ per cent.

In December a short term loan for £1,500,000, to fall due 1st October, 1912, and bearing 4 per cent interest, was negotiated; and on the 24th January a further temporary loan of £1,000,000 on treasury bills was made for one year at $4\frac{1}{2}$ per cent.

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

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

Treasury bills	£1,500,000 =	\$7,300,000
Short term loan	1,500,000 =	7,300,000
Treasury bills..		2,000,000
In all		\$16,600,000
To which must be added the long term loan		
of	£3,000,000 =	14,600,000
Or a total of		\$31,200,000

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

EARLY MATURING LIABILITIES.

On the 1st November, 1908, a 4 per cent loan of 1878-9 of £4,500,000 falls due. The amount of sinking fund of the loan is £1,128,014. This is a large obligation to be met, and due regard must be had to it in arranging our financial affairs. It is hoped that the summer will see still more improvement in the market conditions. Such arrangements will be made to meet the obligation as will be considered best in the public interest.

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

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

THE QUEBEC BRIDGE.

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

It will be remembered that last session the government took authority to advance money to the bridge company. The government had previously obtained from parliament authority to issue a guarantee of bonds to assist the bridge company. These bonds were prepared with a view to

being sold in the money market. The money market conditions proving unfavourable the bonds were not sold, but were used as a basis on which the company could raise money from the banks, and the money to carry on the bridge work for some considerable time was raised in that way.

It became apparent to the government that we would probably have to take over the bridge. Although no Act to that effect has ever passed we have the power in our legislation to take over the bridge provided parliament shall authorize it. That is to say, as between the government and the bridge company we have the right to take over the bridge, but we can only take it over when authorized by parliament. I think the general tendency of discussion has been towards the taking over of the bridge. Now, it appeared to us in that view, if these bonds had to be sold in an unfavourable money market at a sacrifice we might be obliged to buy them back in a few years at par, and we thought that in view of the shape the bridge question was taking it was better that these bonds should not be issued and that the company should arrange in some other way. Accordingly at the last session of parliament we obtained authority to advance to the bridge company the amount required, in the same way that we advance it to the Montreal Harbour Commission, taking over the bonds of the corporation and holding them as against the loans. We were proceeding to take action under that authority with a view of advancing the money to the company, and thus enabling them to close their transactions with the bank, when just at that particular stage the bridge disaster occurred, and for the time being further action was suspended. However, the reasons which prompted the presenting of the legislation last session still continue. We all recognize the fact that the bridge has to be completed and the general indications are that the government will have to take the enterprise over. How they may manage it and handle it is a question that has yet to be dealt with. At all events, with the fair presumption that the government will have to take the bridge over, it seems to me that the reasons still hold good that we should not allow these bonds to be sold in the market at a sacrifice. We have, therefore, determined to carry out the legislation of last session. We have recently advanced \$2,000,000 to the bridge company to enable it to pay a part of its indebtedness to the bank. We are arranging to carry out the Act of last year to the fullest extent by giving them as soon as it can be arranged the balance

of the money required. The bonds will then be entirely released; the bank will not any longer have any claim upon them; they will rest in the vaults of the government and the debt will become a debt to the government just as the debt of the Montreal Harbour Commission.

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

Mr. FIELDING. The amount advanced by the bank was \$5,061,453, to which some interest of course has to be added. We have recently advanced to the company \$2,000,000 and we shall in a short time arrange to pay them the balance.

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

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

Mr. MILLER. \$374,353.

Mr. FIELDING. I know there was \$1,000,000 voted, a portion of which was paid, and the rest was cancelled by the guarantee. I think my hon. friend asked about the rate of interest. The rate of interest arranged by the bridge company with the bank, I understood, was 4½ per cent.

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

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

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

Mr. FIELDING. I have not given the matter close attention lately and am not able to answer definitely, but I under-

stand that all the funds for the purpose of the bridge have been obtained from the Bank of Montreal and are included in this debt. There may be amounts of which I have no knowledge.

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

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

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

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

STATISTICS OF CANADA'S PROGRESS.

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

TOTAL TRADE.	
Year ended June 30, 1877..	\$175,203,355
1887..	202,408,047
1897..	257,168,662
1907..	617,964,952

TOTAL IMPORTS.	
Year ended June 30, 1877..	\$ 99,327,962
1887..	112,892,236
1897..	119,218,609
1907..	359,793,278

TOTAL EXPORTS.	
Year ended June 30, 1877..	\$ 75,875,393
1887..	89,515,811
1897..	137,950,253
1907..	258,171,674

TOTAL TRADE WITH GREAT BRITAIN.	
Year ended June 30, 1877..	\$ 74,823,292
1887..	83,455,681
1897..	96,935,040
1907..	206,745,193

RAILWAY TRAFFIC—TONS CARRIED.

Year ended June 30, 1877..	6,859,796
1887..	16,356,335
1897..	25,300,331
1907..	63,866,133

BANK DISCOUNTS.

Year ended June 30, 1877..	\$126,222,470
1887..	169,357,326
1897..	226,960,482
1907..	639,970,696

DEPOSITS BY THE PEOPLE IN THE CHARTERED BANKS.

Year ended June 30, 1877..	\$ 62,129,706
1887..	107,154,483
1897..	201,141,688
1907..	589,459,889

DEPOSITS IN THE POST OFFICE AND GOVERNMENT SAVINGS BANKS.

Year ended June 30, 1877..	\$ 7,470,630
1887..	40,832,275
1897..	48,934,975
1907..	61,493,671

GOVERNMENT AID IN MOVING WESTERN GRAIN CROP.

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

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

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

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

I am inclined to think that if we had done nothing more than announce the intention to grant this aid much help would have been given, by that simple act, to the West. I have the opinion of eminent bankers who have told me that, as soon as it was announced that the government intended to provide relief for the situation, confidence in the west was restored, that bankers who had been curtailing their credits took a more

generous view of the situation, and things began to improve. It has been stated in the public press that nothing was done under this arrangement, that the government did not give any money to the banks, or the banks to the people; that the whole thing was a misunderstanding—and I am afraid that sometimes even harder words were used. But I am glad to be able to say to the House that much was done under the arrangement. We found, after we had reduced the rates of interest in the manner I have described, that the banks did take the funds thus offered to them by the government to the extent of \$5,315,000. Nearly all of this money has now been returned. At this moment about \$965,000 remains outstanding, and there can be no question that the balance will be promptly paid. What threatened to be a serious crisis in the financial situation of the west was averted, confidence was restored, the situation was improved, and the interests of the government were protected at every point.

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

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

Mr. FIELDING. Early in November. It was 7 per cent when this transaction occurred. I am sure of that, for it was the basis of our proceedings. It was raised to 7 in November, and continued until January, if my recollection serves me well. There had been no such banking rate for thirty-four years, that is, the last experience of such a rate had been in the year 1873. It was obvious that, if the government attempted to borrow this money hurriedly in England, it might not be able to borrow it at all, for, in the existing state of the market, it was not a question of credit but of being able to secure the money on any terms. And, even though we could borrow, the borrowing might have a bad effect upon the general credit of Canada for a long time. It seemed a case where the government might be justified in impairing to a small extent the reserves held against the redemption of Dominion notes. Any part of the \$10,000,000 required could be furnished in the shape of Dominion notes, which we should issue in the

usual way; but the issue of that amount of notes would carry us to a figure beyond our gold reserve. Though I speak of our gold reserve, it is not, in Canada, entirely gold, but is in part imperial guaranteed debentures; but I treat the two as one. We found that it was necessary, if we would provide this money promptly, in some degree to affect the position of our reserve. We decided to accept from the borrowing banks the securities they were able to give us, plus the guarantee of the Bank of Montreal—that is, the Bank of Montreal not only acted as our agent, but we required them to guarantee the whole transaction—so as I say, we agreed to accept these securities, plus the guarantee of the Bank of Montreal as equivalent to the guaranteed debentures which we hold in our reserve fund and against which our notes are issued. It was a technical departure from our Dominion Notes Act which will require the ratification and approval of this parliament. But I think I will be justified in saying that if ever there was an occasion when the government might put a strain upon that question of their reserve, it was in the condition of affairs then existing and for the purpose which I have indicated. The highest point reached by the circulation was on December 31, when it was \$62,623,628. This included the extra issue. But for this extra issue, the circulation would have been \$57,500,000 and the reserve of gold and guaranteed debentures held against this would have been equal to 61 per cent. The effect of the issue was to reduce our percentage of reserve to 56 per cent, a difference of 5 per cent. For this 5 per cent reduction in our reserve we had the securities put up by all the banks to which the money was advanced, and we had, in addition to that, the guarantee of the Bank of Montreal. Thus I think it will be found that while there was a technical departure from the law governing our Dominion notes, which calls for ratification by the parliament of Canada if parliament shall so approve, still the occasion was a very exceptional one and one upon which we were justified in adopting exceptional methods. Even putting aside the securities to which I have referred, we still had, at the worst point, a reserve of 56 per cent of our total issue, which most financiers will say is a very strong position.

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

Mr. FIELDING. The order in council was passed on November 12, and the advances followed on towards the latter

part of November. I could not give the dates but I shall see that, in the papers brought down the dates are given.

CHARTERED BANKS AND EMERGENCY CIRCULATION.

The experience that we have had, the difficulties of the past season, must suggest to us all, particularly to those from the West, that there is some need of greater elasticity of our currency so that we may be able to meet a difficulty of this kind in the future, without even a technical violation of our currency laws. I think the best form in which we can do that is by extending the powers of the banks with respect to the issue of their circulation. I think it well to state at once my view in that matter, and this statement will be followed in due course by a Bill amending the Bank Act. It seems to me to be the part of wisdom for the government to authorize the banks to issue what, for convenience, may be called an 'emergency currency,' (using an expression frequently employed in the United States) to allow the banks to issue for a limited time, during the crop movement, the season of emergency, currency to the extent of 15 per cent of their combined paid-up capital and rest or reserve, these taken together measuring the strength and stability of a bank. I propose in a Bill which it is my intention to introduce to authorize the banks during the emergency period of crop movement, which would be defined, beginning probably in October and ending after the turn of the year, to issue circulation to the extent of 15 per cent of their combined reserve and paid-up capital.

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

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

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

Year.	Bank Capital.
1895..	\$61,701,007
1900..	64,735,145
1905..	82,199,900
1908 (January 31)..	96,057,255

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

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

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

Mr. FIELDING. That is another question.

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

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

even with this increased capital we shall get enough money to handle the immensely increasing business of Canada. We therefore propose as a reserve fund, if I may so call it, to allow the banks to have this power of issuing a special circulation to the extent and on the basis I have mentioned.

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

Mr. FIELDING. The total paid-up capital is \$96,057,255. The total rest or reserve is \$71,071,984. These two items combined, the capital paid-up and the rest or reserve, make \$167,129,239. Fifteen per cent of this would amount to \$25,069,385. It is fair to say, however, that all the banks would not avail themselves of that privilege. Some of the banks are engaged in lines of business which move regularly and smoothly and probably they would not desire to engage in this crop movement business which calls for expansion. However that may be, it will be seen that the addition to the circulation last autumn of five or six million dollars was a great help and enabled us to tide over what would otherwise have been perhaps a serious difficulty in the west. We think that if we give the banks the power to issue this circulation we shall be doing something to meet a difficulty which has existed and which we may expect to exist in a less degree in the future. I do not expect that such a severe condition as that of last fall will occur very soon again. Our object in this is not to give the banks additional privileges, but additional means of meeting the country's demands, and we propose that on this extra circulation which they are to be allowed to issue they shall pay a tax to the government not to exceed 5 per cent. If banks are to handle the business—banks as a rule are not benevolent enterprises—they will expect a reasonable profit. They could afford to pay the government 5 per cent, in some conditions 4 per cent, if the market is favourable, and then lend the money to their customers at ordinary business rates. However, we do not feel that we should grant them this privilege for nothing, and we require them to pay a tax to the government not to exceed 5 per cent upon the circulation which is thus to be issued.

CHANGES IN EXCISE LAWS—TOBACCO.

We propose to make some important changes in the excise laws, but they are not intended to affect the revenue. We propose to readjust the taxation on tobacco. There is a well

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

MEMORANDUM ON TOBACCO DUTIES—EXCISE.

	Present	Proposed
	Rates.	Rates.
	\$ cts.	\$ cts.
Chewing and smoking tobacco from imported leafper lb.	25	5
Manufactured tobacco from native leaf, per lb.	5	5
Snuff containing not more than 40 per cent of moistureper lb.	25	5
Moist snuff containing over 40 per cent moisture, in packages of less than five poundsper lb.	25	5
The same, in packages of five pounds and overper lb.	18	5
Cigars from imported leaf .per thousand	6 00	2 00
Cigars from native tobacco .per thousand	3 00	2 00
Cigars in packages of less than ten each, per thousand	7 00	3 00
Cigarettes from domestic leaf weighing not more than three pounds per thousandper thousand	1 50	2 40
Cigarettes from foreign leaf, weighing not more than three pounds per thousand, per thousand	3 00	2 40
Cigarettes from either foreign or native leaf, weighing more than three pounds per thousandper thousand	8 00	7 00
Foreign leaf tobacco, unstemmed .per lb.	10	28
Foreign leaf tobacco, stemmed . . .per lb.	14	42

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

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

Mr. FIELDING. No.

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

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

NO TARIFF CHANGES.

Coming now, in conclusion, to the question of the customs tariff, I have to say that we do not propose to make any changes in it at present. We made a revision of the tariff a year ago, and while I do not imagine that it is a perfect instrument, we think that on the whole it has worked well and is well adapted to the requirements of the country. Some industries have made representations that things are not quite as well in their line as they would like to have them, and they would be glad to have some change. I do not suppose that we shall ever reach a time when there will not be some persons who think that there should be a change, that present conditions are not all they wish. There is always a disposition to feel that when any business difficulty arises the proper remedy is to be found in a higher tariff. One would think that what is occurring across the line to the south of us would go far to dispel that old-time heresy. Over there they have the benefit, if it be a benefit, of a much higher tariff than we have in Canada. We know that the conditions of business over there during the past few months have been very much worse than they have been with us. However that may be, we think that the Canadian tariff is in a pretty fair condition, and we think that those who have made representations to us with a view to a change—in

some respects, possibly not in all—will find that as general business improves, as we think it will in a short time, their disadvantages will disappear and their industry will have all the encouragement that it reasonably requires.

