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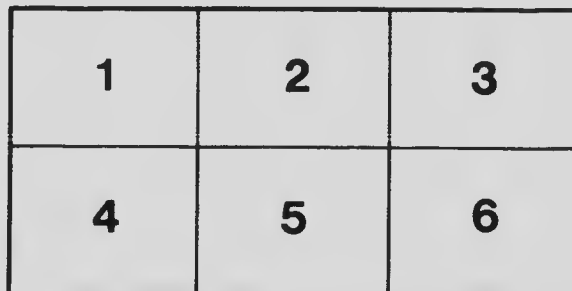
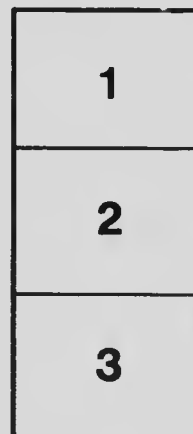
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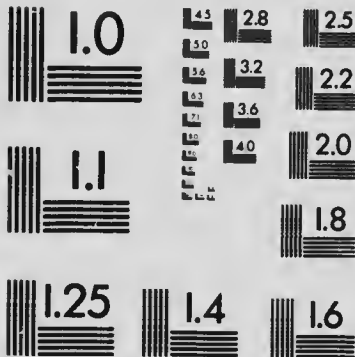
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# BUDGET SPEECH

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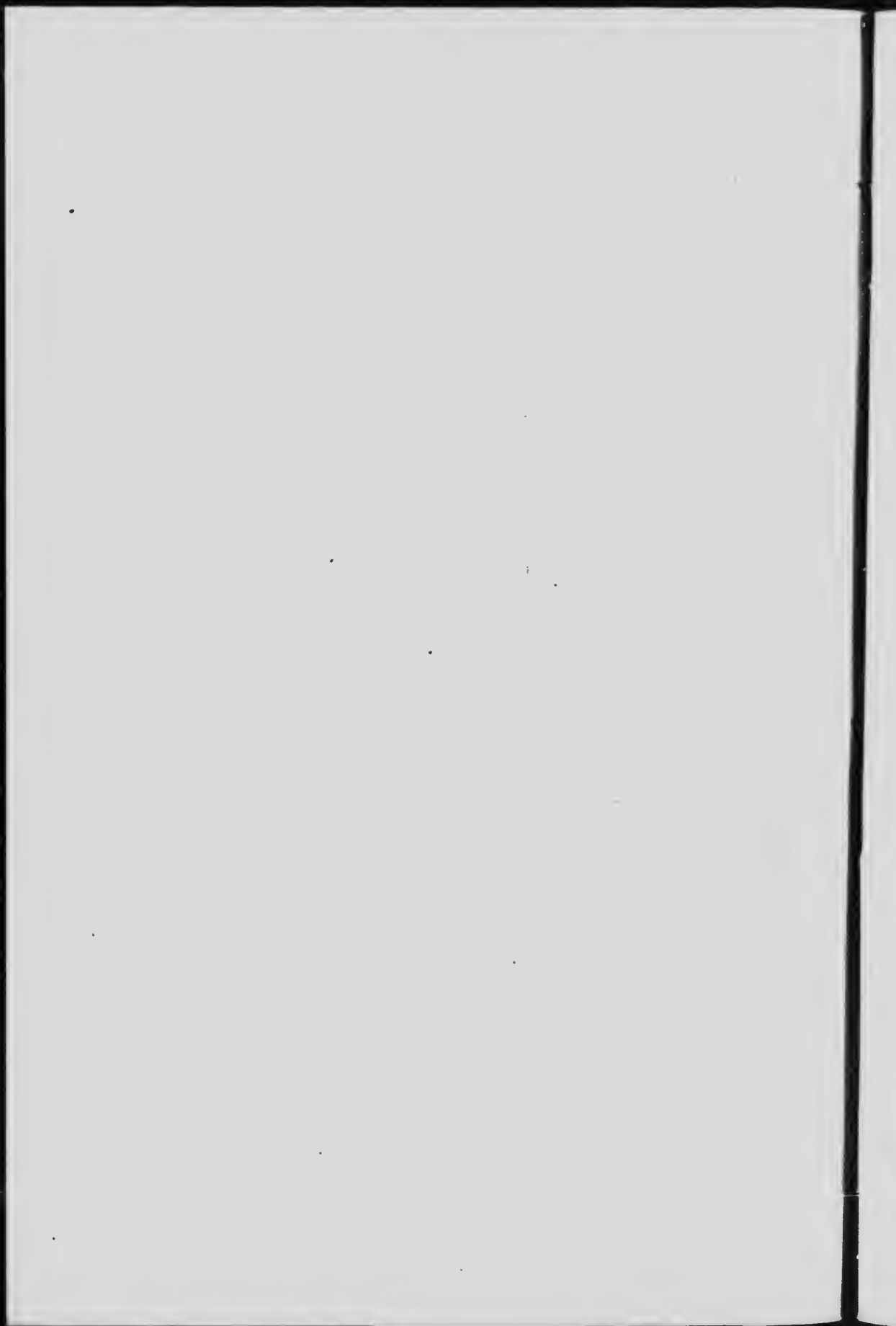
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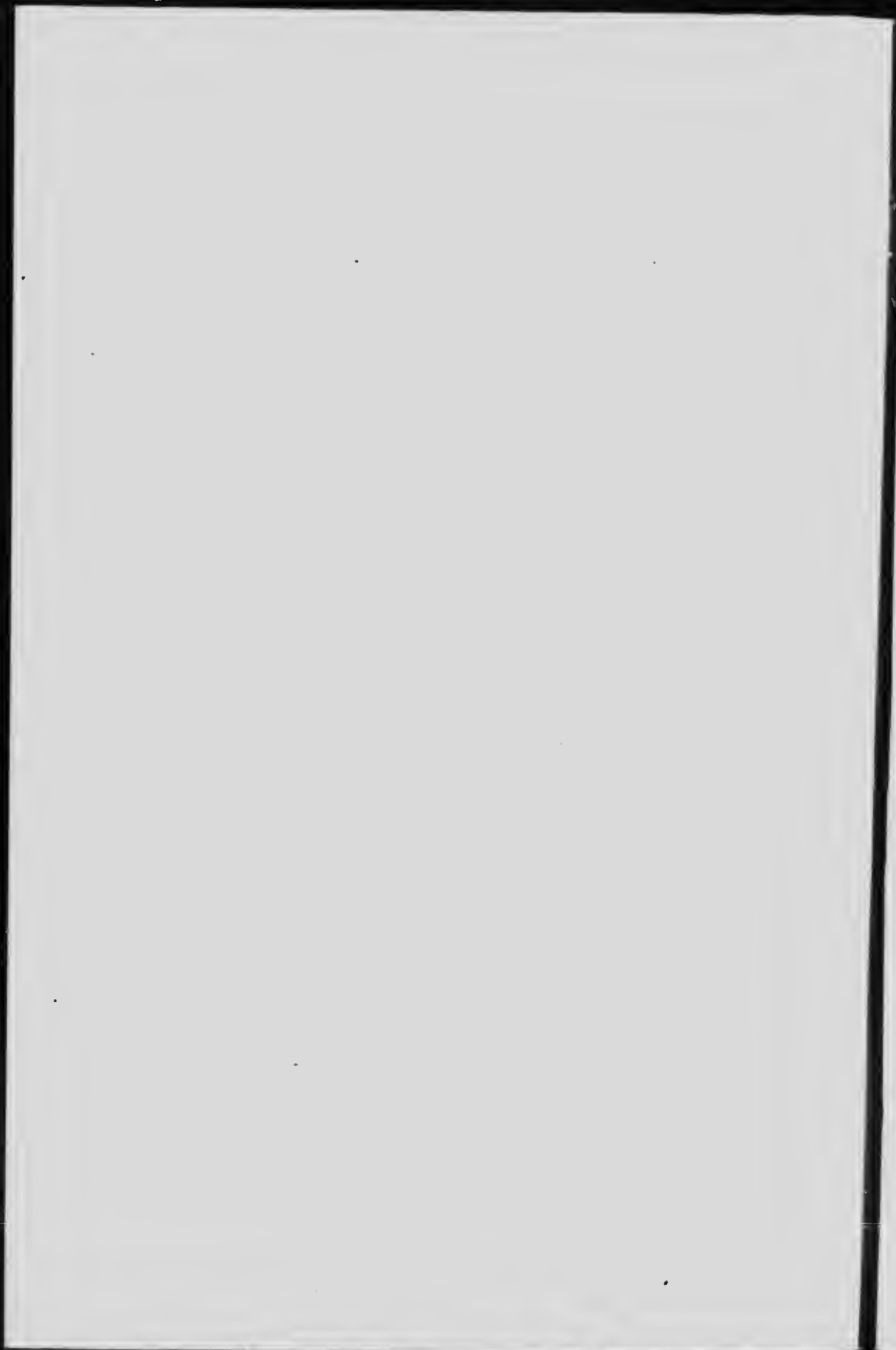
HOUSE OF COMMONS, TUESDAY, JUNE 7, 1904



OTTAWA  
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# BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.

MINISTER OF FINANCE

IN THE

HOUSE OF COMMONS, TUESDAY, JUNE 7, 1904

## 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 in presenting my eighth budget, I rejoice that I am in a position to congratulate the House upon the continuance, in a very large degree, of that prosperity which Canada has enjoyed for a long time.

Continued prosperity of Canada.

Some recent conditions have not been so favourable as some might desire. The severity of the winter, the unusually heavy snowfall in central Canada, the lateness of the opening of navigation on our inland waters—all these things have to some extent operated to disturb our ordinary business conditions; but any disturbance of that kind will of course only be temporary. Far from complaining of the influence of winter, we should recognize the fact that we have compensation in other directions for the steady cold season lends itself to that great lumbering industry which is so important to Canada. Jack Frost continues to be one of our best friends, and the Canadian winter one of Canada's most valuable assets.

Some recent conditions not favourable.

Canadian winter a valuable asset.

There is some anxiety in the industrial world, among our manufacturers, not because of any conditions which exist in Canada, but rather because of conditions which it is feared do exist,

Effects of a depression in the U.S.

or are likely to exist, in other countries, and particularly in the great republic to the south. There is an opinion in the minds of our manufacturing people that the signs of depression which have already appeared across the border will continue, and that there may be a period of severe depression in that country, the effects of which would cross the border in the shape of an increased and perhaps an illegitimate competition. We are not at liberty to ignore considerations of that kind. In the fixing of our own fiscal policy we are bound to take note of these things. Nor should we fail to point the moral of a depression that prevails in the most highly protected country in the world. There is a tendency in the minds of many who are strong advocates of a high tariff policy to believe that such a policy is the best guarantee of prosperity. Yet we have the remarkable fact to-day that our manufacturers in Canada are chiefly alarmed lest there should be a great depression in the very country where depression ought to be impossible, if high tariffs are a guarantee of prosperity. Indeed, I think it would not be a mistake to say that, as between the two countries to-day, the condition of business is better in Canada with a moderate tariff than it is in the neighbouring republic where they have the highest tariff known throughout the world.

Business  
conditions of  
Canada  
sound.

There is much in the outlook to-day which calls for serious consideration, for careful thought and for careful action, on the part of men both in public and private life. But while there is need for thought and for caution, there is no need for discouragement. The business conditions of Canada generally I believe to be sound, and our crop prospects are all that could be desired. There is no reason why we should not look forward with hope and confidence to a continuance of that great and growing prosperity for which Canada has been so noted during the past few years.

#### FISCAL YEAR 1902-3.

Financial  
features of  
1902-3.

Our last session of parliament was so protracted that before the close we were able to present to the House the outlines of the condition of the finances of the Dominion for the year which had then recently closed, and since then the public accounts have been laid on the table, so that only a passing allusion is needed to the finances of the year which ended on the 30th June, 1903.

My estimate for the revenue of that year was \$65,000,000. Revenue \$66,037,068.93.  
 The actual revenue was \$66,037,068.93, an increase of revenue beyond my estimate of \$1,037,068.93.

The estimate of the expenditure proved to be a very close one. Expenditure \$51,691,902.76.  
 The estimate was \$51,650,000. The actual expenditure of the year was \$51,691,902.76, being an increase of expenditure over the amount which I ventured to speak of in my anticipations in the last budget to the extent of \$41,902.76.

I estimated that we would probably have on the operations of the year a surplus of \$13,350,000. The out-turn of the year gave us a surplus of \$14,345,166.17. Surplus \$14,345,166.17.  
 The surplus thus was nearly \$1,000,000 more than the sum at which I placed it in the last budget speech. That surplus was the largest in the history of Canada.

The revenue increased over 1902 by \$7,986,287.90, while the expenditure increased by \$932,510.79. Increased revenues over 1902 \$7,986,287.90.  
 Too often it happens in relation to the affairs of government and of public bodies charged with the administration of affairs that where you are blessed with an increase of revenue you also have a corresponding increase of expenditure, but we are happily able to point out that this is not the experience of this government in recent years, Increased expenditure \$932,510.79.  
 for in the figures which I have presented to you I have shown you that while in the year 1903 we increased our revenue by nearly \$8,000,000, we only increased our expenditure on consolidated fund account by \$932,510.79:

## FISCAL YEAR ENDED 30TH JUNE, 1903.

	Actual.	Estimate.	Increase.
	\$ cts.	\$ cts.	\$ cts.
Revenue .....	66,037,668 93	65,000,000 00	1,037,668 93
Expenditure .....	51,692,902 76	51,650,000 00	41,902 76
Surplus .....	14,345,166 17	13,350,000 00	995,166 17

Revenue underestimated by .....	\$ 1,037,068 93
Expenditure underestimated by .....	\$ 41,902 76
Surplus .....	\$14,345,166 17
Surplus estimated in Budget Speech, 1903 .....	\$13,350,000 00
Results better than estimate by .....	\$ 995,166 17

Increase in  
all the main  
items of  
revenue.

I have a statement of the principal sources of revenue during the year from which it will be seen that there was a comfortable increase all along the line. It reads as follows:—

DETAILS OF REVENUE 1903.

Service.	1901-2.	1902-3.	Increase.
	\$ cts.	\$ cts.	\$ cts.
Customs.....	32,191,978 47	37,001,726 90	4,809,748 43
Excise.....	11,197,133 40	12,013,779 00	816,645 60
Post Office.....	3,918,415 55	4,397,832 51	479,416 96
Railways.....	5,918,997 60	6,584,797 93	665,800 33
Dominion Lands.....	1,227,976 75	1,695,591 63	467,614 88
Miscellaneous.....	3,596,288 26	4,343,340 96	747,052 70
Total.....	58,050,790 03	66,037,068 93	7,986 278 90

The increase in the revenue of 1903 over 1902 is at the rate of 13 $\frac{3}{4}$  per cent.

POST OFFICE REVENUE AND EXPENDITURE.

Post Office  
returns  
gratifying.

I have called attention to the different branches of the service in which the revenue has increased, and while it is gratifying to have such returns from all the departments, I should refer to one particularly, because I think it is one in which the minister at the head of the department is deserving of the highest praise. I refer to my hon. friend the Postmaster General (Sir Win. Mulock). For many years the affairs of the Post Office Department were carried on with a large deficit. It seemed to be taken for granted that we could not conduct the affairs of that department without such a deficit.

Reduction of  
postal rates  
formerly  
deemed  
impossible.

It will be well remembered that the late Minister of Finance and other members of the late government also took the view that it was impossible to grant any reduction in postal rates in Canada, because of the very large drain that there would be on the treasury in connection with that branch of the public service. When my hon. friend the Postmaster General came into power, he seemed to take a different view. He seemed to have faith in the idea that it was possible to have increased revenues and at the same time to afford increased accommodation to the public. We know of the very important step which he took when he adopted a measure which gave us the blessing—the word is not too strong—of penny postage throughout Canada. I think it was Sir Charles Tupper who estimated that in adopting that system the

Postal rates  
reduced.

Postmaster General was flinging away revenue to the amount of a million dollars. That is only another form of saying that you reduce the taxes on the people to the extent of a million dollars. We know, Sir, that the reduction was brought about, that there was a reduction of one-third in the rate of our common postage, and there was a reduction of a material character in the postage to Great Britain. Notwithstanding all that, we find that at a time when we might reasonably have looked for a deficit, at a time when, if my hon. friend the Postmaster General had come before parliament and admitted that he had a deficit of a large amount he would still have had a splendid record in comparison with the record of his predecessors, we have a different condition from that, and my hon. friend the Postmaster General is in a position to point out that while granting these reductions, he is able to have a larger revenue than ever before, and not only a larger revenue but to wipe out the deficits and to convert them into surpluses.

Deficits converted into surpluses.

The post office deficit in 1896, as stated in the public accounts, was \$700,997. There was an inquiry afterwards by a commissioner which resulted in some re-adjustment of the accounts, and I think that in the post office accounts, the figures differed a little from the figures in the accounts of the Finance Department, but figuring one year with another, the statement will be found correct, and so I take the figures which are found in the accounts in the Finance Department. In 1896, as I have said, there was a deficit of \$700,997. There were also accumulations of deficits not provided for which had to be dealt with by a special vote, and which are not referred to here. In 1897, the deficit was reduced from \$700,997 to \$586,539.

Deficit, 1896,  
\$700,997

Mr. SPROULE. That was by a special vote ?

Mr. FIELDING. The special vote simply dealt with these accumulations.

Mr. SPROULE. That special vote provided for that deficit.

Mr. FIELDING. No, my hon. friend (Mr. Sproule) is wrong; the special vote simply wiped out old deficits which had accumulated in previous years. The accounts of the Post Office Department showed from year to year certain deficits, and these are the figures that I have quoted; but over and above these there were found these accumulations of ar-

rearranges, debts due by the post office which had not been dealt with, and my hon. friend the Postmaster General took a special vote to wipe these out and start afresh.

Mr. SPROULE. That is what I say.

Mr. FIELDING. That special vote was for the payment of past deficits and it had nothing whatever to do with the later deficit to which I refer.

Mr. SPROULE. That special vote provided for the deficit up to that date.

Mr. FIELDING. It was not the deficit that I am speaking of, but the deficits prior to 1896, the deficits that my hon. friend the Postmaster General had nothing to do with except to provide for them and wipe them out.

Mr. SPROULE. I say that is what he did.

Mr. FIELDING. The following statement will show the operations of the Post Office Department for several years :

## POST OFFICE.

Year.	Revenue.	Expenditure.	Deficit.	Surplus.
	\$	\$	\$	\$
1896 .....	2,964,014	3,665,011	700,997	
1897 .....	3,202,938	3,789,478	586,539	
1898 .....	3,527,809	3,575,411	47,602	
1899 .....	3,193,777	3,603,799	410,021	
1900 .....	3,205,535	3,758,014	552,479	
1901 .....	3,441,504	3,931,446	489,941	
1902 .....	3,918,415	4,023,636	105,221	
1903 .....	4,397,832	4,105,178	.....	292,654

Deficit of \$410,021 in 1899 when reduction of postage took place.

In 1899 there was a deficit of \$410,021 ; that was the year when the reduction of postage took place.

As my hon. friend the Postmaster General has pointed out, if you compare service with service and omit the items for the Yukon and Atlin districts, there was in the year 1902 an actual surplus ; but I am taking the figures as they appear in the public accounts, and the total expenditure, including the Atlin and Yukon, showed a deficit in 1902 of \$105,221. In 1903, not taking into account service for service ; making no comparisons as respects the degree or service rendered at one time or another—though we know that these comparisons show very favourably to the present Postmaster General—but simply taking the re-

**II**

sults as we find them in the public accounts ; in the year 1903, instead of having a deficit of \$700,000, as we had in 1896 with the three cent rate ; in 1903 we have a two cent rate (involving as Sir Charles Tupper said a gift of \$1,000,000 to the people) and besides that we have a clear surplus in the Post Office Department of \$292,000.

Clear surplus  
in Post Office  
Department of  
\$292,654.

It will be found convenient for comparison to have a statement side by side for the two years as to all classes of expenditure, and therefore I present the following statement :

GROSS EXPENDITURE OF 1902-3 COMPARED WITH 1901-2.