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

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

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

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

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

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

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

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

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

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

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

CONCLUSION.

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

The fiscal period 1906-07 covered the nine months ended March 31, 1907. In the following tables, numbered 1, 2, 3, 4, 5, 6 and 10, for the purposes of comparison, the figures for 1906-07 have been extended to a twelve-month period by including the actual figures for April, May and June.

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

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

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

Mr. FIELDING. I understand that the deputation was chiefly representing the farming interest. Although there were one or two gentlemen having some interest in the packing
ser

th:

as

w

an

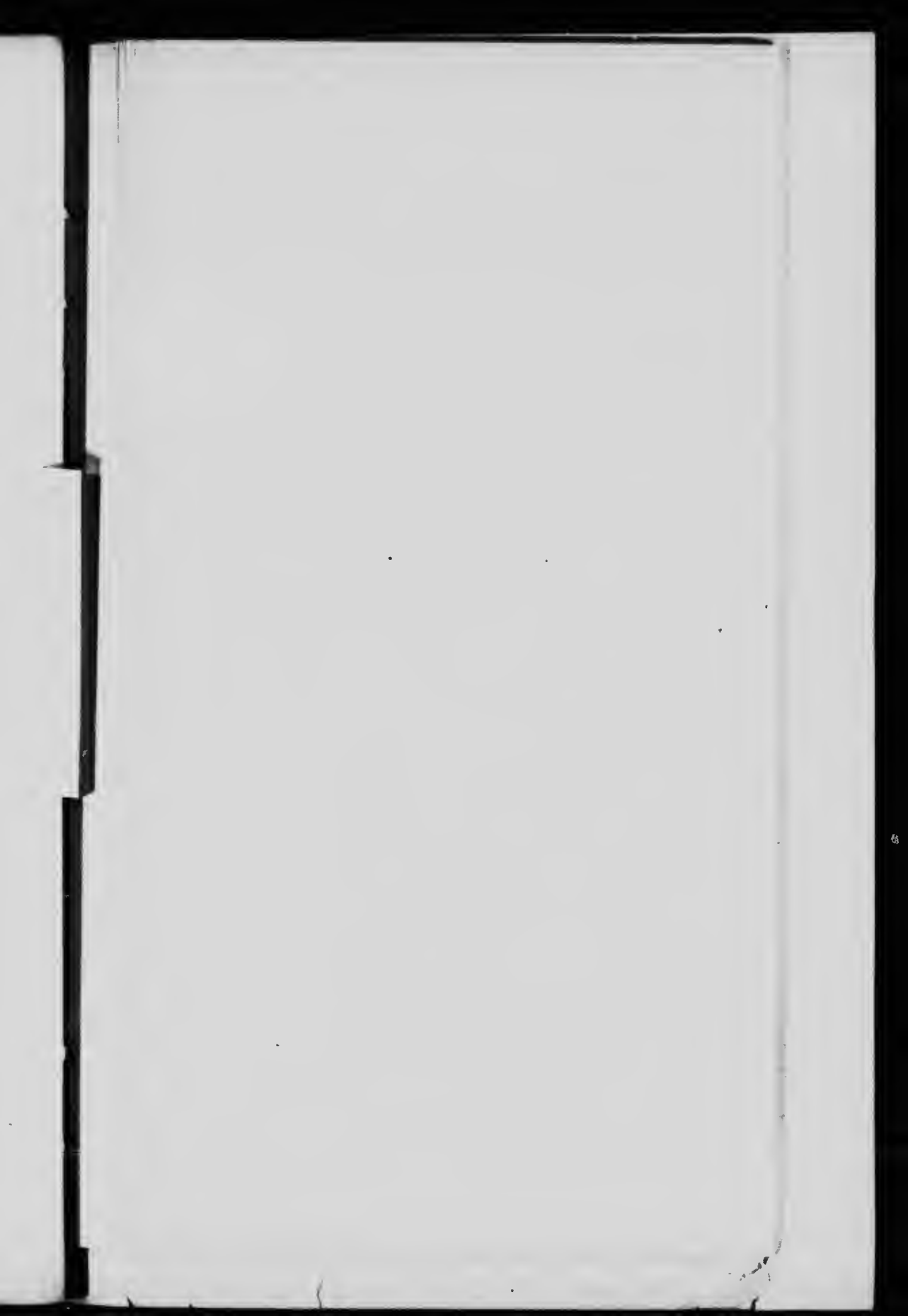
re

I

t

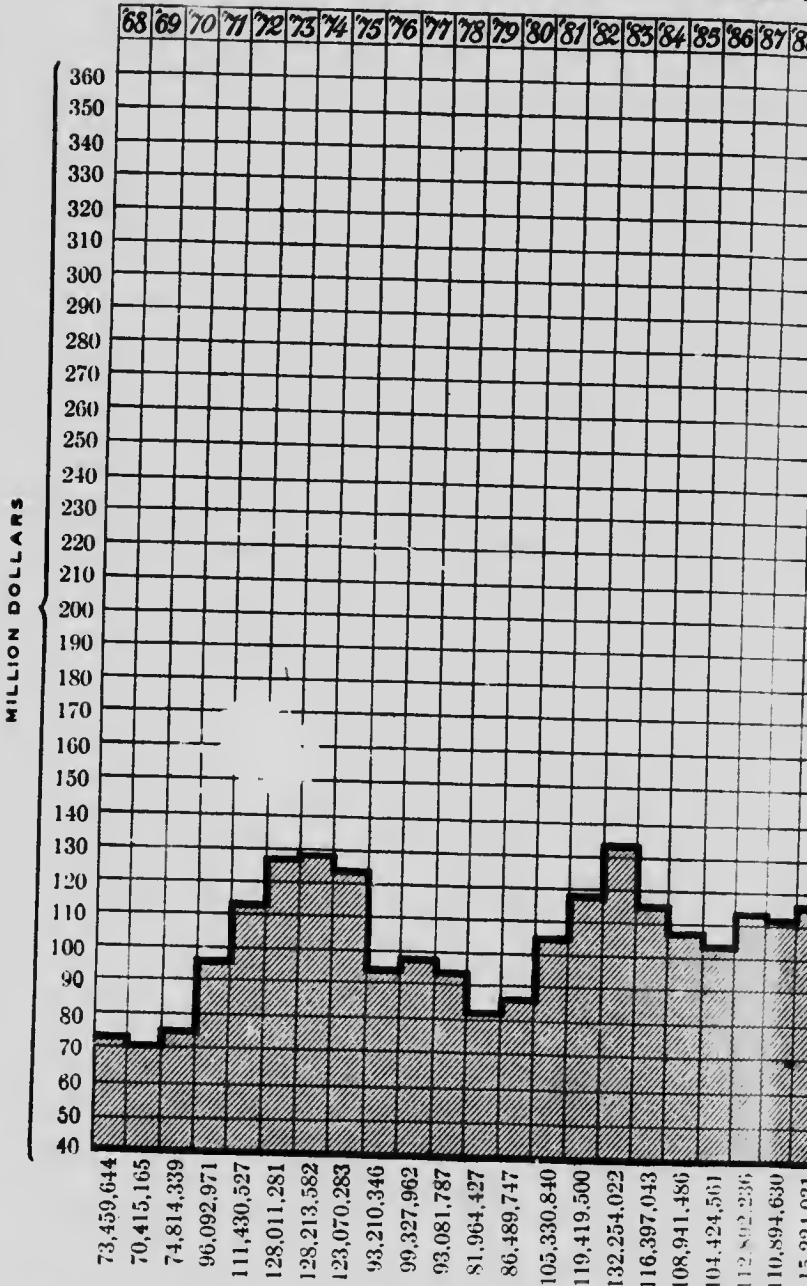
(

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



DOMINION TOTAL IMPORTS

DIAGRAM IN CONNECTION WITH BUDGET SPEECH
SESSION

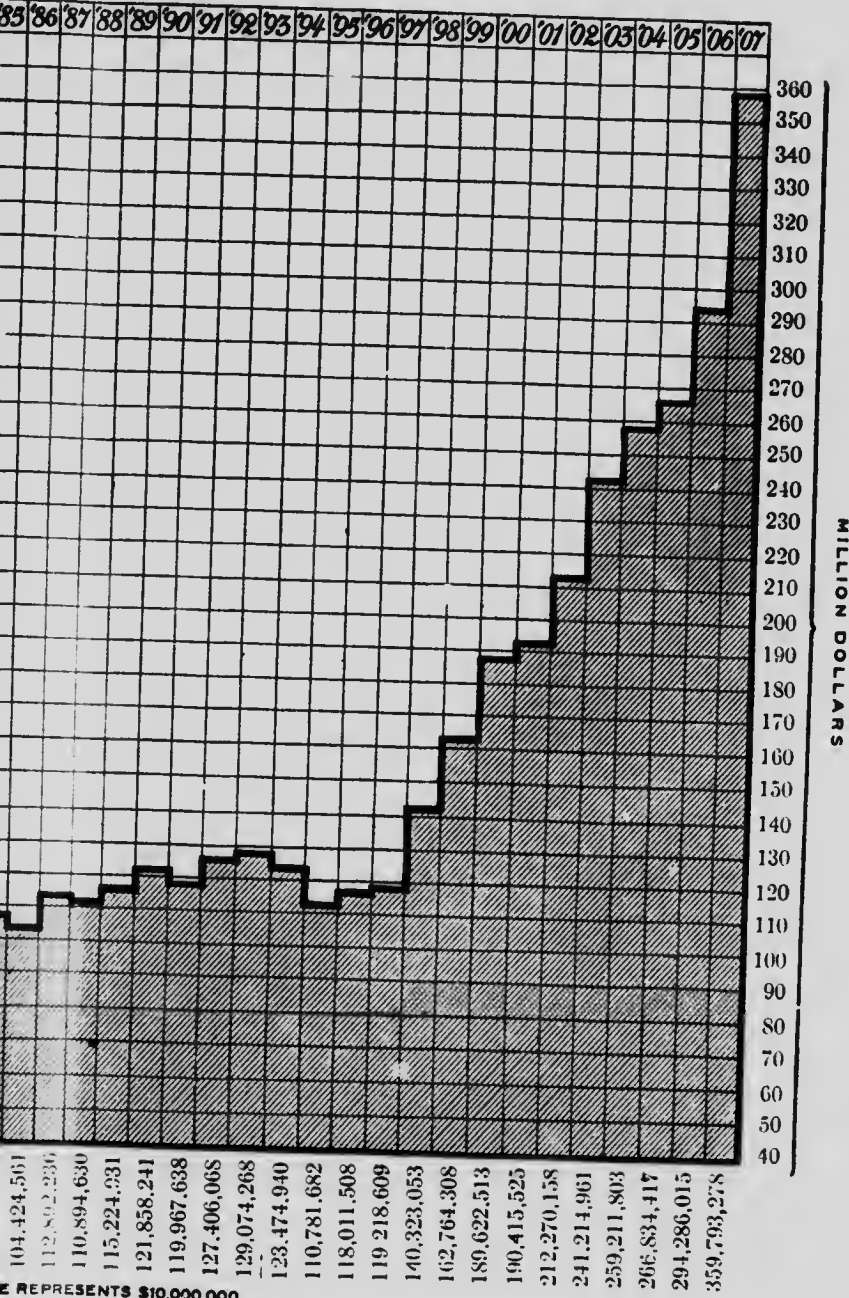


No. 1

EACH SQUARE REPRESENTS 10 MILLION DOLLARS

PORTS FOR YEARS ENDED 30TH JUNE

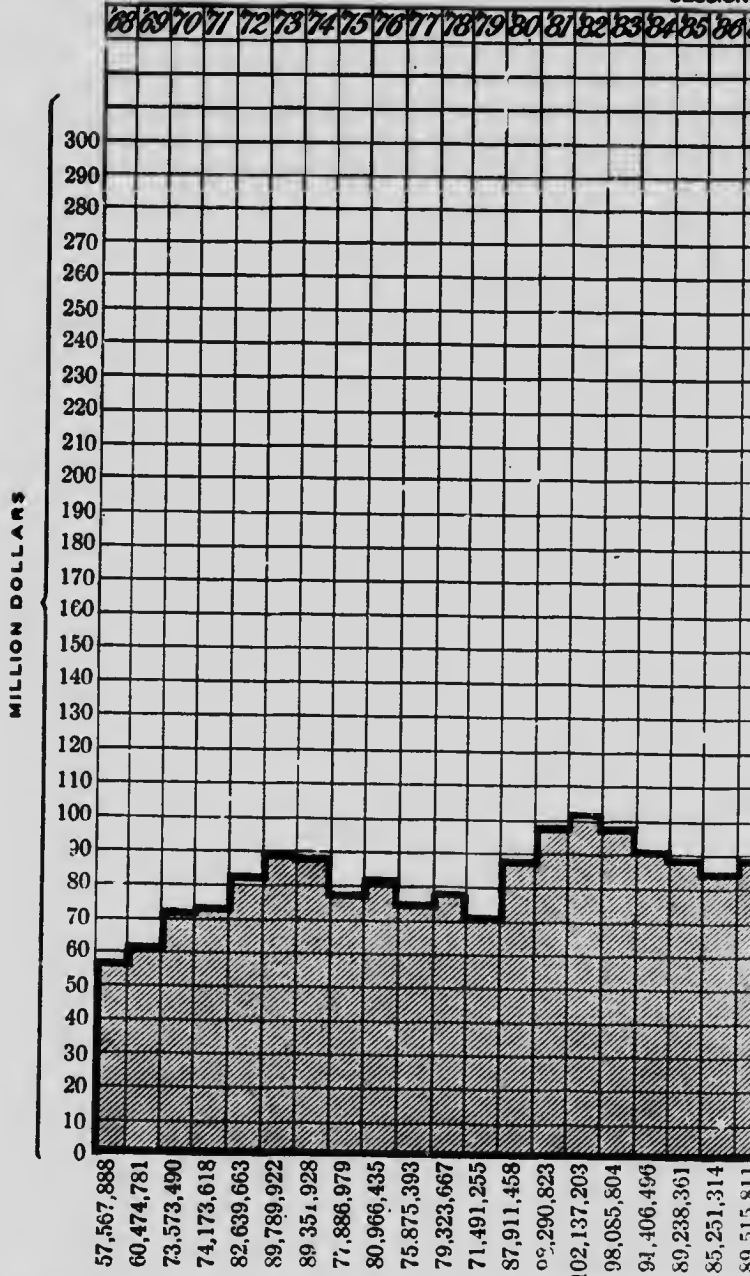
BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE,
SESSION OF 1907-1908