Service.	1901-2.		1902-3.		Increase.	Decrease.
	\$	cts.	\$	cts.		
Consolidated fund.....	50,759,391	97	51,691,902	76	932,510	79
<i>Capital.</i>						
Railways.....	6,102,838	99	3,083,680	86		2,019,158 13
Canals.....	2,114,689	88	1,823,273	61		291,416 27
Public Works.....	2,190,125	09	1,268,004	51		922,120 58
Dominion Lands.....	370,837	97	449,542	20	78,704	23
Militia.....	299,697	43	428,223	40	128,525	97
Canadian Pacific Railway ...	448	70				448 70
Total, capital.....	10,078,638	06	7,052,724	58		3,025,913 48
<i>Special.</i>						
Railway subsidies.....	2,093,939	00	1,463,222	34		630,716 66
South African contingents and Halifax garrison.....	247,741	45	130,469	53		117,271 92
Bounties on iron, steel, lead, &c.	791,089	38	1,408,252	60	617,163	22
Total, special.....	3,132,769	83	3,001,944	47		130,825 36
Total, capital and special...	13,211,407	89	10,054,669	05		3,156,738 84
Total expenditure of all kinds	63,970,799	86	61,746,571	81		2,224,228 05

In the year 1902 our expenditures of all kinds amounted to \$63,970,799, and in the year 1903 our expenditures of all kinds were \$61,746,571. The House may be surprised to learn that at a time when we might naturally look for an increase of expenditure, the gross expenditure of all kinds for the year 1903 was less by \$2,224,228, than it was in the preceding year.

Expenditure  
of all kinds  
reduced in 1903  
by \$2,224,228.

## FISCAL YEAR 1903-4.

Estimate of  
outcome of  
1903-4.

Method of  
dealing with  
Dominion Lands  
revenue and  
expenditure.

With regard to the fiscal year which will end on the 30th of June next, the year has so far advanced now that we are in a position to make a fairly close estimate as to what the actual outcome will be.

Mr. R. L. BORDEN. May I ask whether the statement is correct that you credit the income from Dominion lands to revenue and charge the expenditure to capital ?

Mr. FIELDING. There is no change in the method of dealing with that item. I am not sure but perhaps there is some room to debate as to whether those two items are dealt with properly, but however that may be, they have never materially altered the situation and no change whatever has been made by us in the method of dealing with them.

Mr. R. L. BORDEN. That is the fact.

Mr. FIELDING. Well, certain portions of the expenditure in connection with Dominion lands arising out of the opening up of the North-west and the development of the country are charged to capital account. The practice has been continued, although the receipts from the Dominion lands go into the general fund. There is possibly room for fair criticism as to the method employed in former years and at the present time in respect to that account, but it does not materially alter the general result which I am presenting.

I am glad to find that the revenue for the current year, of which the greater part has now expired, has continued very buoyant. The following table will show the revenue for the eleven months of this current year as compared with the eleven months of last year.

STATEMENT OF REVENUE TO MAY 31, 1904, COMPARED WITH REVENUE TO SAME DATE, 1903.

	1902-3.	1903-4.	Increase.	Decrease.
	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Customs .....	33,062,156 75	36,807,063 74	3,744,906 99	
Excise .....	10,945,061 82	11,915,964 77	970,902 95	
Post Office .....	3,833,269 28	4,167,393 20	334,128 92	
Railways .....	6,009,990 67	6,030,787 26	20,796 59	
Miscellaneous .....	3,874,904 88	3,796,903 42		78,001 46
Total .....	57,725,383 40	62,718,117 39	5,070,735 45 78,001 46	78,001 46
Net increase .....			4,992,733 99	

Revenue  
continues  
buoyant.



It will be noticed that there has been a gratifying increase in customs, excise, and post office; while there is a small decrease in miscellaneous revenues. There is on the whole a net increase of \$4,992,733.99 in the general revenues up to date. There is a small increase of something over \$20,000 from railways, but I am afraid when the time comes to present the statement of expenditure, it will be found that the showing is not so favourable, because the severity of the winter made all railway operation expensive, and in connection with the Intercolonial Railway there has been a very large increase of pay to the working men all over the line which will of course affect the statement for the current year. While the railway revenue shows some increase there will not be as gratifying a statement as we might desire on operations of the year.

Increase in the main heads of revenue.

Railway revenue increased, the expenditure not so favourable.

Our total revenue up to the 31st of May is as follows :

REVENUE.		
Total revenue received to 31st May, 1904.. ..	\$62,718,117 39	
Estimate for balance of year .. .. .	8,311,685 53	Estimated revenue
	\$71,029,802 92	\$71,000,000.
Or say, in round numbers.. .. .	\$71,000,000 00	

In reaching this estimate of \$71,000,000, I am taking the receipts to date and for the balance of the year I am not allowing for any increase. There has been perhaps some little check in business owing to the causes I have mentioned, and I am not going to assume that for the balance of the year we will have an increase of revenue, although I am hopeful we may. I am assuming we will hold our own and therefore on the basis of the receipts to May 31, and the continuance of the revenue for the remainder of the year to correspond with that for the same period of last year, I estimate that we shall have a revenue of \$71,000,000.

The total expenditure chargeable to consolidated fund to May, 31, 1904, was \$41,623,560.67. My estimate for the balance of the year is that in closing up the accounts we shall probably expend about as much as we did a year ago, namely \$12,731,931.12. This will bring the total expenditure chargeable to consolidated fund to \$54,355,491.79 ; or say in round numbers \$54,500,000.

Estimated expenditure \$54,500,000.

I anticipate, then, that for the current year we shall have a revenue of \$71,000,000 and an expenditure chargeable to consolidated fund of \$54,500,000.

Estimated surplus \$16,500,000.

solidated fund, of \$54,500,000, leaving us the magnificent surplus of \$16,500,000.

Estimated  
capital  
expenditure  
\$11,500,000.

On capital account I estimate that we shall spend during the current year \$11,500,000. If then, we take into account the expenditure on consolidated fund, the expenditure on capital account, the surplus, the sums which we shall set aside as sinking funds, and which merely pass from one hand to the other and go to swell our assets, the result will be, I anticipate, that at the close of the current year we shall have reduced the net debt of Canada to the extent of \$7,500,000.

Estimated  
reduction of  
debt \$7,500,000.

#### SURPLUSES.

It has been my happy privilege to present from time to time statements of prosperous years in which we have had many surpluses ; and I have thought that it would be well to summarize the surplus account during the eight years that this government has administered the public affairs of the country. In the year 1896-7, the first year that this government was in power—a year during which we had not full control of affairs, because we had taken largely the estimates of our predecessors—there was a deficit of \$519,981.44. That was the last deficit, the end of deficits so far as we had anything to do with them. We find, then, the statement for the eight years to be as follows :

#### SURPLUSES FOR THE EIGHT YEARS, 1896-7 TO 1903-4.

	Surplus.	Deficit.
	\$ cts.	\$ cts.
1896-7.....		519,981 44
1897-8.....	1,722,712 33	
1898-9.....	4,837,749 00	
1899-1900.....	8,054,714 51	
1900-1.....	5,648,333 29	
1901-2.....	7,291,398 06	
1902-3.....	14,345,166 17	
1903-4 (estimated).....	16,500,000 00	
Total for eight years.....	58,466,673 36	519,981 44
Less deficit for 1896-7.....	519,981 44	
Total net surplus for eight years.....	57,880,091 92	
Average surplus per year.....	7,235,011 49	

Deficit of 1897  
\$519,981.44. The  
last deficit.

It was the good fortune of our predecessors in the eighteen years during which they managed the affairs of the country to have some surpluses and some deficits. Taking them together and striking the average, we find that during the eighteen years of their administration they had an average surplus of \$544,539, while during our eight years we have had an average surplus of \$7,235,011.42.

Average surplus from 1897 to 1904 \$7,235,011.

Average surplus previous 18 years \$544,539.

THE PUBLIC DEBT.

The question of the public debt is always an important one. In a young country like Canada, a comparatively new and young country, it would not be surprising if we had to show large increases of the public debt. I have on several occasions, in referring to decreases which we have been able to show, pointed out that no finance minister in a country like Canada need be ashamed if he has to come before parliament and acknowledge that he is increasing the public debt. That ought to be the normal condition in a young country like ours, with vast resources to develop, with improvements all around us waiting to be done, and with courageous men ready to do them; but happily we are relieved from any such necessity. The following shows the net debt of the Dominion, beginning with the year 1896, and continuing down to the present date :

In a young country increase of public debt a normal condition.

STATEMENT OF NET DEBT.

—	Net Debt.		Increase.		Decrease.	
	\$	cts.	\$	cts.	\$	cts.
June 30						
1896. ....	258,497,432	77				
1897. ....	261,538,596	46	3,041,163	69		
1898. ....	263,956,398	91	2,417,802	45		
1899. ....	266,273,446	60	2,317,047	69		
1900. ....	265,493,806	89			779,639	71
1901. ....	268,480,003	69	2,986,196	80		
1902. ....	271,829,089	62	3,349,085	93		
1903. ....	264,912,439	11			6,916,650	51
1904 (Est.).....	257,412,439	11			7,500,000	00
			14,111,296	56	15,196,290	22
					14,111,296	56
Reduction in eight years.....					1,084,993	66
Average reduction per year.....					135,624	20

Thus we shall have this happy statement to present to the public, that we have carried on the public affairs of this Dominion for a period of eight years, during which we have engaged Canada's debt not increased in eight years

in large ventures and great improvements ; we have spent money liberally, our hon. friends opposite sometimes say lavishly ; we have generously provided for all demands for the public improvement of the country ; and we shall be able at the close of the eight years to say that we have not added one dollar to the debt of Canada. On the contrary, from these figures we shall probably be able to show that there has been a reduction in the net debt during the eight years of \$1,084,993.66, or an average yearly reduction in our eight years of \$135,624.20, against an average yearly increase in the net debt in the preceding eighteen years of \$6,563,075.

Average yearly reduction for eight years \$135,624.

THE ADJUSTMENT OF ACCOUNTS WITH ONTARIO AND QUEBEC AND ITS RELATION TO THE NET DEBT.

Statement relating to net debt confined to actual operations of the year.

Relation of adjustment of accounts of Ontario and Quebec to public debt.

In these statements respecting the public debt, I am continuing myself entirely to the actual operations of the government, and the affairs with which we have had ourselves to do—those for which we are responsible and for which we may take credit if credit there be, or blame if the reverse be the case. There is however an item in relation to the public debt which I have ignored here. It will be remembered that an early stage of the session a question arose as to the relation of the adjustment of the accounts of the provinces with the Dominion to the public debt, and I asked the House to suspend judgment on that point because I had formed the impression that the method of treating that account in its relation to the public debt was not correct. After fuller inquiry, I am satisfied that an erroneous view was taken as to the effect of that settlement on the public debt. I do not wish to enter fully into that matter to-day. Later, however, I shall bring down a memorandum from the officers of my department showing the position of the accounts.

The matter arises out of the Act of 1884 crediting certain sums to the provinces.

The question however arises, I may say, out of the appropriations made in 1884 by the parliament of Canada as allowances to the various provinces. Certain sums were set apart to the credit of each province, and while, as respects most of the provinces, these sums were immediately carried into the debt of the Dominion, in the cases of Ontario and Quebec they were dealt with in another form, they were not entered up as part of the debt but treated in another way to produce the same result. but I think it would have been more correct, as a matter of book-keeping, to have dealt with them as we did in the case of the other provinces.

There has been from time to time discussion as to whether these sums constituted a capital sum belonging to each of these provinces, or whether they simply created an annuity. I have always considered that these sums were capital placed to the credit of the provinces of Ontario and Quebec, properly chargeable to the Dominion, and so long as they remain in the hands of the Dominion of course they yield revenue to these provinces.

Were these sums capital or did they create an annuity?

It appears however that in the making up of the recent statement of affairs as between the Dominion and these provinces of Ontario and Quebec, the idea that these sums created an annuity ran into the minds of the officials. While they took into account the annuity or annual interest, they ignored the principal sum. I am satisfied now that in a proper statement of the accounts, the best way would be to charge up that sum against the debt of the Dominion and credit whatever there is on the other side. However, I do not propose to dwell on that feature, but simply call attention to the erroneous view taken by the officials of the Finance Department, for which of course I am responsible, and by the Auditor General, when these accounts were prepared.

The department treated them as an annuity.

Mr. R. L. BORDEN. Is this the matter which was discussed somewhat earlier in the session, about two months ago, and is the statement to which the hon. gentleman refers the one he then promised to bring down?

Mr. FIELDING. My deputy was absent in England and I stated that on his return I would have him investigate the matter and prepare a memorandum. He is doing so, and I will submit it to the House, though not perhaps in connection with the Budget, but I refer to it to show why I claim credit for less diminution in the public debt last year than the public accounts show. In that respect the public accounts were in error, but the matter will be made right in the accounts of the present year.

Mr. R. L. BORDEN. Perhaps the hon. gentleman will see that it is brought down as soon as convenient. Two months have elapsed since the promise was made.

Mr. FIELDING. I have stated the substance more fully than I intended when I began. I am giving an explanation now

almost as full as the one my deputy will be able to give in any memorandum he can make.

Mr. BELL. The matter, as it has been treated, would seem to decrease the public debt. As it is to be treated, will it have the effect of increasing the public debt ?

A sum of about \$3,000,000 due by the Provinces of Ontario and Quebec.

Mr. FIELDING. A certain sum, about \$3,000,000, was found by the adjustment of accounts to be payable by the provinces to the Dominion and was placed to the credit of the Dominion. The other item should have appeared on the other side of the accounts, but assuming it was an annuity, it was not treated as a principal sum. It will not materially disturb the figures I have given.

The statement does not touch the adjustment of the old accounts.

I am confining my remarks to-day entirely to the operations of this government without reference to that item, which is a book-keeping entry relating to affairs in bygone years. In the statements submitted we have drawn the line clearly between the reduction of debt brought about by our own operations and that which was assumed to be brought about through the operation of these accounts, so that the public accounts, while not strictly correct in the matter, are correct in this respect, that we have drawn the line distinctly between the operations of this government and what is the result of a mere book-keeping entry. Whatever the result may be, it will have to be carried into the public accounts of the present year. The statement I have made deals with the income and expenditure of the government for the whole period of eight years and the result will be as I have said.

#### THE NET INTEREST PAID ON THE PUBLIC DEBT.

It will be interesting to have a statement showing how our interest account stands in view of this change in relation to the public debt. The manner of computing the net interest on the public debt is by taking the gross interest we pay and then deducting the receipts from our sinking fund and other investments. In 1896 the gross interest on our debt amounted to \$10,502,429.90. Deducting from this the interest on sinking funds and other investments, amounting to \$1,370,000.56, the net amount of interest was \$9,134,429.34. Following the figures down we find the following result:

Net interest payment  
\$9,047,186 in  
1903 against  
\$9,132,429 in  
1896.

	Interest paid on Debt.	Interest on Sinking Funds and other Investments	Net amount of Interest.
1897.....	10,645,663 27	1,443,003 84	9,202,659 43
1898.....	10,516,757 90	1,513,654 58	9,003,103 32
1899.....	10,855,111 84	1,590,447 91	9,264,663 93
1900.....	10,699,645 20	1,683,050 51	9,016,594 69
1901.....	10,807,934 65	1,784,833 79	9,023,120 86
1902.....	10,975,935 15	1,892,224 09	9,083,711 06
1903.....	11,068,139 17	2,020,953 04	9,047,186 13

So that our net interest account for the year 1903 was \$9,047,186.13 against \$9,174,429.34 in 1896.

#### THE NET DEBT PER CAPITA.

Equally agreeable is a statement of the net debt per head.

Any statement of the general debt fails perhaps to convey a very adequate meaning to the mind unless we see what relation it bears to the ability of the country to pay it. As the country increases in population, we might have a considerable increase in debt without any increase in the burden, because the rate per head would not be advanced. The statement I am about to present differs a little from one of the same character which I presented on a former occasion, because the dates chosen are not the same. I thought it well to have a statement showing the population on the same date as the debt is fixed, that is the 30th of June in each case. The census date was April. Take census figures for April and apply them to the debt of June 30 and you will lack some of the accuracy which is desirable. I have therefore had the statement of population made up in the Census Department as on the 30th of June of each year and of course the debt statement is to the 30th of June each year. The result is this, beginning with the year 1891:

Increased population reduces the debt burden.

## NET DEBT PER CAPITA.

	Population.	Net debt.	Per capita.
		\$	\$ cts.
June 30, 1891.....	4,845,323	237,809,030	49 08
" 1892.....	4,896,739	241,131,434	49 24
" 1893.....	4,948,701	241,681,039	48 84
" 1894.....	5,001,214	246,143,029	49 22
" 1895.....	5,054,285	253,074,927	50 07
" 1896.....	5,107,918	258,497,432	50 61
" 1897.....	5,162,121	261,538,596	50 66
" 1898.....	5,216,899	263,956,398	50 69
" 1899.....	5,272,258	266,273,446	50 50
" 1900.....	5,328,206	268,493,806	49 83
" 1901.....	5,384,745	268,480,003	49 86
" 1902.....	5,441,885	271,829,089	49 95
" 1903.....	5,499,632	264,912,439	48 16
" 1904.....	*5,557,991	*257,412,439	46 31

\*Estimated.

Debt per  
head 1904  
\$46.31, against  
\$50.61 in 1896.

We are so near the end of the year 1904, that we can make the estimate closely, and we anticipate that on June 30, 1904, the net debt of Canada will stand at \$46.31 as stated in the above table, as against \$50.61 on the 30th June, 1896.

My hon. friend the Minister of Customs (Mr. Paterson) thinks that I have hardly been liberal enough in estimating the population of Canada to-day; I have taken the figures as they have been furnished by the Census Department, thinking that was the best way.

## LOANS MATURED AND TREASURY BILLS OUTSTANDING.

Interest on  
debt includes  
interest of  
all kinds.

During the past year we have had some loan operations, the nature of which should be stated to the House although they have been in part already communicated to the House.

Mr. R. L. BORDEN. I would like to ask my hon. friend whether in his statement of interest on the public debt he takes into consideration temporary arrangements of overdne loans.

Mr. FIELDING. The interest on debt includes actual payments of all kinds for interest and of course that would include temporary loans.

On the 1st October, 1903, two of our sterling loans matured in London:

£2,000,000  
matured loans  
paid off in  
cash.

1. The Intercolonial guaranteed 4 per cent loan.. £1 500,000
2. The 5 per cent Intercolonial unguaranteed loan. 500 000

£2,000,000

The holders of these loans were paid in cash.



On the 1st November, 1903, the 4 per cent currency loan of 1883, which amounted to \$2,781,000 on the 30th June, 1903, fell due in Canada. To the holders of this the government offered an extension for ten years at the rate of 3½ per cent. Advantage of this offer was taken by about one-half of the holdings—\$1,401,600—the balance being paid in cash.

On the 1st April, 1904, the 4 per cent Rupert's Land guaranteed loan of £300,000 fell due, and on the 1st May, 1904, the 4 per cent loan of 1874, of £4,000,000, matured.

The holders of the Rupert's Land loan were paid off in cash. In the case of the 4 per cent loan of 1874, a portion of £2,500,000, was extended for three years at the same rate of interest, with the option to the holders at any time prior to 30th April, 1906, to convert their holdings into 3 per cent stock due 1st July, 1938, on a basis of £105 of the 3 per cents for each £100 of the 4 per cents. This would be the equivalent of a 3 per cent loan at about £95 4s. 9d.

While our buoyant revenues have enabled us to meet these liabilities to a very large extent we have not been able to meet them entirely.

At the present time we have outstanding treasury bills to the extent of £1,000,000 and that is the temporary indebtedness we have. The treasury bills now standing were negotiated as follows :

	Per cent.	
£400,000 due 6th October, 1904, at . . . . .	3½	£1,000,000 Treasury Bills outstanding.
£145,000 due 6th October, 1904, at . . . . .	3½	
£400,000 due 7th November, 1904, at . . . . .	3	
£ 55,000 due 7th November, 1904, at . . . . .	2½	

STATISTICS OF CANADA'S PROGRESS.

In the figures which I have given to the House, Sir, we have evidence of the general strength of the financial position of the Dominion, which I am sure will be equally gratifying to hon. members on both sides of the House. I shall submit to the House, as I have done on a previous occasion, diagrams showing the growth of Canada's affairs from the year 1867 down to the present date. The eye sometimes receives these things more readily than the ear, and these diagrams I trust will be found useful. I shall not enter into detail in regard to them, but I

Diagrams showing growth of Canada's affairs.

Half of 4 p.c. currency loan extended at 3½ p.c. Half of it redeemed.