1 UNIT REPRESENTS \$10,000,000

DOMINION TOTAL EXPORTS

DIAGRAM IN CONNECTION WITH BUDGET SPEECH
SESSION

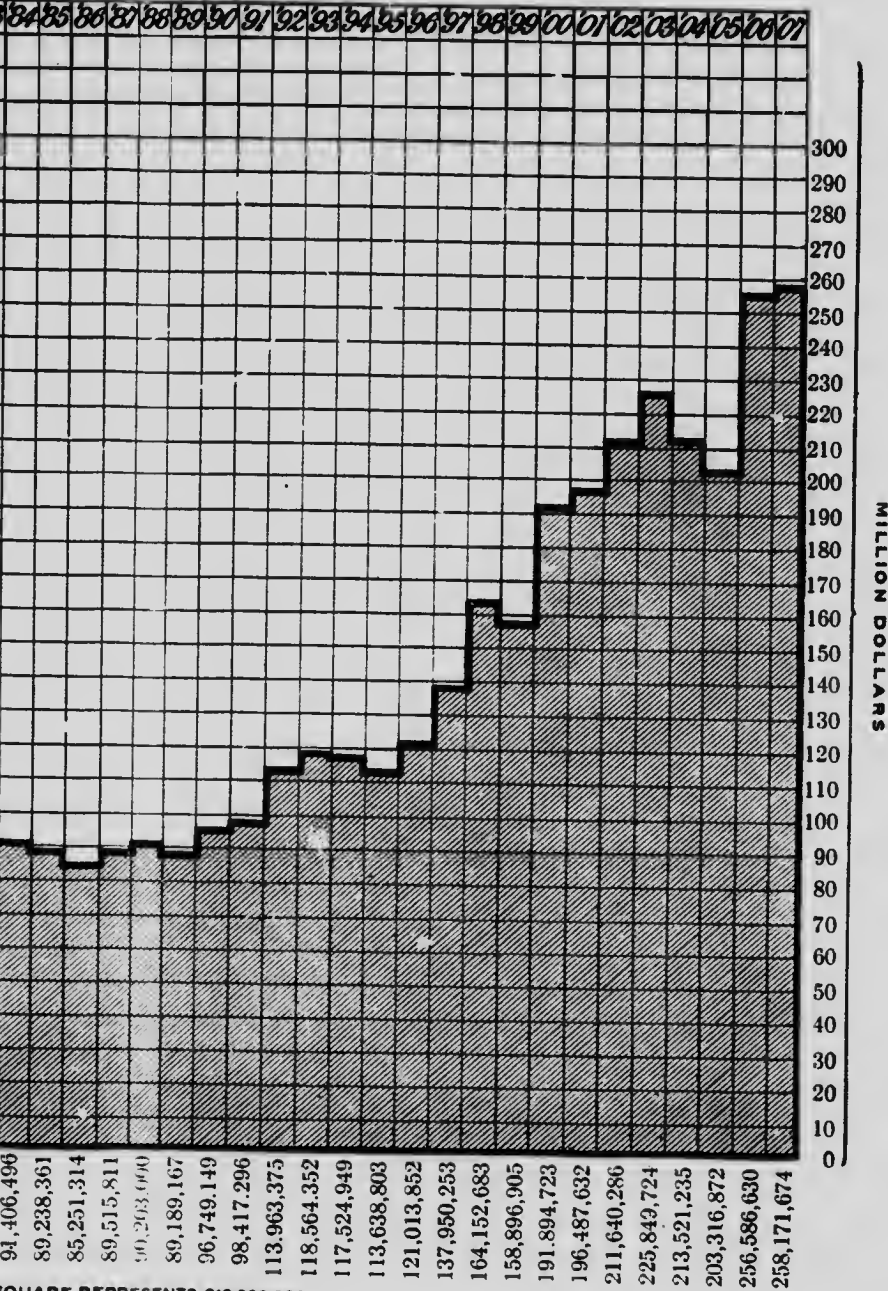


No. 2

EACH SQUARE REPRESENTS 10 MILLION DOLLARS

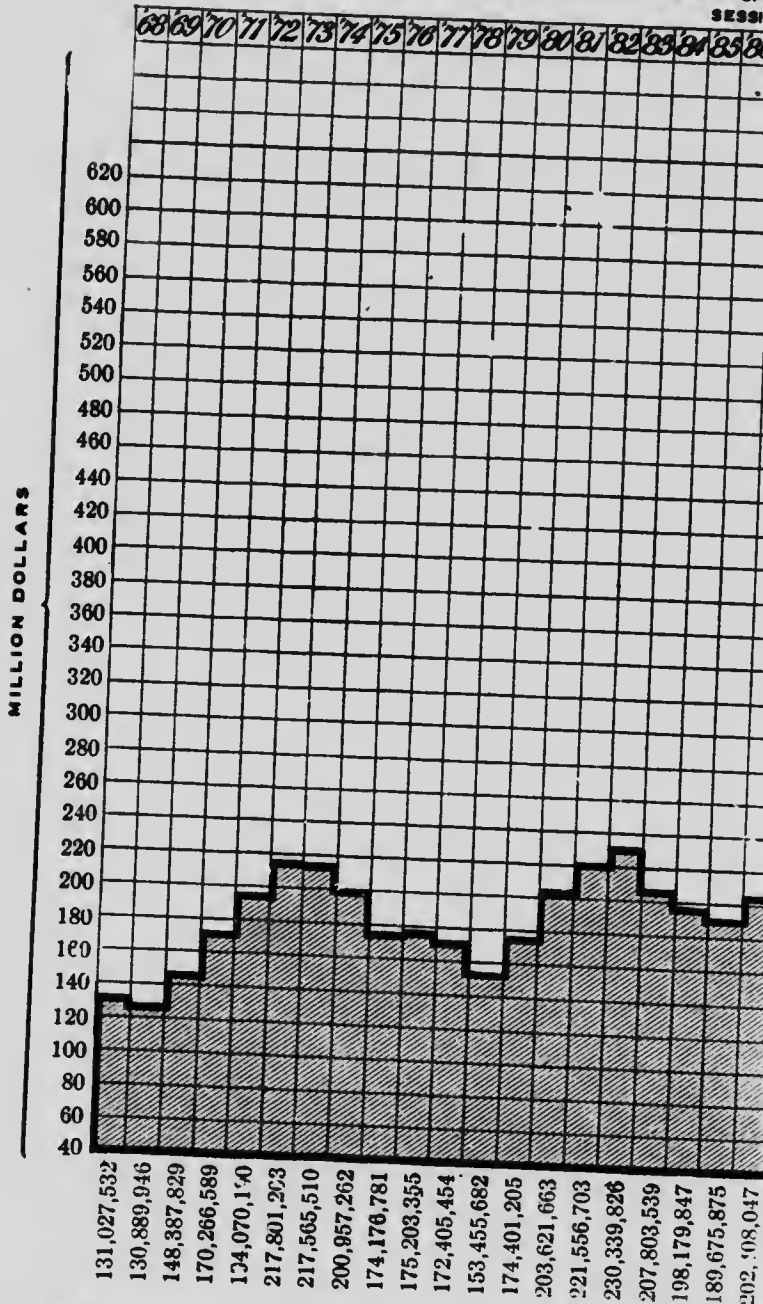
EXPORTS FOR YEARS ENDED 30TH JUNE

BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE,
SESSION OF 1907-1908



DOMINIO TOTAL TRA

DIAGRAM IN CONNECTION WITH BUDGET SP
SESSI



No. 3

TRADE FOR YEARS ENDED 30TH JUNE

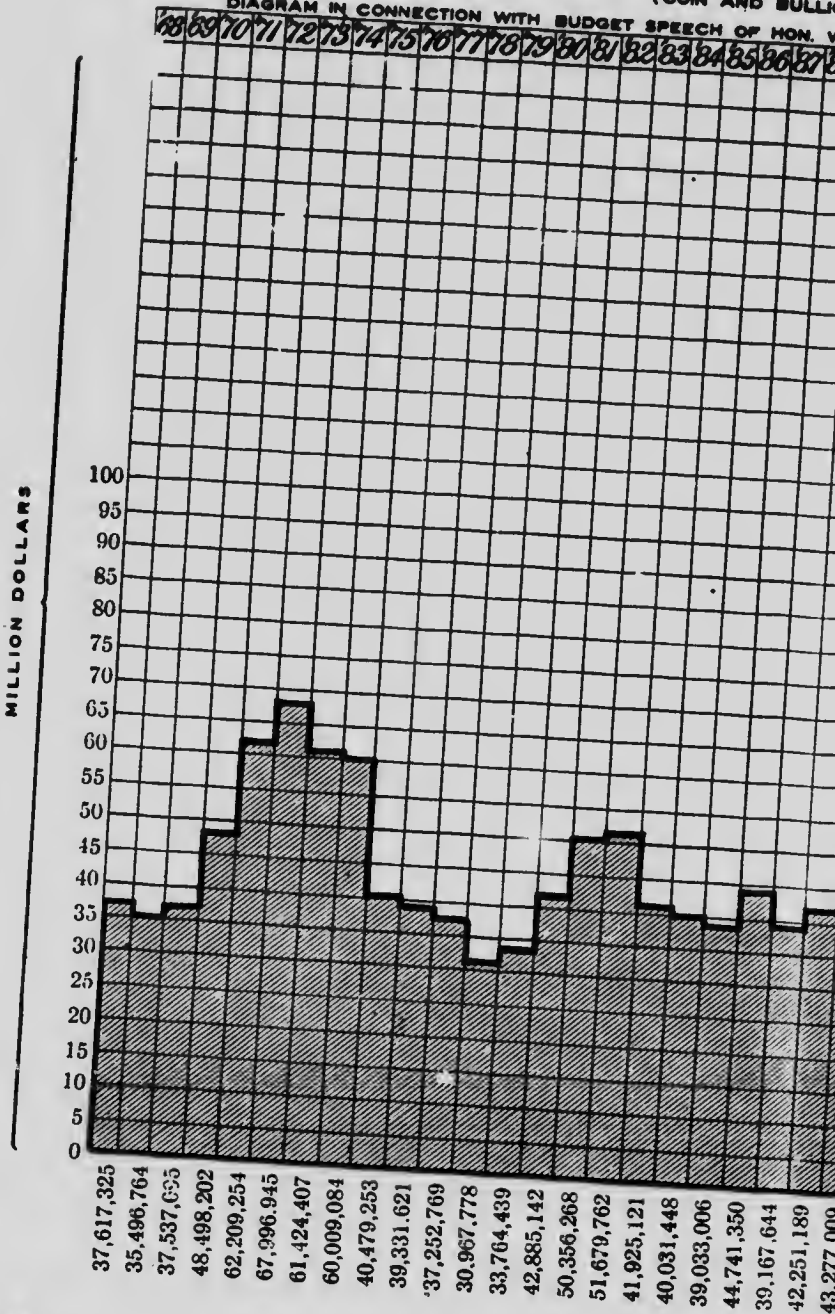
BUDGET SPEECH OF HON. W. S. FIELDING, MINISTER OF FINANCE,
SESSION OF 1907-1908



DOMINION OF TRADE WITH GREAT BRITAIN IMPORTS (HOME CONSUMPTION) FROM GREAT BRITAIN

(COIN AND BULLION)

DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. V. J. ...



No. 4

EACH SQUARE REPRESENTS

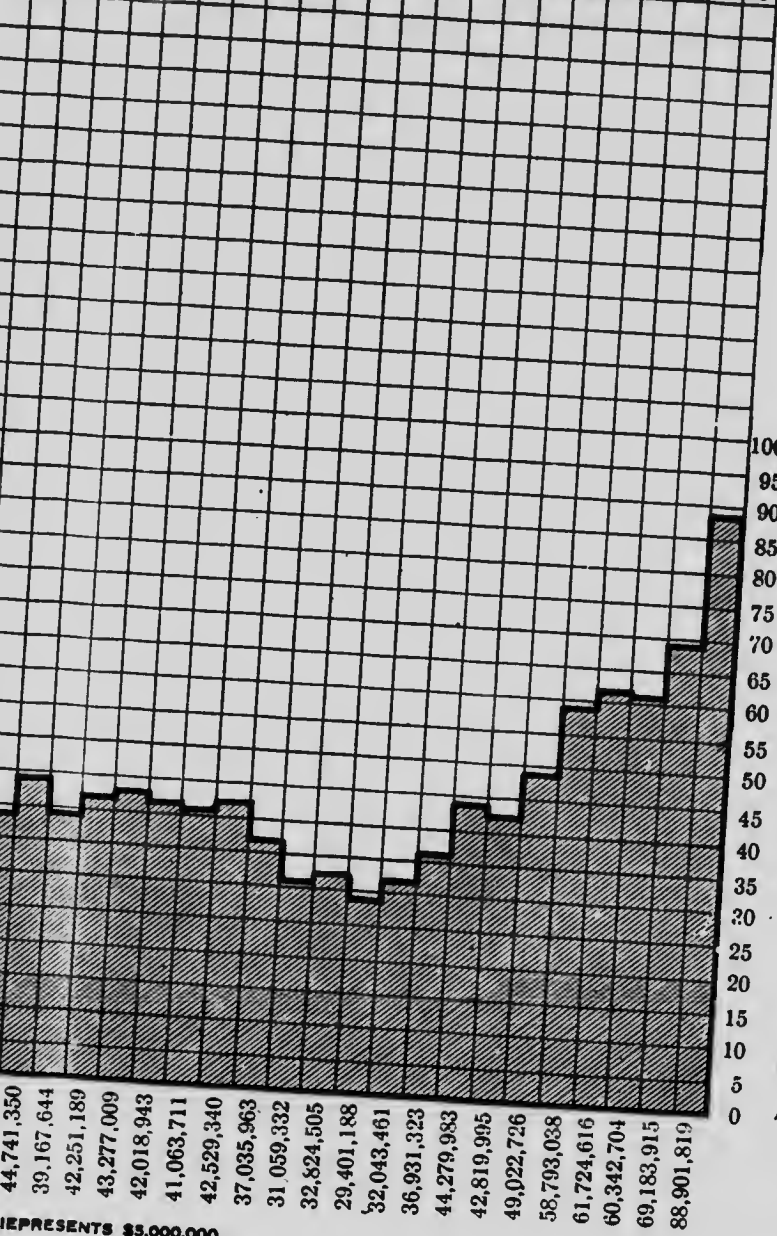
UNION OF CANADA WITH GREAT BRITAIN

No. 4

FROM GREAT BRITAIN FOR YEARS ENDED 30th JUNE
(AND BULLION EXCLUDED)

OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1907-1908

85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07



MILLION DOLLARS

REPRESENTS \$5,000,000

DOMINION TRADE WITH EXPORTS (PRODUCE OF CANADA) TO G

(COIN AND SU

DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF MON



No. 5

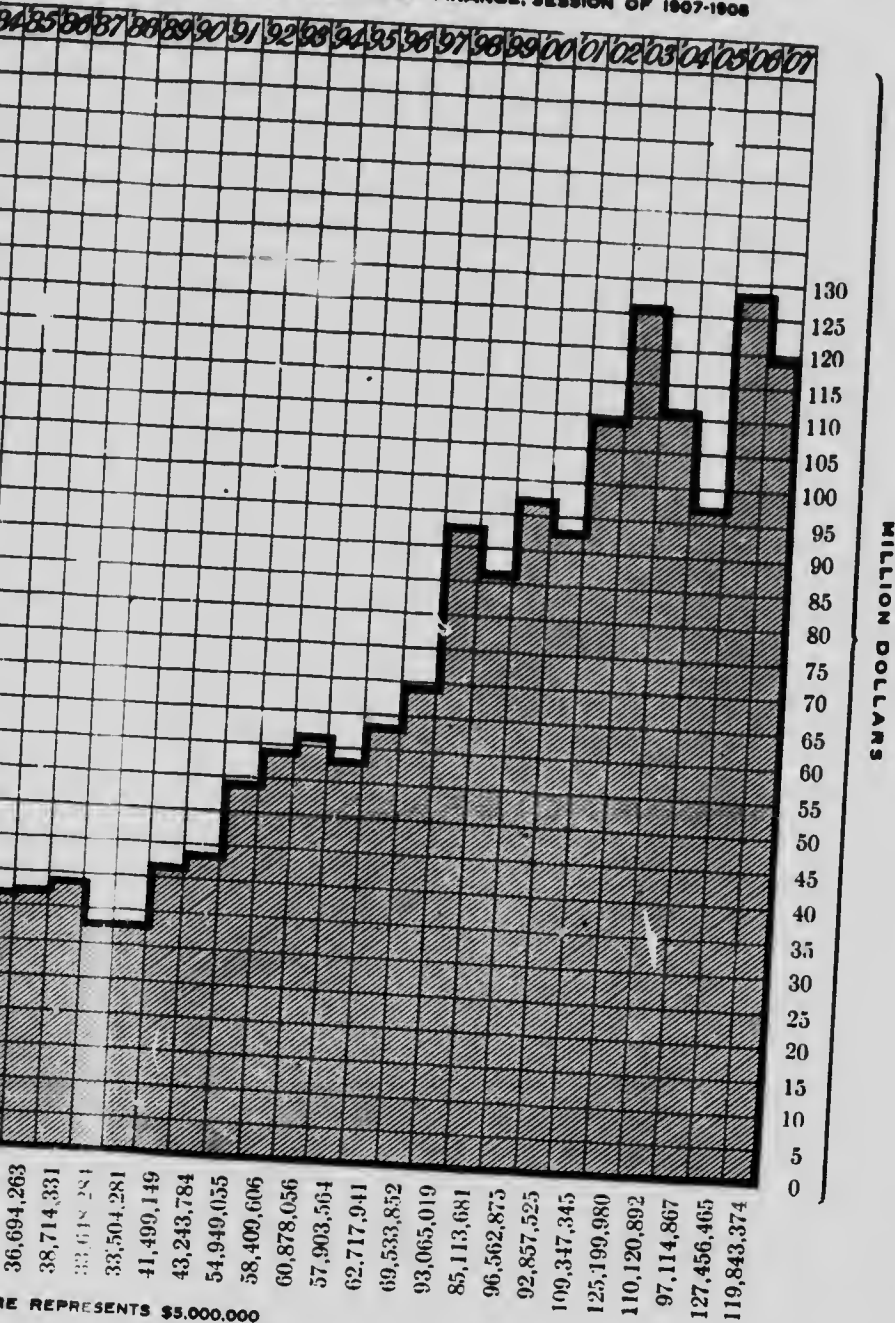
EACH SQUARE REPRESENTS

UNION OF CANADA WITH GREAT BRITAIN

No. 5

(CANADA) TO GREAT BRITAIN FOR YEARS ENDED 30TH JUNE
(DOLLARS AND POUNDS EXCLUDED)

BY THE CHIEF OF MON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1907-1908



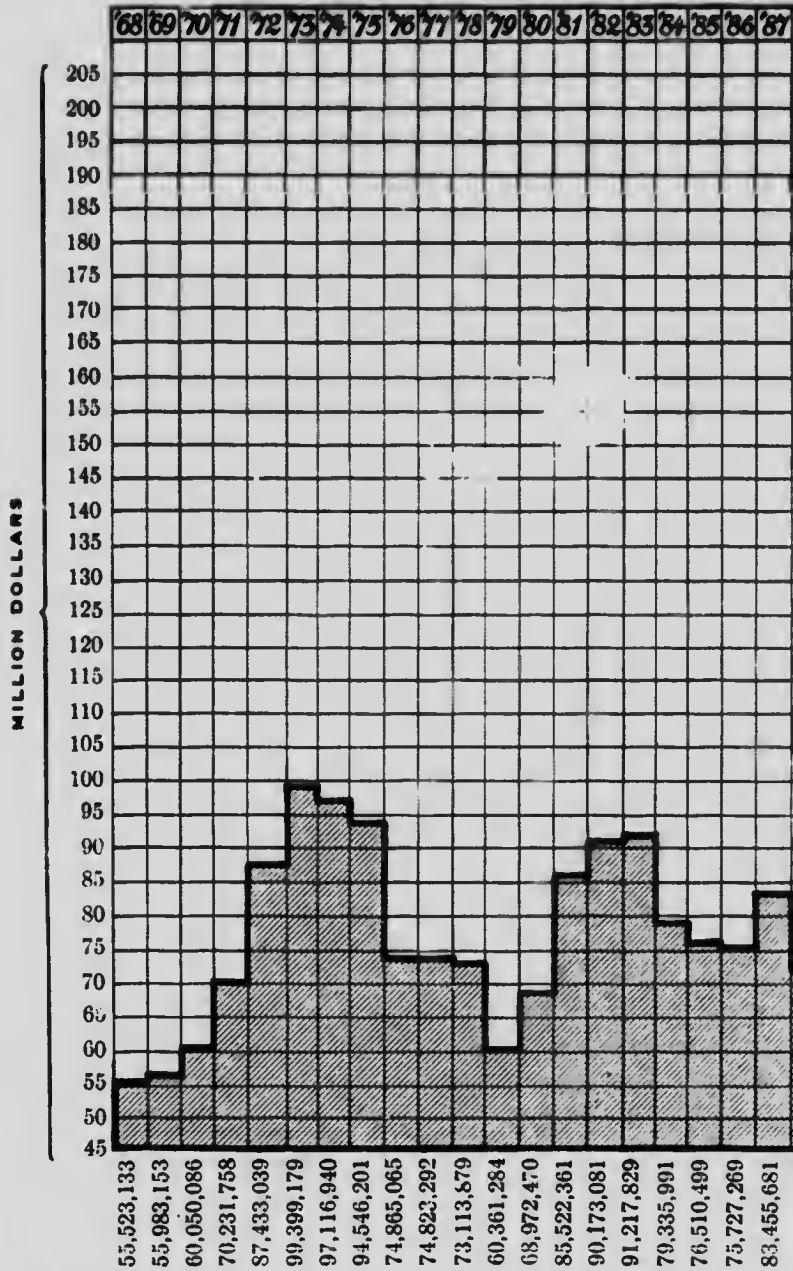
DOMINION OF

TOTAL TRADE WITH

IMPORTS (HOME CONSUMPTION) FROM GREAT BRITAIN FOR YEARS 1868-1897

(COW AND BULL)

DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON.



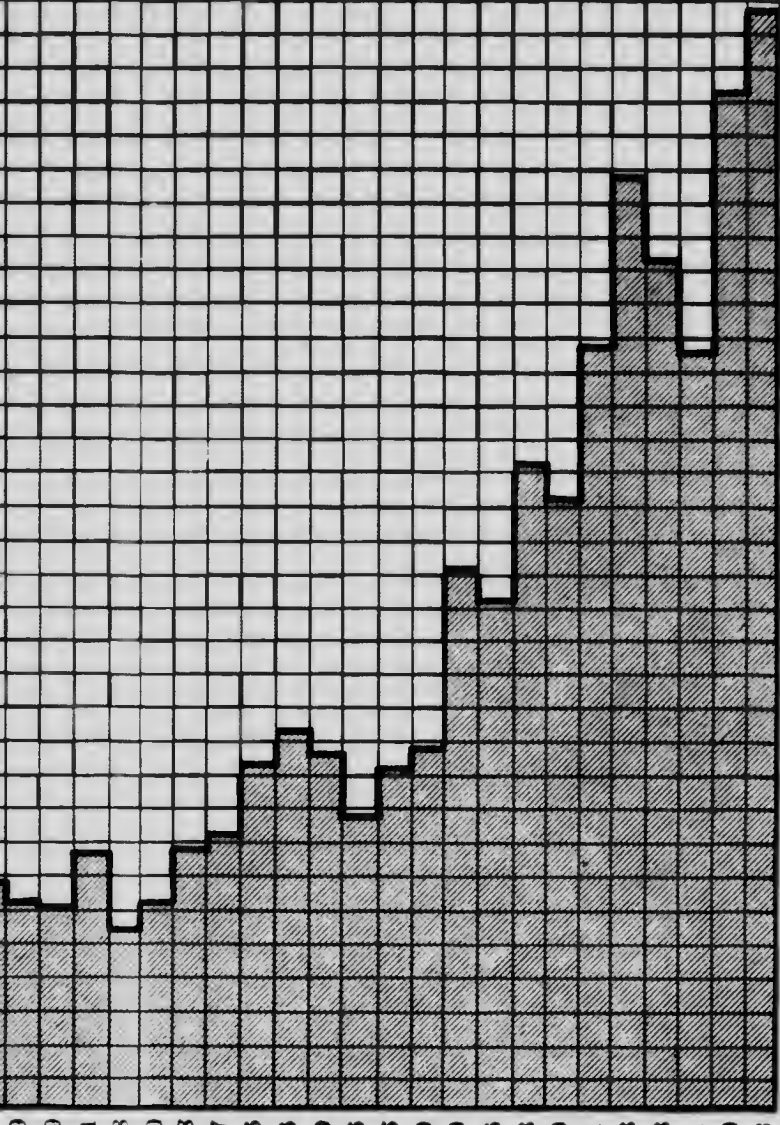
ION OF CANADA

WITH GREAT BRITAIN

GREAT BRITAIN AND EXPORTS (PRODUCE OF CANADA) TO
 FOR YEARS ENDED 30TH JUNE
 AND BULLION EXCLUDED)

OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1907-1908

85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07



MILLION DOLLARS

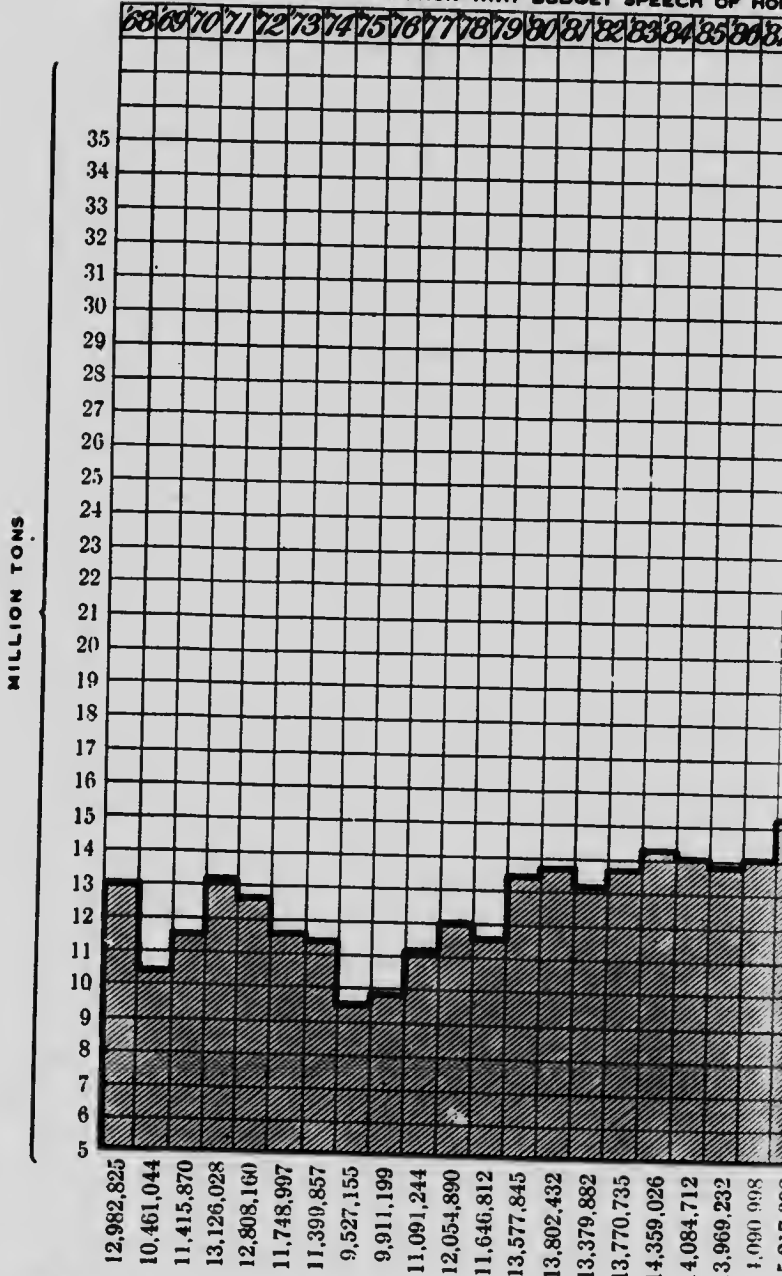
76,510,499	75,727,269	83,455,681	72,815,928	75,755,470	84,776,158	85,262,727	95,012,766	100,938,946	97,914,019	88,902,896	95,542,446	98,935,040	125,108,480	122,044,936	140,842,858	135,677,520	158,370,071	183,993,018	171,845,508	157,457,571	190,640,380	208,745,193
------------	------------	------------	------------	------------	------------	------------	------------	-------------	------------	------------	------------	------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------	-------------

SQUARE REPRESENTS \$5,000,000

DOMINION SHIP

TONS REGISTER OF ALL VESSELS ARRIVED AND
DURING YEARS

DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON.



No. 7

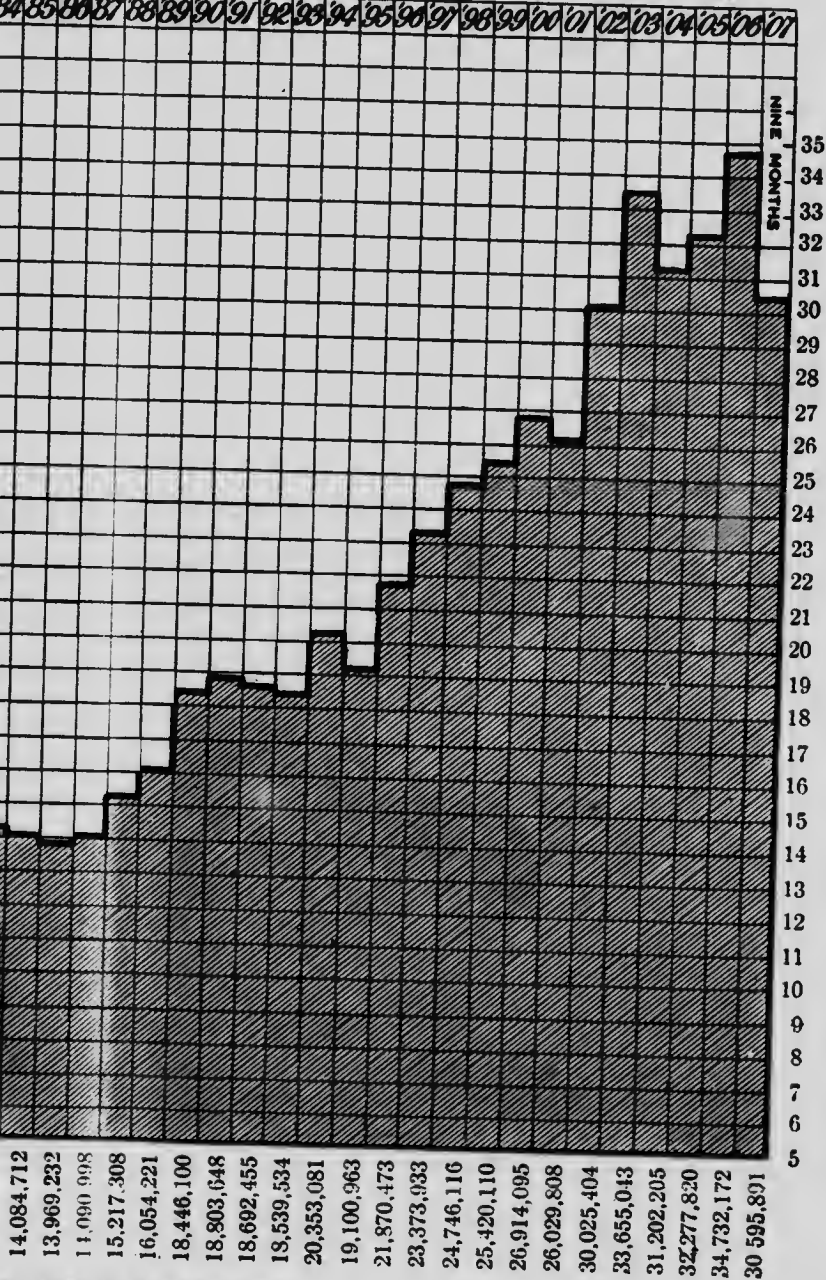
EACH SQUARE REPRESENTS

UNION OF CANADA SHIPPING

No. 7

ARRIVED AND DEPARTED. (EXCLUSIVE OF COASTING VESSELS)
FIFTY YEARS ENDED 30TH JUNE

REPORT BY HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1907-1908

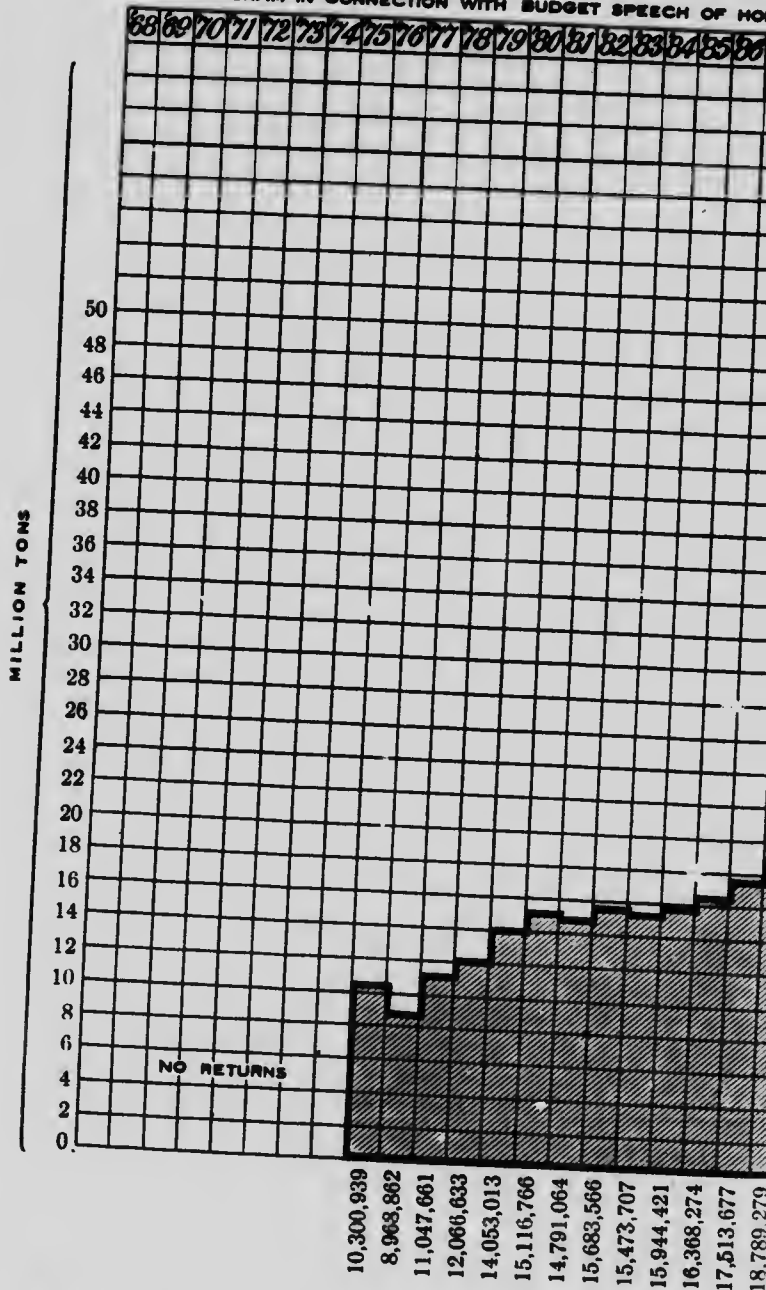


MILLION TONS

DOMINION COASTING

TONS REGISTER OF ALL VESSELS ARRIVED AND
DURING YEARS

DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON.



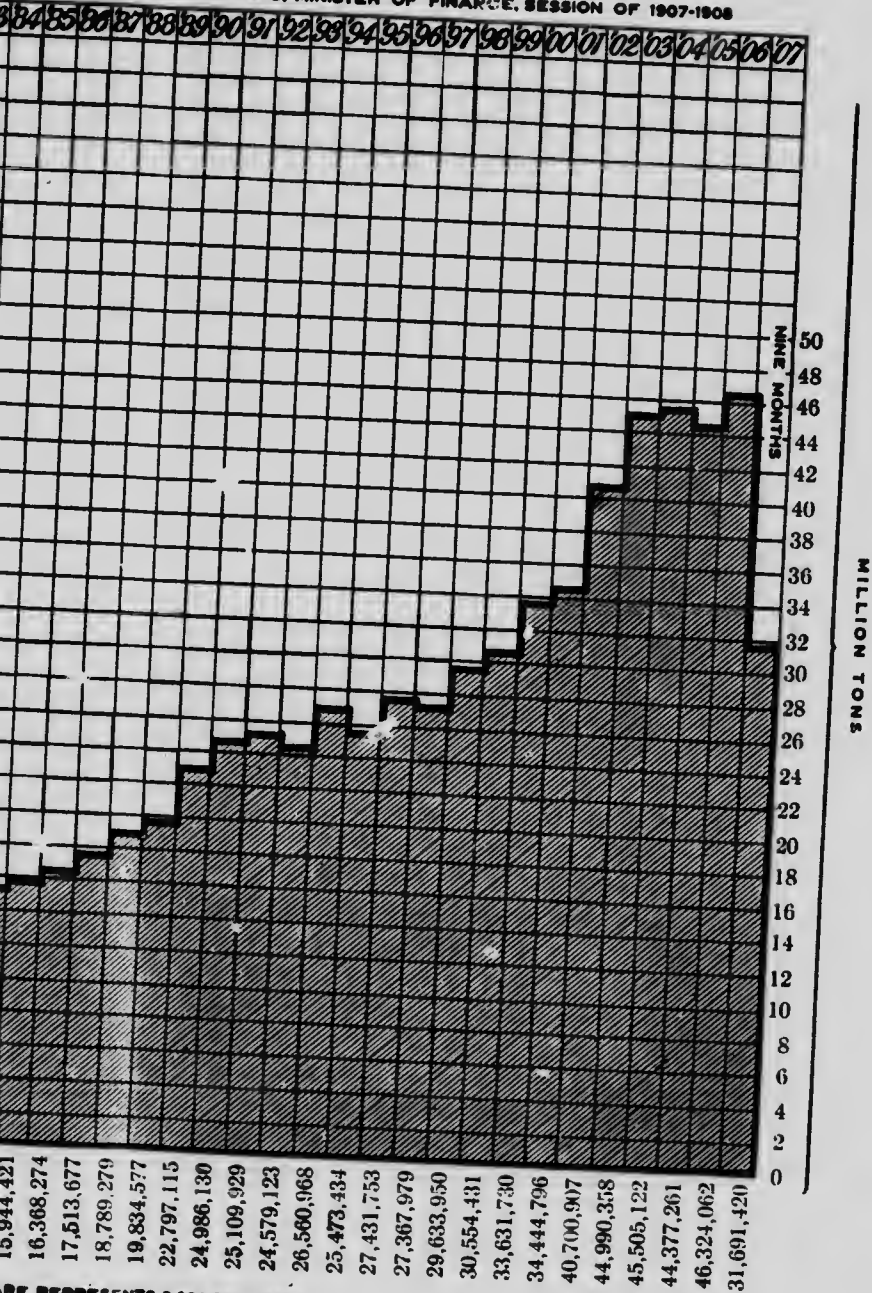
10,300,939
8,968,862
11,047,661
12,066,633
14,053,013
15,116,766
14,791,064
15,683,566
15,473,707
15,944,421
16,368,274
17,513,677
18,789,279

UNION OF CANADA
COASTING TRADE

No. 8

ARRIVED AND DEPARTED, EMPLOYED IN THE COASTING TRADE
 IN YEARS ENDED 30TH JUNE

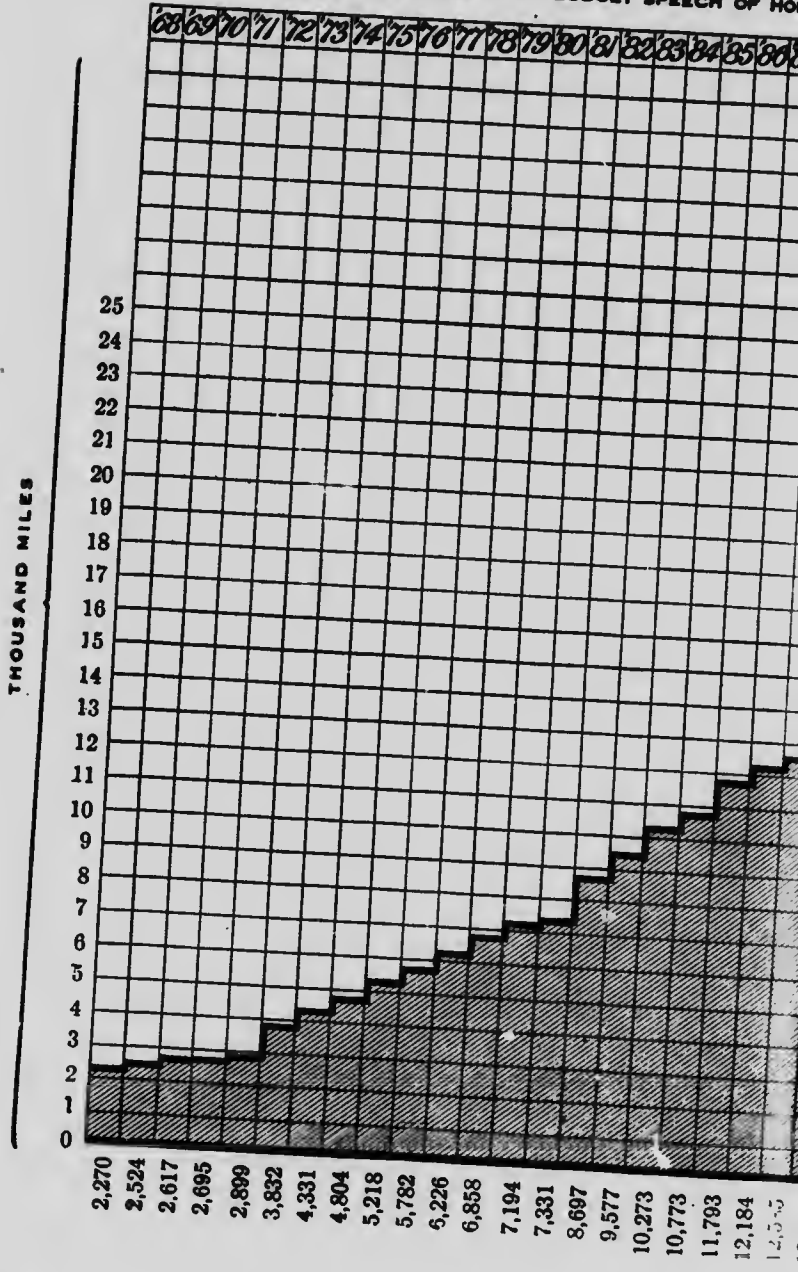
BY ORDER OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1907-1908



DOMINION RAILWAYS

MILES IN OPERATION

DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. MR. ...