£300,000 Rupert's Land loan paid off.

£2,500,000 of 4 p.c. loan of 1874 extended for three years.

revenues provided for part only of these maturities.



PROSPERITY OF THE NORTHWEST.

While the condition of the country generally has been good, we have reason to be particularly grateful for the splendid prosperity which has come to the great Northwest. All portions of our Dominion have equal demands upon us, and all portions are, I trust, receiving from the government and parliament their fair share of consideration ; but all portions have not equal inducements to offer to the immigrants who are seeking for homes. The vast territories of the Northwest offer inducements to the land hungry such as the eastern provinces cannot be expected to hold out, and naturally the efforts of my hon. friend the Minister of the Interior (Mr. Sifton) and the officers of his department are chiefly turned to the important duty of filling up the vacant lands of the Northwest. I wonder if we are able to appreciate the vast extent of land still available in these Territories. Canada is a country of such magnificent distances that sometimes it is difficult for us to understand and appreciate the vastness of that territory.

Particularly grateful for splendid prosperity of the Northwest.

Dr. Wm. Saunders, of the Experimental Farm, in an admirable article in the April number of the 'Canadian Magazine,' has discussed the question of wheat-growing in Canada, and he has given some estimate of the available land in the Northwest Territories for that branch of farming. The figures that he gives are as follows :

Dr. Saunders estimates 171,000,000 of acres of land in the Northwest for wheat growing.

	Acres.
Manitoba.. . . . .	27,010,000
Assinibola.. . . . .	50,000,000
Saskatchewan.. . . . .	62,000,000
Alberta.. . . . .	42,000,000
<b>Total .. . . . .</b>	<b>171,000,000</b>

It is thus estimated, says Dr. Saunders—  
—that there are within the limits referred to, after making allowance for lands unfit for agriculture, about 171,000,000 acres suitable for cultivation, by which is meant land of such degree of fertility as to admit of profitable farming.

Further on Dr. Saunders deals with the question of the ability of Canada to supply food for the mother country, and the statement he makes on that question—perhaps hon. gentlemen have had their attention already drawn to it—is well worthy of being repeated. It is headed in the publication I have mentioned, 'A Reasonable Prophecy':

Dr. Saunders estimates one-fourth of suitable land in Manitoba and the three provisional territories could supply sufficient wheat to meet

the home demand and the requirements of Great Britain three times over.

The total imports of wheat and flour into Great Britain in 1902 were equivalent in all to about 200,000,000 bushels of wheat. Were one-fourth of the land said to be suitable for cultivation in Manitoba and the three provisional territories under crop with wheat annually, and the average production equal to that of Manitoba for the past ten years, the total crop would be over 812,000,000 bushels. This would be ample to supply the home demand for 30,000,000 of inhabitants (supposing the population of Canada should by that time reach that figure) and meet the present requirements of Great Britain three times over. This estimate deals only with a portion of the west, and it leaves the large eastern provinces out of consideration altogether. From this it would seem to be quite possible that Canada may be in a position within comparatively few years, after supplying all home demands, to furnish Great Britain with all the wheat and flour she requires and leave a surplus for export to other countries. With a rural population on the western plains in 1902 of about 400,000, over 67,000,000 bushels of wheat were produced. Add to this the wheat grown in Ontario and the other eastern provinces and we already have a total of over 93,000,000 bushels. These figures are full of promise for the future of Canada as a great wheat-producing country.

The Dominion is reaping a rich harvest of immigration.

It is natural to conclude that, with such a territory to offer to the people, all that is necessary is that its resources and character be made known, when it must attract people from all parts of the world. For a long time the hopes of the Canadian people with regard to the Northwest were hardly realized, although they had spent vast sums in opening up that territory, and every effort was made no doubt to bring people in. But for one cause or another, whatever it may have been, the rate of progress for some years was slow and unsatisfactory. But in recent years we have nothing to complain of on that score; there has been a very gratifying increase in the influx of immigrants to that territory. My hon. friend the Minister of the Interior has spent money freely in advertising Canada, and the time has come when the Dominion is reaping a rich harvest, and when all will admit that the money he has expended for that purpose and which, at one moment, some were disposed to look upon with doubt, is now bearing rich fruit for the building up of this Dominion. I find that the arrivals of immigrants into Canada during the past eight years appear as follows:



Surtax has diminished the imports from Germany.

Prior to the adoption of the surtax the imports from Germany to Canada were increasing; under the operation of the surtax, not only has the increase been arrested, but there has been a very considerable diminution. For the ten months from the 1st of July, 1902, to the end of April, 1903, the total dutiable imports for consumption from Germany amounted to \$8,648,600, while for the corresponding ten months of the current fiscal year they only amounted to \$5,367,162—a falling off of \$3,281,438, or a decline of 38 per cent

174,000,000 lbs. raw sugar imported in 1903. Not a pound imported since the surtax was applied.

To illustrate in a concrete way the result of the surtax, the importations of raw sugar might properly be referred to. During the last fiscal year 174,000,000 pounds of this commodity were imported from Germany, but since the surtax was applied not a pound has been imported under it from Germany.

Trade diverted to British West Indies.

All that trade has been diverted to the British West Indies, including British Guiana. The importations of raw sugar from the British West Indies, including British Guiana, for the ten months ending with April of the current fiscal year, amounted to 188,000,000 pounds. For the corresponding period of the previous year the imports from the British West Indies amounted to 46,515,355 pounds; estimated from British Guiana 23,000,000 pounds—in all, 69,000,000, as compared with 188,000,000 pounds for the same period of the current fiscal year.

Imports of woollens, cottons, silk goods and articles of iron and steel affected by the surtax.

Statistics show that the surtax has resulted also in reducing the importations of woollens, cottons and silk goods, and articles of iron and steel. There is nothing new to be said on that question. We regret that we felt obliged to take that step and we think that on the whole it has operated to the advantage of Canada, and it has certainly commanded the attention of the wide world. I think that the almost universal opinion has been that the action of the government of Canada was fully justified.

#### THE TARIFF A GOOD REVENUE TARIFF WITH INCIDENTAL PROTECTION.

Present tariff on the whole satisfactory.

It is now seven years since we had a revision of the tariff. Some changes have been made, but nothing very material. That tariff, I venture to say, has on the whole proved most satisfactory. It has proved a good tariff, as we are bound to conclude from the figures I have given to the House. It has included a considerable measure of incidental protection, and in

that respect it will command the admiration perhaps of some hon. gentlemen opposite, who are more anxious for protection than some of us on this side of the House.

Mr. CLANCY. What an abomination that measure of protection is.

Mr. FIELDING. I think, Sir, as to whether or not it is adequate protection we have some evidence of a gratifying character that the tariff, without being excessive, is high enough to bring some American industries across the line, and a tariff which is able to bring these industries into Canada looks very much like a tariff which affords adequate protection.

If my hon. friends opposite wish to see some of the good results of the tariff let them go up to the city of Hamilton and look at the vast industries which have been established there by American capitalists who have come across the line under the operation of this tariff, and who are now engaged in carrying on very large businesses. Let them go to the city of Toronto and they will find similar organizations of American capital starting in the manufacturing business. So, we are able to say that not only has the tariff been a great revenue tariff, but one which has afforded a reasonable degree of incidental protection and one which has brought about, as far as these industries are concerned, very gratifying results.

#### THE BRITISH PREFERENCE.

In our tariff of 1897 there was one new feature of great importance. I refer to the question of the British preference. The desirability of a preferential system between the mother country and the colonies of the empire had long been considered and long been recognized. On both sides of politics it was considered a desirable thing that there should be a preference as between the mother country and the colonies as far as possible. Colonial conferences met from time to time and passed resolutions in favour of such a system, but no substantial progress seemed to be made. Why? Because the proposal which was then made was one which Great Britain, at that time at all events, was not prepared to agree to.

Hon. gentlemen opposite have differed from us to some extent on that question. They have argued—and I think that I

American capitalists have come across the line and established industries.

Desirability of the preferential system long recognized.

Canada leads the way.

do them no injustice when I say so—that we should not have granted that preference to Great Britain without obtaining a corresponding preference from the mother country. Our view was that no progress could be made along those lines. We did not feel that it was possible to start the British people by any such methods. Looking at it from that point of view we felt that the true method for Canada to pursue was to make a start and await developments. In the speech which I had the privilege of making to parliament in introducing the preferential tariff, I used these words:

Somebody must make a move in this matter, and we propose that Canada shall lead the way.

The effect  
wide-reaching.

Now, Sir, looking back over the history of these eight years. I can fairly say that in leading the way at that time on this great question Canada took a step which has had wide-reaching effect throughout the British empire. We have found that even in the portions of the empire where they have not yet been able to follow our example they have spoken with the warmest admiration of the course which Canada has pursued, and they have recognized that in that step much was done for the development of the empire.

Material  
results.

But we have not been without some material results. We think that, even though Great Britain has not formally adopted the preference, good undoubtedly has come to us from the better relations which have prevailed in a business way between the mother country and Canada, and we feel that some advantage has come to us. We know that the great colony of New Zealand has adopted a similar preference and that it is now in operation. Some months ago a conference was held at Bloemfontein of the various colonies of South Africa. At that conference there were represented the various states of South Africa—Cape Colony, the Transvaal, Southern Rhodesia, the Orange Free State and Natal. They agreed to follow in principle the example of Canada, but it was necessary, however, for their various parliaments to take action in carrying out that principle. We now know that recently action has been taken by these colonies and that on the first day of July next the principle of the preference will be adopted throughout all the South African colonies. Whether or not this preference will in all respects be exactly adapted to

New Zealand  
has adopted the  
preference.

South Africa  
has followed  
the example  
of Canada.



our conditions is a matter to be considered hereafter. All I am claiming now is that when Canada led the way in 1897 she was leading in a movement which was destined to be of vast importance to our imperial interests everywhere throughout the world.

But, perhaps, the greatest change that has come has been brought about in the mother country itself. We quite realized in 1897 that it was too much to expect the British people to immediately adopt a policy which many of them regarded as at variance with the traditional policy of Great Britain. But, what have we found in recent years? For a long time the movement seemed to make little or no progress. Everybody in England admired the action of Canada, but there was no movement towards reciprocity until the matter was taken up by that very able public man, Mr. Joseph Chamberlain.

The greatest change has been brought about in the mother country.

It is a curious fact that at the opening of the colonial conference in 1902 Mr. Chamberlain made a speech in which he rather minimized the value of the Canadian preference. We had a strong hope that before the conference ended, and after he had had an opportunity of studying the question more fully, his views in that respect would be modified. Of course, the proceedings of the conference were not made public. The public received Mr. Chamberlain's initial speech in which he rather minimized the effect and value of the preference, but they did not receive the discussions which occurred. My belief is that as a result of all the discussions which took place Mr. Chamberlain at the end of the conference found himself enthusiastically in favour of the preferential idea and determined if possible to carry it out.

Mr. Chamberlain in the Colonial Conference of 1902.

We know what followed. After the matter was discussed at the colonial conference and after the lapse of a few months, Mr. Chamberlain publicly announced his determination if possible to bring about such a policy for the mother country. For that purpose he left the administration and conducted a series of remarkable meetings throughout the country.

After the lapse of a few months he announced his determination to bring about such a policy.

We have found ourselves in this position in regard to the question, that the matter has now become one of party controversy in the mother country. It is unfortunate that it is so. It is not so with us in Canada.

Question now one of party controversy in the mother country.

The two parties in Canada a unit in favour of the principle.

We may differ in detail, but I think I am justified in saying, and I think hon. gentlemen opposite will not find fault with me in saying, that practically the two great political parties in Canada are a unit to-day in favour of the principle of preferential trade. Though they may differ as to particular items of detail or as to the best method of bringing it about, there is practically no difference in Canada.

Party division in Great Britain.

But, there is a very great difference in the mother country and it has become a matter of party controversy. We find to-day in England that the Liberal party is practically united in favour of what they call the free trade policy, and they regard the preference as at variance with the free trade idea. In the Conservative party there are very many advocates of the preferential system, but it appears to have been agreed to on both sides now that the matter should be laid aside for the present.

Canada heartily in accord with Chamberlain's plan.

Although there may be details in Mr. Chamberlain's plan which we are not called upon to deal with, and which we do not know to-day how we may deal with, inasmuch as he has practically taken up the Canadian policy, adopted it and recommended it to the British empire, to that extent we are heartily in accord with Mr. Chamberlain. Whether or not on all details we can agree with him, or what his ideas may be in other matters, these are subjects which are frequently discussed, but which we are not called upon to deal with.

No change anticipated in early future but the question not going to remain a dead letter.

I do not anticipate that in the early future there will be any change in the attitude of the mother country on that question. I anticipate that for a while, although the question will be discussed here and there, it will not be as warmly advocated, it will not be such a public issue as it was a few months ago. But, let there be no mistake in that respect. A question of that character, which has an imperial side to it, and a question which enlists the warm and enthusiastic support of a man of such ability and force of character as Mr. Chamberlain, is certainly not going to remain a dead letter, although in the early future we cannot expect any great results from the movement.

What should be Canada's attitude.

What should be our own action in the matter? We may be influenced in our own preferential policy by what may occur in the mother country in the hereafter. We shall claim a free hand

in that respect, but for the present we think it is wise policy to adhere to the preferential system, in the hope that it may be adopted more generally throughout the empire, and that by and by a better understanding may be come to in the mother country and that it will be adopted there as well.

It has been sometimes said that Canada should take some further action in endorsing that principle. I do not think we are called upon to take any step beyond that which we have already taken. The attitude of Canada has been clearly laid down at the colonial conference, and while every phase of the government policy has been discussed in this House there has been practically no exception taken to the position assumed by the government at that conference on the question of preferential trade. Now that the matter has become one of party controversy in England, we naturally hesitate to take an active part in it. We are free to say what we think is best for Canada; we are even free to say that we think this system of preference is capable of doing good to the empire. But when we know the matter has become one of party strife in Great Britain, I think it would be unseemly on our part if we were to attempt to throw ourselves between the two political parties over there, and take any active part in the movement. We must be content with stating our position, as it has been stated in the past. We on this side of the House accept the principle of preferential trade. We believe that, while differing in some details, hon. gentlemen opposite will not differ from us on the principle, and therefore we say to the British people that Canada is practically a unit in support of the principle of preferential trade. We must be content to leave the matter at that for the present.

Attitude laid down at Colonial Conference. Further steps unnecessary. Unseemly to take active part in the movement in Great Britain.

#### THE LINES ON WHICH FUTURE TARIFF REVISION SHOULD TAKE PLACE.

We have some tariff changes to propose this session, but we have no intention of making any extensive tariff revision. Many items in the tariff, I might be almost justified in saying that almost every item in the tariff, bears a relation to some other item, and it becomes necessary to have a very careful inquiry before any detailed revision be undertaken. Before the last revision of the tariff, a commission composed of members of

Some tariff changes but no extensive revision. Careful inquiry necessary.

the administration held a very extensive and thorough inquiry among the business men of the country; all interests were heard and I am sure much valuable information was obtained. Before we could attempt to deal with all the details of the tariff, it will probably be the part of wisdom to have that commission or some such body make such an inquiry. The ministers in one way or another will have to make a thorough investigation before any detailed tariff revision can be undertaken.

Lines on  
which tariff  
revision should  
take place.

But, while we may not be prepared to deal with the details now, there is no reason why we cannot foreshadow the lines upon which the tariff revision might take place. We have to-day practically three tariffs. We have the British preference, we have our general tariff and we have the German surtax. I think it would be found wise in any revision of the tariff that may take place, to continue these distinctions, and to perhaps deal with them more in detail. I think it would be the part of wisdom that we should still have separate tariffs to apply to separate countries, in order that we may be able to deal fairly with the countries that want to trade with us, and to deal less generously with those countries which pursue a somewhat hostile course towards us. We have to-day practically a maximum and a minimum tariff, if I may so describe it, and then we have the British preference below that again. It would be well that in the revision that may take place we should adopt that principle as it now exists and deal with it more in detail.

A maximum  
and minimum  
general tariff  
and the British  
preference.

I think it would be well for us to have a maximum general tariff and a minimum general tariff, and the British preference below that as we have it to-day. The maximum tariff would only be applied to those countries which pursue, if I may so call it, a hostile policy. I do not mean to say that they have any hostility to us, but simply that in the carrying out of their own affairs they adopt a trade policy which discourages trade with us. In that case, they cannot complain if we have a maximum tariff, and though we should guard against having an extreme tariff, we would be justified in saying that this tariff should be materially higher than the tariff which we are prepared to extend to other countries which are willing to trade with us on fair and reasonable terms.

The minimum general tariff, which would correspond to the Minimum tariff for low tariff countries. general tariff to-day, would apply to such countries as do not legislate commercially in a spirit of hostility to us—perhaps that is not happily expressed; let me say, to countries that adopt more moderate tariff views: low tariff countries. Of course where there are favoured nation treaties in existence they have to be considered, but the principal nations which to-day adopt a high tariff policy have not any favoured nation arrangement, and therefore I think our hands will be free in that respect. So, we would have a maximum tariff, as we have the German surtax to-day, to apply to such countries as do not manifest a disposition to trade with us.

We would have a minimum general tariff to apply to countries that are disposed to trade with us, and then below that we would have the British preferential tariff to apply to the mother country and to such colonies of the empire as it may be expedient to extend the benefit of that tariff to. I think, Sir, that on this line, guarding carefully against extortionate duties, but also making a distinction between the countries which wish to trade with us and the countries that do not wish to trade with us, I think we can devise a tariff which will be in all its details fairly satisfactory to the country. British preference for mother country and her Colonies.

Mr. R. L. BORDEN. I do not know whether I quite follow the hon. gentleman. Is it his suggestion that we should apply a higher tariff to other countries which have high tariffs against us, although they may treat us exactly in the same way they treat all other countries?

Mr. FIELDING. Yes, I think we should do that. Although, if there be special cases of countries which treat us with exceptional unfairness, we would still have to deal with them by special legislation as we have done in the past.

One advantage which we might derive from the treatment Under such a tariff separate articles could be dealt with. of the question as I have suggested is that we could deal with separate articles. Very often a general rule will work out some disadvantages when applied. Under our present system, our British preference is one-third off everything, and there may be cases in which that works unequally. There may be cases in which we could afford the one third off. There may be cases

in which we can afford more than one-third off. There would consequently be some advantage to us in having in our tariff columns a maximum general tariff, a minimum general tariff and a preferential tariff; with each individual item stating in each case what the preference should be, and what the difference is to be. This would strike me as being the line upon which a tariff revision might properly be undertaken.

#### CHANGES IN THE TARIFF ON SOME ITEMS URGENTLY NEEDED.

Matters of urgency now dealt with.

But, Sir, though we speak of that as an outline of the method by which there might be a detailed tariff change, we have to consider the question of things as they are to-day. We desire to deal with certain things as they present themselves to us to-day; we desire to deal with matters of urgency, reserving the question of a more general and more detailed tariff revision until an early date—I would say hopefully next session, but at all events as soon as a proper inquiry can be made.

#### WOOLLENS AND WOOL INDUSTRY.

Much of the criticism of the wool tariff unjustified.

As I said, we propose to deal with some articles to-day. One of the first matters to which I wish to make reference is the wool industry. Very much of the criticism of the tariff respecting the wool industry is, I am inclined to think, unjustified. What I mean is that as respects some of these industries no amount of tariff could save them from trouble. From the information I have received, I may say that in every one of these industries there has not been the perfection of management which is necessary in these days of keen competition.

Industries not equipped with most modern machinery.

I am afraid they are not all equipped with the most modern machinery; I am afraid that they have not all put themselves in a condition which would enable them to fully enjoy the benefits which the tariff already holds out to them.

Woollen industry suffering severely from competition.

But, while there may be cases of that kind—and my information is that there are such cases—still the representations that have been made to us lead us to the belief that the woollen industry is suffering severely from competition, and we propose to deal by a special item in our tariff with that industry.

The complaint is made very largely by our woollen manufacturers and by various public men who sympathize with them that although on the better grades of goods they can fairly compete with all persons, even the British manufacturer, a very large proportion of the imports of British woollen goods coming into Canada is really shoddy, goods of an inferior character, against which we ought to legislate; and it is alleged that any increase which we might make in the woollen duties would have the effect of shutting out, not the purer woollen goods, but the shoddy goods. That is argued with much force, and I am inclined to believe that there is something in it.