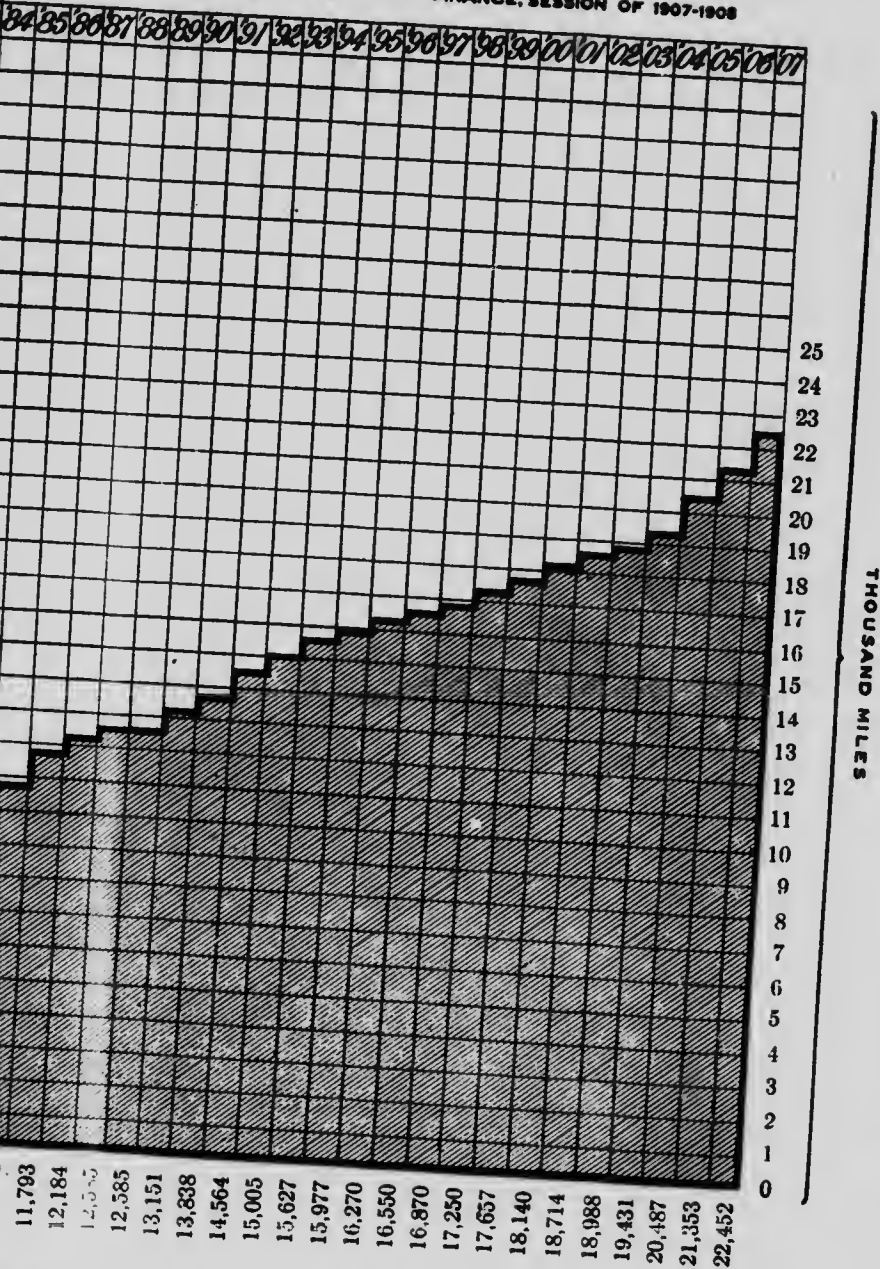


UNION OF CANADA
WAYS IN CANADA

No. 9

WAYS IN OPERATION 30TH JUNE

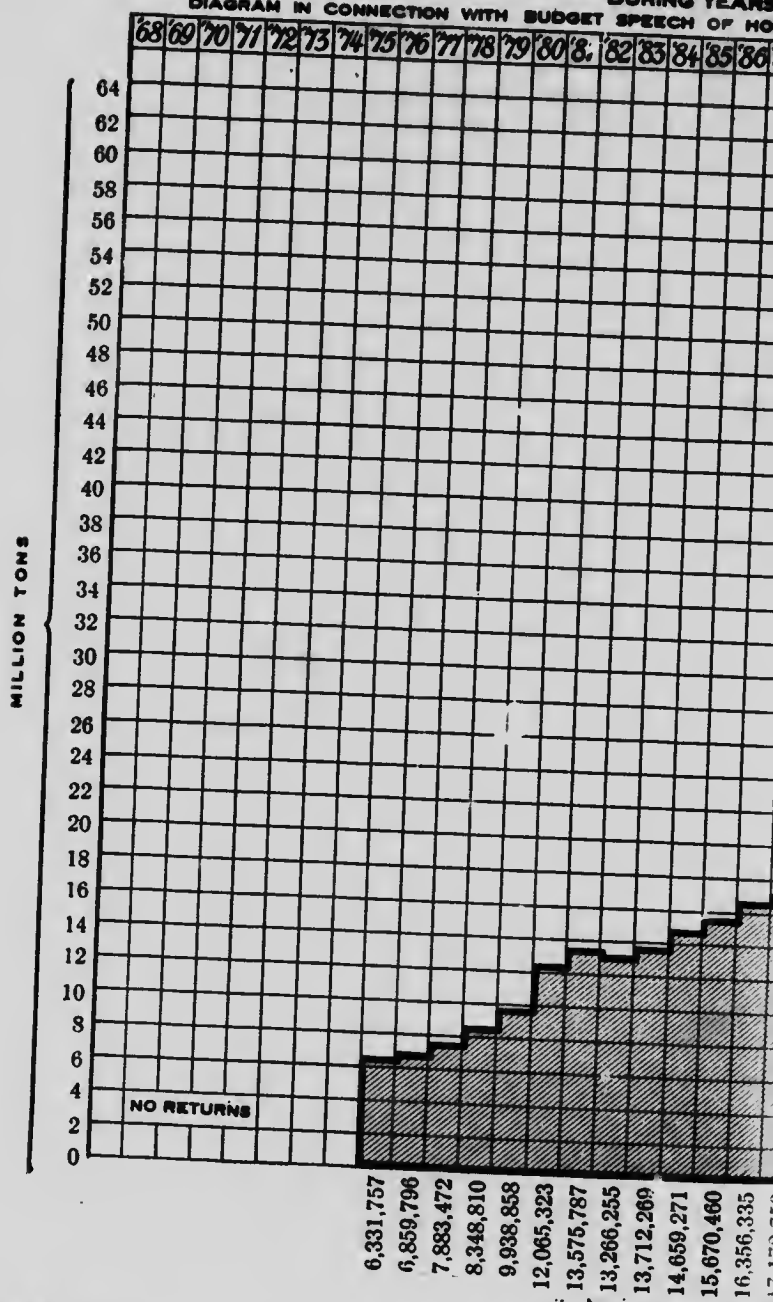
BY ORDER OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1907-1908



ONE UNIT REPRESENTS 1,000 MILES

DOMINION RAILWAY TRAFFIC

DURING YEARS



No. 10

EACH SQUARE REPRESENTS 1 MILLION TONS

TRAFFIC—TONS CARRIED

10 YEARS ENDED 30TH JUNE

REPORT OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1907-1908

84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07

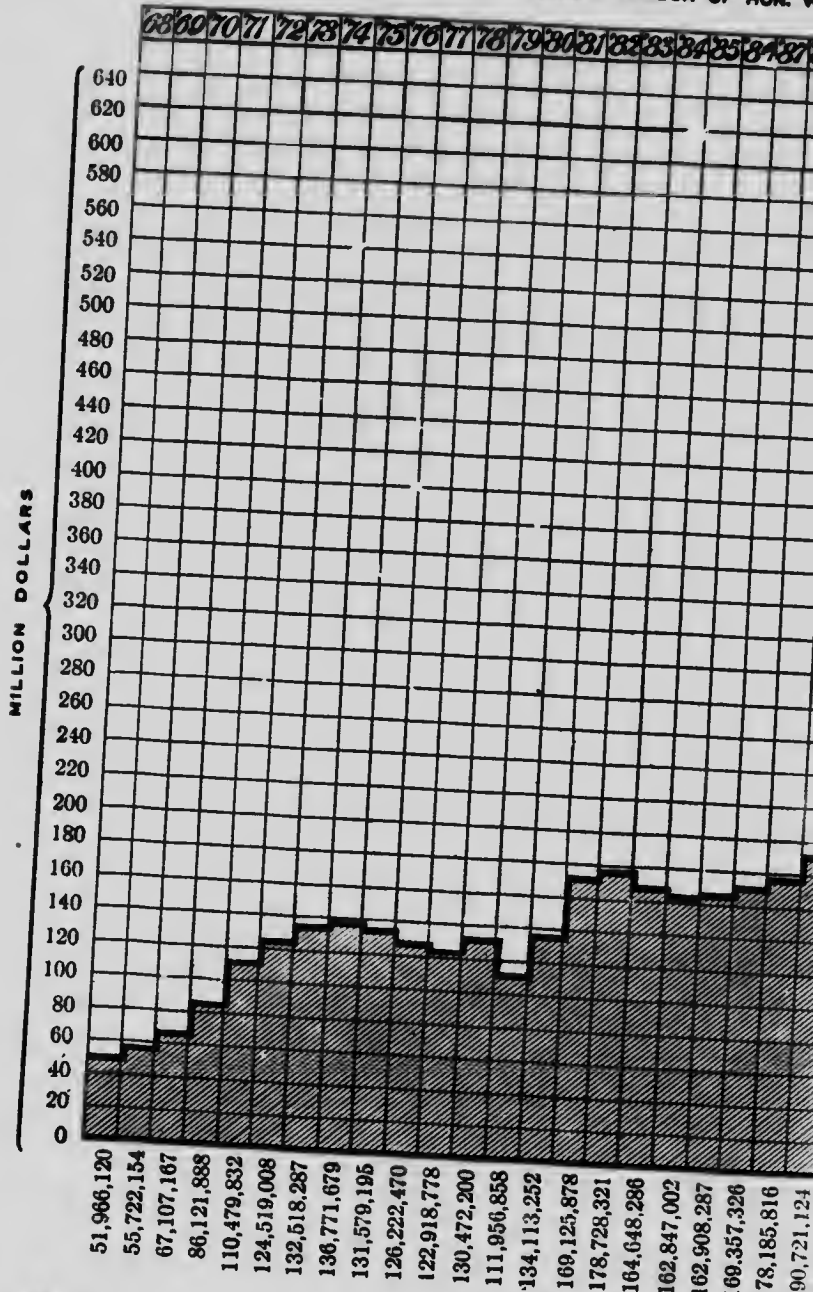


REPRESENTS 2,000,000 TONS

DOMINION OF
DISCO

AS SHOWN BY THE MONTHLY STATEMENTS
ON 30TH

DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. V



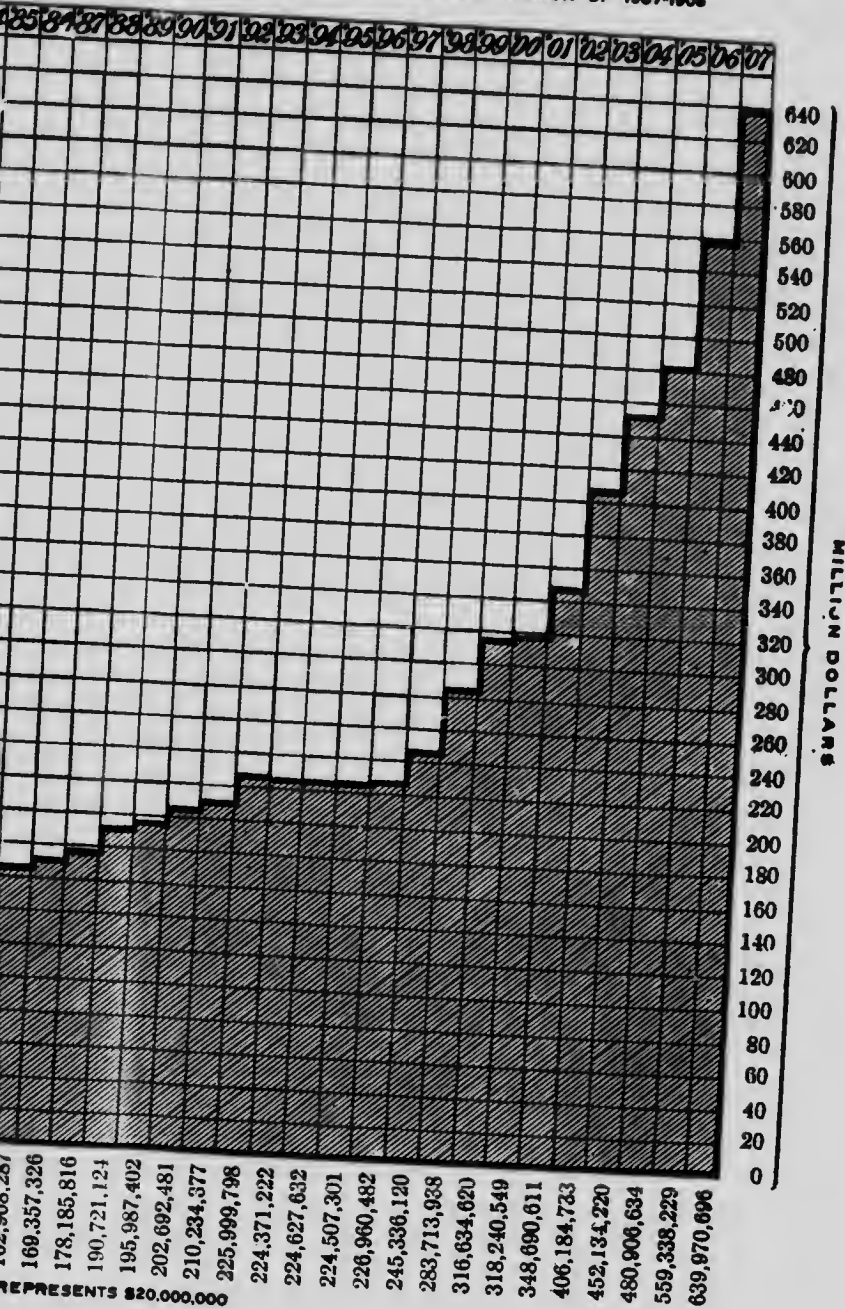
No. 11

EACH SQUARE REPRESENTS:

SCOUNTS

EMENTS OF THE CHARTERED BANKS OF CANADA
ON 30TH JUNE

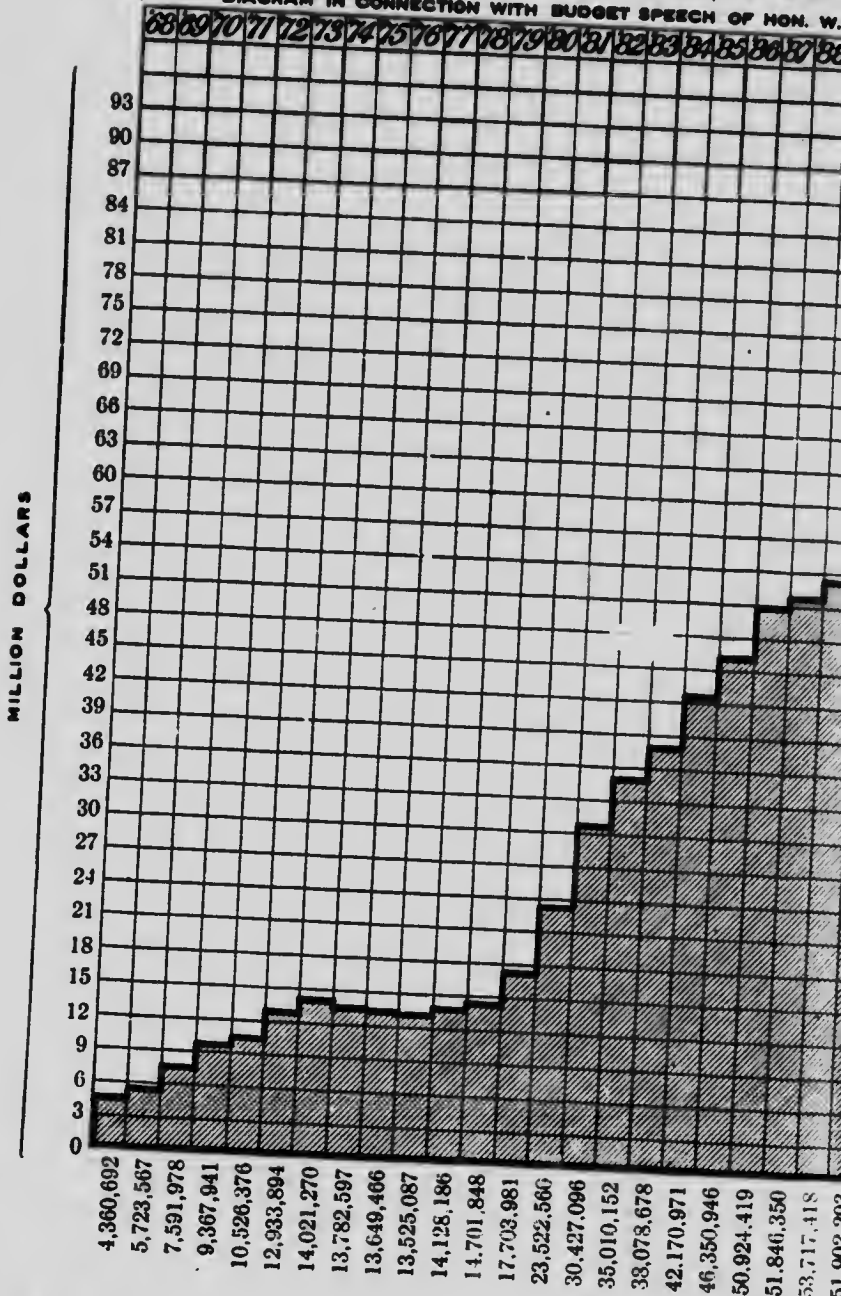
OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1907-1908



REPRESENTS \$20,000,000

DOMINION OF
DEPOSITS IN SAVINGS
 INCLUDING POST OFFICE AND GOVERNMENT SAVINGS BANK
 AND CAISSE D'ÉCONOMIE
 ON 30TH

DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. W.



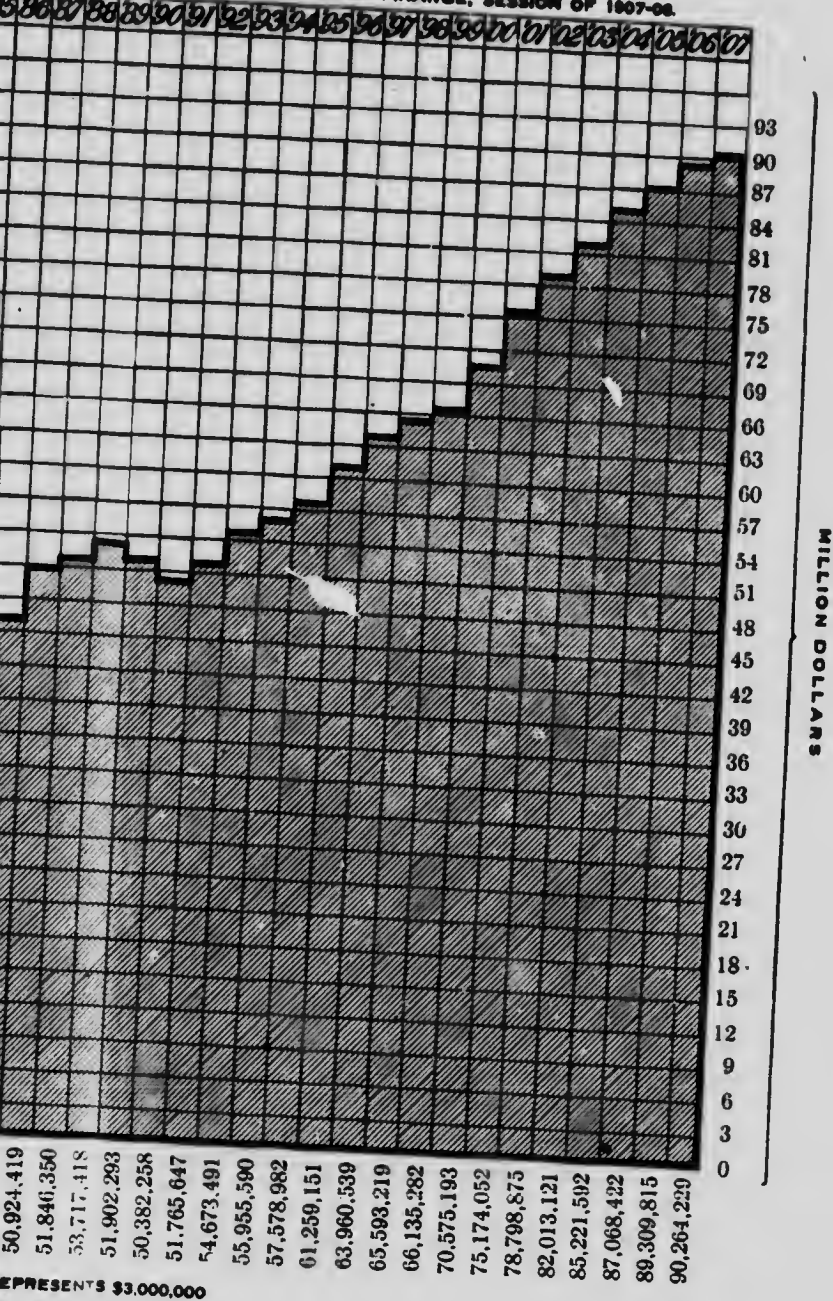
UNION OF CANADA

No. 12

SAVINGS BANKS OF CANADA

SAVINGS BANKS, CITY AND DISTRICT SAVINGS BANK, MONTREAL,
BANQUE D'ECONOMIE, QUEBEC
ON 30TH JUNE

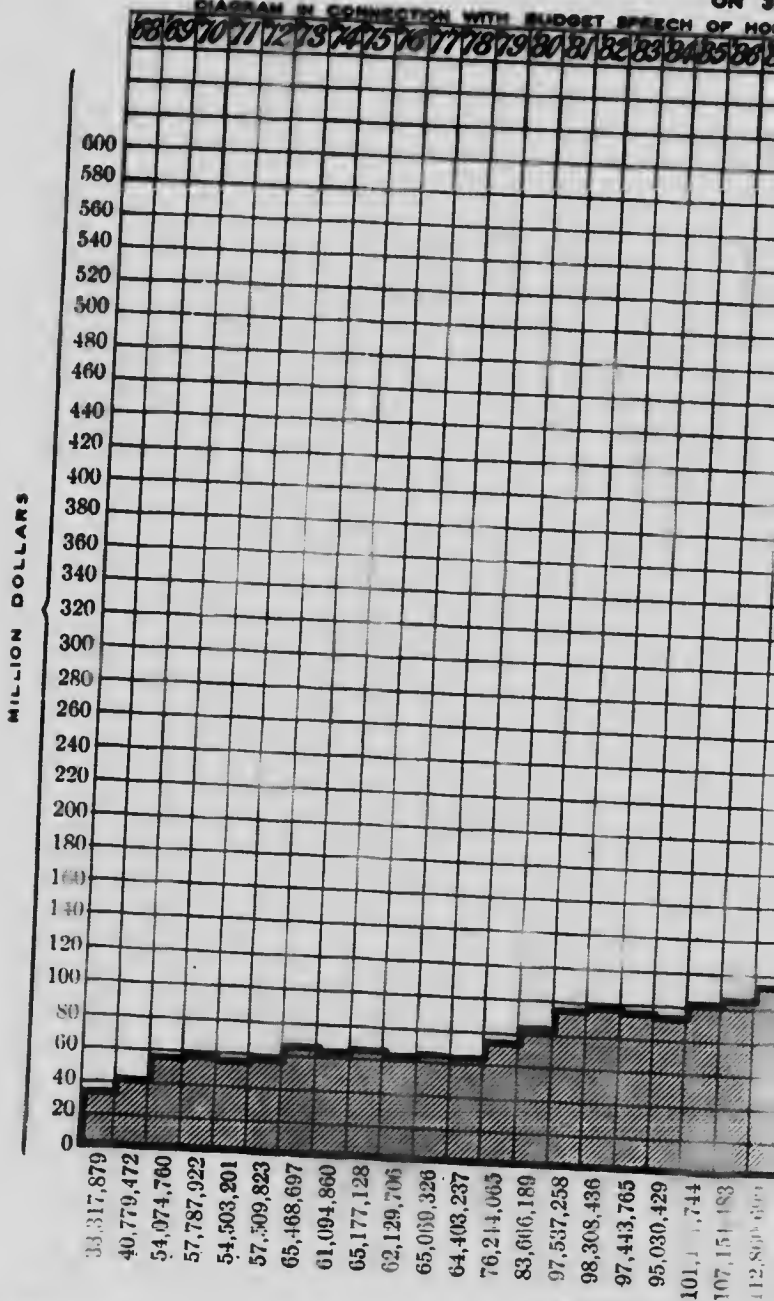
OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1907-08.