Large proportion of imports of British woollen goods is shoddy.

However, we propose to deal with the matter in this way. Our present duty on the class of goods which I may describe as cloths, tweeds, overcoatings, wearing apparel, and goods of that character, is 35 per cent, subject to the preference, which brings the duty on British goods down to 23½ per cent. We do not propose to increase the general tariff, but we propose to put a limit on the extent to which the preference shall apply to these goods. We propose to fix a minimum tariff of 30 per cent on this class of goods coming in under the preferential tariff. This change will apply to all woollen goods mentioned in the tariff item 394, with the exception of blankets, flannels, bed comforters and counterpanes, which are placed in a group by themselves.

Woollen cloths, &c., 30 per cent.

#### TWINE AND CORDAGE.

We deal in a similar manner with the item of twine and cordage. These goods to-day are subject to a 25 per cent tariff, subject to the deduction under the British preference, which brings the rate of duty down to 16½ per cent. This is a lower rate of duty than even the most moderate tariff man usually is willing to impose, and we propose to fix a minimum duty of 20 per cent ad valorem, on that class of goods coming in under the British preference. That refers to twine and cordage, but does not touch the privilege already granted to fishermen, and does not touch binder twine.

Duty on twine and cordage imported from Great Britain to be 20 p.c. instead of 16½ p.c.

#### CHINA AND WINDOW GLASS.

While in the items I have mentioned the degree of preference we have been giving may work inconveniently, and it may be

British preference on certain articles to be increased.

convenient to grant a less preference than one-third, in other items it may be equally convenient to grant more preference.

China, &c., to be 15 p.c. instead of 20 p.c.

On tableware of china, porcelain or other clay, the duty at present is 30 per cent, with one-third off when imported from Great Britain, bringing it down to 20 per cent. We propose to reduce this to 15 per cent, so that in that case the British preference instead of being one-third will be one-half.

Window glass to be  $7\frac{1}{2}$  p.c. instead of 12 $\frac{1}{2}$  p.c.

We deal in like manner with window glass, the duty on which at present is 20 per cent, with one-third off when imported from Great Britain. We propose that the duty on window glass imported from Great Britain shall be reduced to  $7\frac{1}{2}$  per cent. In these two cases the preference to Great Britain is increased, in the case of the woollens it is decreased.

#### SUNDRY CHANGES, BEVELLED GLASS, &c.

Pails and tubs of wood to be 25 p.c.

In item 330, schedule A, there is a group of articles from which we want to strike out pails and tubs of wood. The effect of that is to throw them into the general classification of wooden goods, so that they will be dutiable at 25 per cent instead of 20 per cent as they now are.

Minimum value on buggies.

In item 323 of schedule A we propose to add a qualification. The item refers to the duties on carriages. We propose to put a minimum value of \$40 on an open buggy and a minimum value of \$50 on a covered buggy.

Stallions and mares of less value than \$50 excluded.

We propose to insert in the list of prohibited goods an item to exclude stallions and mares of less value than \$50 each.

Bevelled glass. New rate of duty, 10 p.c. on panes for the manufacture of mirrors.

In item 203 of schedule A we deal with the duties on glass imported in certain conditions. At present there are three rates on that class of goods. I am referring to glass bevelled or to be bevelled, and used by manufacturers. The rates at present are 25 per cent and 35 per cent on different grades. We propose to make another rate of 10 per cent, which will apply to glass panes not exceeding 7 square feet, such as are imported for use in the manufacture of mirrors. As the matter stands now, it has been shown to our satisfaction that the manufacturer of these goods suffers competition under the British preference, but cannot import the raw material under it. The British manu-



facturers of these goods are few in number, and will not sell them for export in the condition desired by our manufacturers. They prefer to send them in the form of the finished product. The result is that the manufacturer in Canada has to import his raw material from foreign countries under the full tariff and to compete with the finished article imported from Great Britain under the preference.

REDUCTION IN THE DUTY ON REFINED OIL—BOUNTY ON CRUDE OIL.

I suppose that during the various discussions of the tariff question no item has been more fully debated in this House and outside than that of the duty on oil. Oil, of course, is an article of universal consumption. Even in the cities and towns it is the light of the poorer classes, while in the rural districts it is the light of everybody. It is not surprising therefore that frequent reference is made to the duty on that article and frequent motions have come from both sides of this House looking to the repeal of the duty. From the consumer's point of view merely it might seem reasonable enough to repeal the duty on oil, but there is another side to the question, and those charged with the responsibility of dealing with this matter—not merely the members of the government, but members of parliament who have given it attention—have to recognize that the oil industry has a fair claim on our consideration, and if the repeal of the duty were to wipe out the oil industry in Canada, I am sure that no person on either side of the House would desire to see such a result.

What we desire to do is to bring about a reduction in the duties on oil, in such a way that the consumers shall have cheaper oil, and that no injustice shall be done to the oil industry, but that it shall have as fair a chance as others. There are two divisions of the oil industry. Sometimes this is not understood. Sometimes there is an impression that the only people interested in the oil industry are some one company, like the Standard Oil Company, which is supposed to control the principal oil refinery at Sarnia, the local name of which is the Imperial Oil Company.

Duty on oil a matter of frequent discussion.

Consumers might think repeal of the duty reasonable. Oil industry has a claim for consideration.

Cheaper oil for consumer desired without injustice to the oil industry.

Two interests to be considered, the refiners and the oil producers.

But there are two interests to be considered in the oil industry—the interest of the oil producer and the interest of the oil refiner. They are not always the same. The oil refiners are sometimes also owners of wells, but there are many hundreds of owners in Canada of oil wells who have no interest whatever in the refineries. They are simply producers of crude oil. So we have to consider under what tariff the refining industry may still be conducted in Canada, and under what conditions the production of crude oil may be continued.

Crude oil industry waning.

The situation has been made more difficult by the fact that the crude oil industry in recent years seems to be waning. Unfortunately, the production of crude oil of late years has not increased. No doubt when the duties were established many years ago the idea was that the production of crude oil would increase, and we would ultimately be able to supply our own requirements. But that has not happened. For some years the production of crude oil has been diminishing, and, though we have large refineries in Canada, they are really working but a part of their capacity. The question is, on what conditions we can provide sufficient crude oil to give employment to the refiners, and, at the same time, deal fairly and generously with the people who have invested their money in the industry of producing crude oil.

Crude oil industry to be aided by a bounty of  $1\frac{1}{2}$  cents per gallon.

The method on which we have determined is to aid the crude oil industry by a bounty. We will allow a bounty of  $1\frac{1}{2}$  cent per gallon to the producers of crude oil in the Dominion. That will not be a heavy burden on the treasury. I shall make a comparison between what we give in that way and what the people will receive in another way. The duty on refined petroleum a few years ago, when this government came into power, was 6 cents per gallon and was reduced to 5. We propose to cut the present duty in two, and make the duty on coal oil  $2\frac{1}{2}$  cents per gallon. That will be a reduction of 50 per cent on the oil duty, as it now stands, and 58 per cent on the oil duty as it stood when this government came into power.

Duty on coal oil reduced to  $2\frac{1}{2}$  cents per gallon.

Effect of the reduction to the people.

Let us see how this will affect the people in a financial way. The consumption of refined oil and naphtha in Canada for the calendar year 1903 was as follows:

	Gallons.
Canadian oil.. . . . .	7,755,790
American.. . . . .	17,939,660
<b>Total.. . . . .</b>	<b>25,755,450</b>

gallons refined oil consumed by the people of Canada last year. It is only reasonable to suppose that the 5 cents duty increases the cost of the home produced article as well as of the imported article. If, therefore, we reduce the duty 2½ cents per gallon, that reduction, so far as the consumer is concerned, applies practically, not only to the 17,000,000 or 18,000,000 imported, but would, of course, bring down the price of the Canadian article to the same extent.

Mr. HENDERSON. Theoretically.

Mr. FIELDING. Not only theoretically, but absolutely certain, because if the price comes down in the one and not in the other, the other will not be consumed, so that the effect of this reduction will be an immediate reduction in the price of oil at the refineries in Canada, and from the refiner to the various distributing companies, and from these to shop-keepers, and in due season it will reach the consumer. If it be true that the consumer pays the duty, I presume he will pay this as well as others, and there is not much doubt that the consumer pays an increased price, under the present system, not only on the imported oil, but on the Canadian as well. We have a consumption of 25,755,450 gallons. The saving to the people of 2½ cents per gallon on that quantity will amount to \$643,886. We will pay a bounty only on the crude oil produced in Canada, which amounted last year to 16,852,640 gallons. Observe that the bounty being paid only on the Canadian crude will apply only to a limited quantity, whereas the reduction of price will apply to the whole consumption, whether Canadian or American. We find then the saving to the people by this policy of \$643,886 in the shape of reduced price of oil. On the other side of the account, the people will pay out, through the treasury, \$225,789 in the way of bounties. Deducting the amount which the people will pay from the sum which they will receive, there is a net gain to the consumer on the year's operations of \$390,097.

Consumption of oil in Canada 25,755,450 gallons.  
 Saving to the people in reduced price of oil, \$543,886.  
 Bounty will cost \$225,789.  
 Net gain to the consumer \$390,097.

Fuel oil placed on free list and reduction of duties on petroleum products.

Besides, the people will receive further advantages by having fuel oil placed on the free list, and that is an important item to manufacturers who use oil as a fuel. There will be a further advantage in a reduction of the duties on all the products of petroleum. Thus, paraffin wax candles are reduced from 30 per cent to 25 per cent ad valorem, and paraffin wax is also reduced from 30 per cent to 25 per cent ad valorem. Illuminating oils of the highest grades are reduced from 25 per cent to 20 per cent ad valorem. Crude petroleum of the highest character, the duty on which is now  $2\frac{1}{2}$  cents per gallon, will be reduced to  $1\frac{1}{2}$  cents per gallon, while petroleum in the cruder forms will be on the free list.

Mr. OSLER. Will oil used by gas companies for the manufacture of gas be on the free list?

Mr. FIELDING. Yes, except in the higher grades. If advanced in its manufacture it will not be on the free list, but will pay  $1\frac{1}{2}$  cents per gallon instead of  $2\frac{1}{2}$ . In the cruder form it will be free. In these we have given very large reductions.