REPRESENTS \$3,000,000

DOMINION DEPOSITS BY THE PEOPLE IN BANKS OF CANADA

DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON. J. G. BURNHAM, MINISTER OF FINANCE, ON 30 MARCH 1935

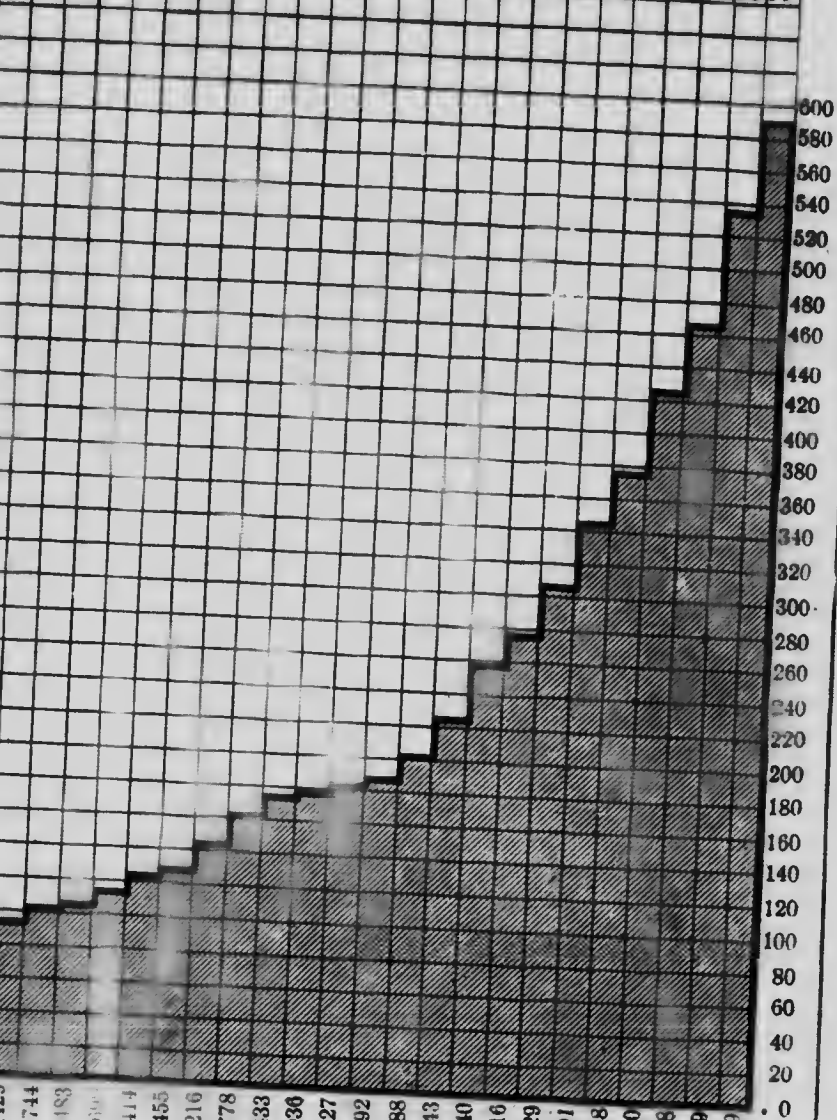


PEOPLE IN THE CHARTERED BANKS OF CANADA

ON 30TH JUNE

BY HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1907-1908

1874 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 00 01 02 03 04 05 06 07



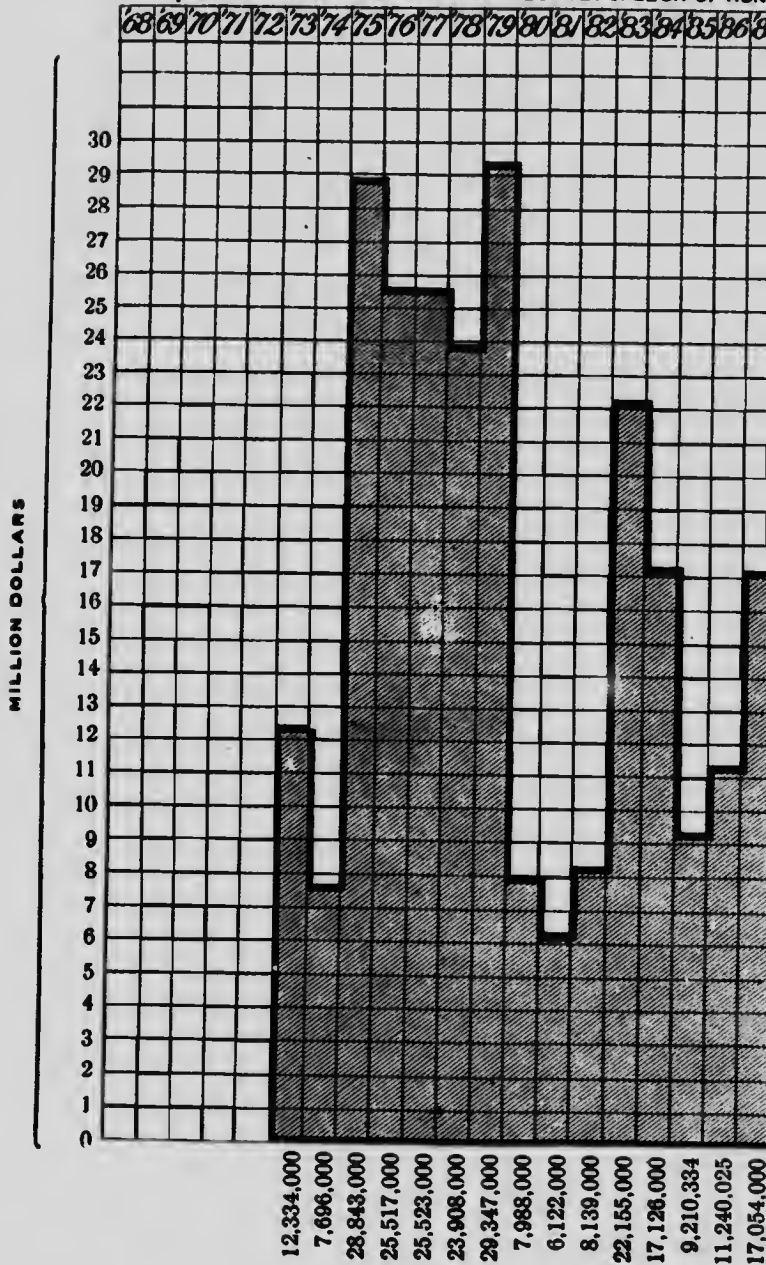
101,117,744
107,151,483
112,800,000
118,554,414
128,631,455
142,636,216
160,942,778
170,817,433
174,930,936
182,688,227
183,769,992
201,141,688
227,063,343
258,402,340
277,256,716
315,775,429
344,949,901
378,937,458
423,874,030
468,571,648
536,769,519
589,459,889

RESERVE FUNDS \$20,000,000

DOMINION BUSINESS

(NEWFOUNDLAND INC)

DIAGRAM IN CONNECTION WITH BUDGET SPEECH OF HON

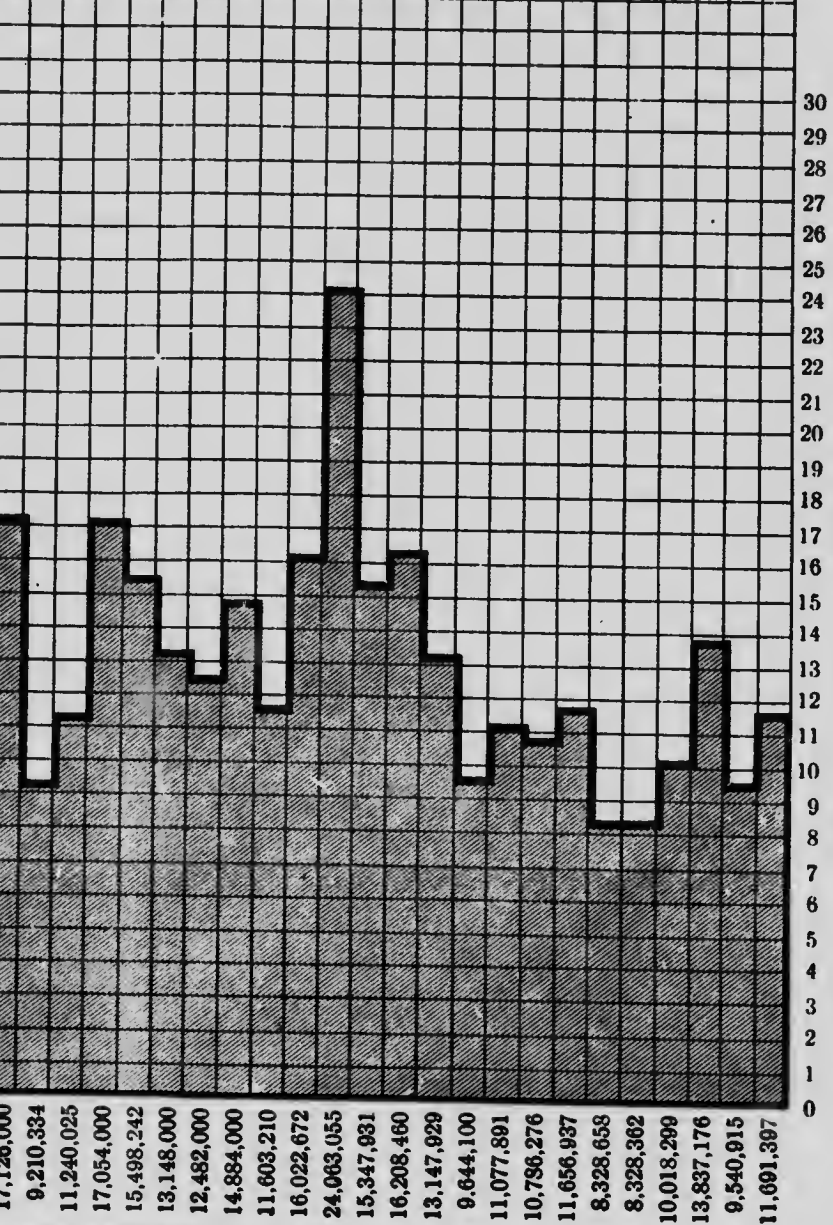


UNION OF CANADA BUSINESS FAILURES

(LAND INCLUDED TO 1894 INCLUSIVE)

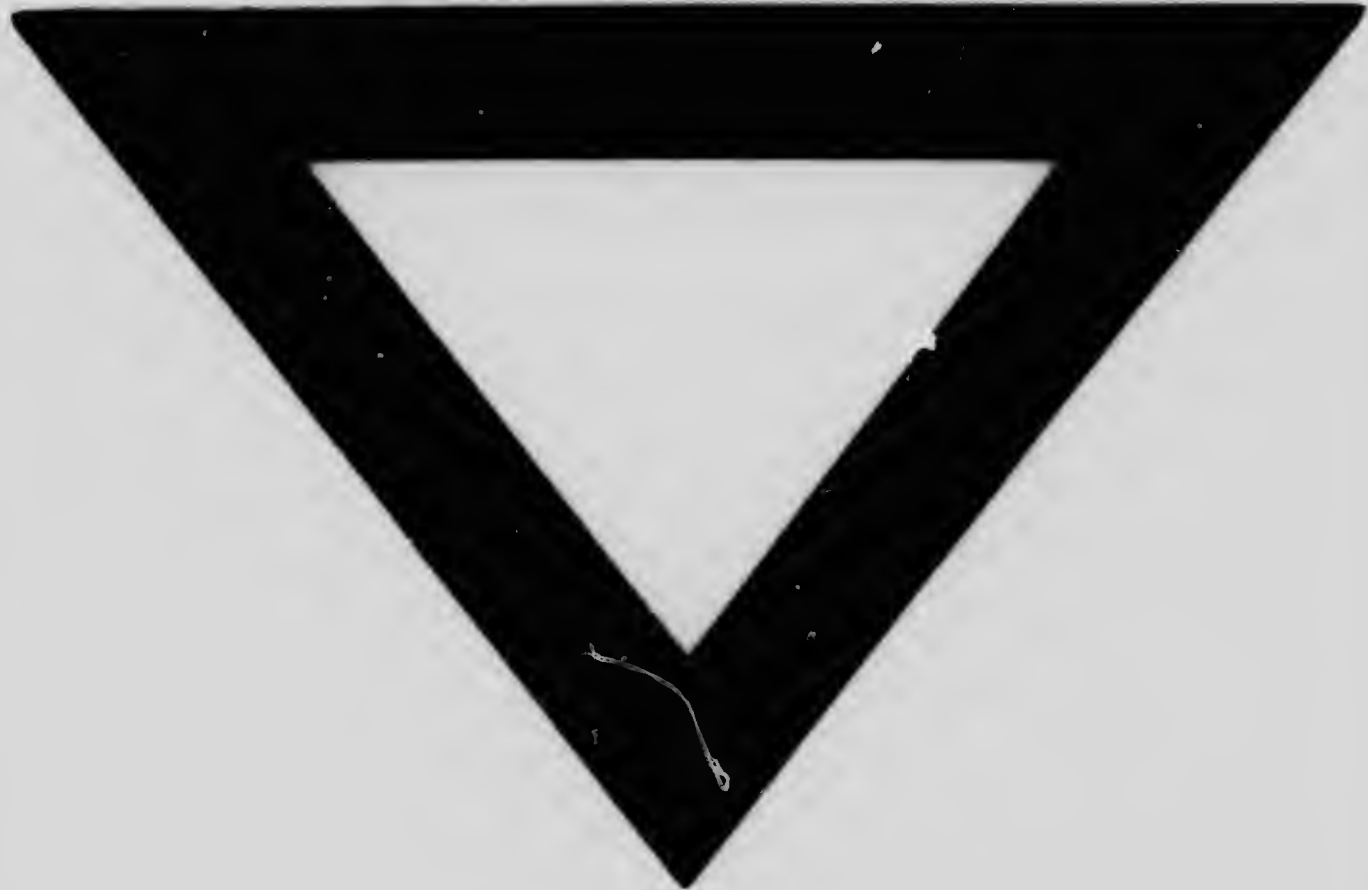
REPORT OF HON. W. S. FIELDING, MINISTER OF FINANCE, SESSION OF 1907-1908

1874 1875 1876 1877 1878 1879 1880 1881 1882 1883 1884 1885 1886 1887 1888 1889 1890 1891 1892 1893 1894 1895 1896 1897 1898 1899 1900 1901 1902 1903 1904 1905 1906 1907



MILLION DOLLARS

ONE SQUARE REPRESENTS \$1,000,000



the fact that the *in vitro* and *in vivo* results are in good agreement. The *in vivo* results are also in good agreement with the *in vitro* results of other authors (10, 11).

The *in vitro* results show that the rate of release is dependent on the thickness of the membrane. The rate of release is also dependent on the porosity of the membrane. The rate of release is also dependent on the type of polymer used for the membrane.

The *in vivo* results show that the rate of release is dependent on the thickness of the membrane. The rate of release is also dependent on the porosity of the membrane. The rate of release is also dependent on the type of polymer used for the membrane.

The *in vitro* results show that the rate of release is dependent on the thickness of the membrane. The rate of release is also dependent on the porosity of the membrane. The rate of release is also dependent on the type of polymer used for the membrane.

The *in vivo* results show that the rate of release is dependent on the thickness of the membrane. The rate of release is also dependent on the porosity of the membrane. The rate of release is also dependent on the type of polymer used for the membrane.

The *in vitro* results show that the rate of release is dependent on the thickness of the membrane. The rate of release is also dependent on the porosity of the membrane. The rate of release is also dependent on the type of polymer used for the membrane.

The *in vivo* results show that the rate of release is dependent on the thickness of the membrane. The rate of release is also dependent on the porosity of the membrane. The rate of release is also dependent on the type of polymer used for the membrane.

The *in vitro* results show that the rate of release is dependent on the thickness of the membrane. The rate of release is also dependent on the porosity of the membrane. The rate of release is also dependent on the type of polymer used for the membrane.

The *in vivo* results show that the rate of release is dependent on the thickness of the membrane. The rate of release is also dependent on the porosity of the membrane. The rate of release is also dependent on the type of polymer used for the membrane.