#### MOLASSES FREE FROM COUNTRIES ENTITLED TO THE BRITISH PREFERENCE.

Molasses free when imported from the West Indies.

We propose to abolish also the duty on molasses, but only when imported from countries entitled to the preference, that is to say, molasses from the British West Indies. That is now dutiable at  $1\frac{3}{4}$  cents per gallon, and we put it on the free list, believing we will thus not only encourage trade with the British West Indies, but reduce the price materially of an article much used by the working classes.

#### SUNDRY ARTICLES TRANSFERRED TO THE FREE LIST.

Articles transferred to free list.

Goats.

Whale oil soap.

We propose to transfer to the free list a number of articles which I have not yet mentioned, some of which are not very important in themselves, but have importance in relation to the industries with which they may be connected. We were asked to place goats on the free list of animals imported for the improvement of stock, and this we propose. We were asked to put whale oil soap on the free list, because it is an article much

used by nurserymen, and we are agreeing to that. We were asked to put on the free list hydro-fluo-silicic acid, used largely by miners in their smelting and mining operations, and we have decided to comply with that request. We have also put on the free list what is known as plain basic photographic paper, baryta coated, for albumenizing or sensitizing, used by photographers. We also propose to admit free glass of certain sizes for the making of dry plates for photographic purposes. The paper is at present charged 35 per cent duty and the glass 20 per cent. Neither of these articles is made in Canada, and we have reason to think that by placing these articles on the free list we can bring into Canada a very large and important industry.

We shall lose no revenue on it, because it is not a large item, but our expectation is that by transferring this to the free list we will bring into Canada a very important industry.

We have been asked to put on the free list also, for the benefit of the farming population, what are known as ferment cultures for use in butter making, and this we propose to do.

We propose that printing presses, not made in Canada, at present paying 10 per cent, shall be made free.

We propose that machinery of a kind not made in Canada, when imported for the manufacture of linen shall be made free. We have reason to believe that in this way we can encourage the development of the flax industry in Canada.

We propose that machinery of a kind or class not made in Canada for the manufacture of certain classes of brass goods shall be placed on the free list. The classes of goods which these machines will make are at present on the free list and we propose to assist the manufacturers by giving them free machinery.

We propose also to include on the free list, at the request of the dentists of the country, artificial teeth.

We propose to put on the free list, at the request of the farmers of the country, quassia juice, which is used in spraying.

We propose to put on the free list, crude petroleum, fuel and gas oils, 40 Beaume gravity or less at 60° temperature, .8233 specific gravity.

Well drilling  
machinery.

We propose to put on the free list well-drilling machinery and apparatus of a class or kind not made in Canada for drilling for water or oil; this is not to include motive power.

Machinery for  
alluvial gold  
mining.

We made provision last year for the placing on the free list of certain machinery of a kind not made in Canada for use exclusively in alluvial gold mining for one year; we propose to extend that for one year.

CHANGES RELATING SOLELY TO THE ADMINISTRATION OF THE  
DEPARTMENT.

Administrative  
changes  
affecting tea  
and spirits.

There are one or two changes which do not affect the duties but relate solely to the administration of the department. In item 608 we propose to strike out all the words after the 'United Kingdom' in the third line. The item refers to the importation of tea. It now requires that there shall be an English certificate as to the character of the tea. We are advised that this certificate is of no substantial value, but imposes some charge upon our importers, and our own Customs regulations for the examining of tea are ample. We therefore propose to strike out the requirement for the English certificate.

There is an amendment to the item in the tariff respecting the duty on spirits. It does not, however, relate to the rate of duty in any way; it is simply a matter in the administration of the department, an amendment to the form of the item, and therefore I shall pass it over.

PHILOSOPHICAL APPARATUS—ITEM RE-ENACTED IN MORE AMPLE  
FORM.

Item of  
philosophical  
apparatus made  
more ample.

Item 462 of Schedule 'B,' that is, on the free list, related to philosophical apparatus, for the use of universities, schools, &c. We repeal that item, and re-enact it in a larger and more ample form as follows:

462. Philosophical and scientific apparatus, utensils, instruments, preparations, including boxes and bottles containing the same, of a class or kind not manufactured in Canada, when specially imported in good faith for the use and by order of any society or institution incorporated or established solely for religious, philosophical, educational, scientific or literary purposes, or for the encouragement of

Brita  
Engla

the fine arts, or for the use or by order of any college, academy, school, or seminary of learning in Canada, and not for sale, subject to such regulations as the Minister of Customs shall prescribe.

#### SILK FABRICS FOR MEN'S NECKWEAR.

We have had some representations from the manufacturers of neckwear who have made it clear that they suffer some disadvantage, very much of the same nature as that which I have mentioned in connection with certain classes of imports, that is to say that the finished article comes in under the British preference, while they are obliged to get the raw material from countries to which the British preference does not apply. We therefore propose to provide a special rate of 10 per cent for silk fabrics when imported by manufacturers of men's neckwear for use in their factories under regulations to be made by the Minister of Customs.

Manufacturers of silk neckwear suffer a disadvantage. Duty on silk fabrics for neckwear to be 10 p.c.

#### THE DUMPING EVIL.

I have now given you, Sir, a statement of all the details wherein we propose to change the tariff. But we have some further proposals to make which, although they may not relate to details, are of the utmost importance. As time rolls on, changing conditions arise. It is the duty of the government and of all men in parliament to observe these changing conditions and adapt their tariff legislation to the conditions which may confront us. In the world's trade many new conditions have grown up, and we are particularly interested in the conditions which have arisen in the great high tariff countries. We cannot meet these by mere academic discussions of the principles of free trade or protection. Mr. Cleveland, on a memorable occasion, used an expression which is very frequently quoted. 'It is a condition and not a theory which confronts us.' We recognize that fact in tariff matters, as in many other matters, and we say that many new conditions have arisen and are arising of which we are obliged to take notice.

Tariff legislation should be adapted to changing conditions.

In low tariff countries or in free trade countries, Great Britain for example, these disturbing conditions seldom exist. England conducts her business generally upon rational lines.

In low tariff countries disturbing conditions seldom exist.

She sells at a profit, and what is known as the system of dumping or slaughtering is hardly known in connection with British trade.

In high tariff countries objectionable conditions arise. Slaughtering or dumping.

But, Sir, in the case of all high tariff countries, these objectionable conditions arise. It seems to be the inevitable result of high tariff policy that monopolies, trusts and combines will flourish. They may possibly exist in low tariff countries, but they flourish under a high tariff policy, as they could not possibly flourish under other conditions. We find to-day that the high tariff countries have adopted that method of trade which has now come to be known as slaughtering, or perhaps the word more frequently used is dumping; that is to say, that the trust or combine, having obtained command and control of its own market and finding that it will have a surplus of goods, sets out to obtain command of a neighbouring market, and for the purpose of obtaining such control will put aside all reasonable considerations with regard to the cost or fair price of the goods; the only principle recognized is that the goods must be sold and the market obtained. I quite realize that what I may call the extreme free-trader, that is the theoretical free trader, if there be such a man, who attaches more importance to a theory than to the practical things of this life, may ask: 'Why should we care about that; do we not get the benefit of cheap goods?' Well, if we could be guaranteed for ever or for a long period that we would obtain cheap goods under that system the question would be a very fair one. If these trusts and combines in the high tariff countries would come under obligations, with sufficient bonds, to supply us with these goods at the lowest prices for the next 50 years, it would probably be the part of wisdom for us to close up some of our industries and turn the energies of our people to other branches.

Goods sent into Canada at sacrifice prices with the hope of crushing out native industries.

But surely none of us imagine that when these high tariff trusts and combines send goods into Canada at sacrifice prices they do it for any benevolent purpose. They are not worrying about the good of the people of Canada. They send the goods here with the hope and the expectation that they will crush out the native Canadian industries. And with the Canadian industry crushed out what would happen? The end of cheapness



would come, and the beginning of dearness would be at hand. Artificial cheapness obtained to-day under such conditions, at the expense of dearness at a very near day in the future, is not a system of which we could approve, or which any of us on either side of the House could encourage.

This dumping then is an evil and we propose to deal with it. Perhaps it would not be too much to say that ninety per cent of the complaints that are made to us by our manufacturers are not that the tariff is too low, speaking generally, but that this dumping and slaughtering condition exists, and that the tariff under such conditions fails to give them the protection they would desire. Well, if ninety per cent of these grievances result from dumping, we shall be prepared to deal with it to-day. We think it is in the interest of legitimate trade that this question should be dealt with. It is not the first time that Canada has set an example in matters of this kind and possibly the step we are about to take will be followed by other countries. Our friends on the other side of the House will recognize this dumping evil as fully as and perhaps more fully than even hon. gentlemen on this side of the House. We differ from them as to the manner in which it should be dealt with. Their remedy is a general increase of the tariff all along the line. Perhaps they would not go quite so far as to increase all duties, but that is the principle they suggest. A high tariff is their remedy for this evil. We object to that because we think it is unscientific.

The dumping condition is not a permanent condition; it is a temporary condition and therefore it needs only a temporary remedy, that can be applied whenever the necessity for it arises.

We propose therefore to impose a special duty upon dumped goods. That special duty, subject to a limitation which I will mention, will be the difference between the price at which the goods are sold, the sacrifice price, and the fair market value of those goods as established under the customs law of the country. But this is subject to a qualification—subject to a limitation. If an article is sold at a lower price in Canada than it is sold in the country of production, then that will be the evidence of dumping, and the difference between the fair market value in the country of production and the price at which it is sold—or

Dumping is an evil and source of greatest complaint.

Dumping condition is temporary and needs a temporary remedy.

Special duty on dumped goods over and above existing duty.

if hon. gentlemen prefer, dumped—that difference shall constitute the special duty, within the limitations. As regards certain articles upon which our duties are low and upon which we grant protection in the form of bounties as well as in the form of duties, as respects certain of these items in the iron schedule chiefly, the limitation shall be 15 per cent ad valorem ; that is to say, that special duty shall be the difference between the fair price and the dumping price provided it shall not exceed 15 per cent ad valorem. The additional duty over and above the present duty I call the special duty, and it is so called in our resolutions. Then in case of other articles, the limit is 50 per cent of the present duty. It is a duty over and above the existing duty, and it is limited by these two conditions : In one case, or in a few cases of like character, the limitation is that it shall not exceed 15 per cent of the value and in the other case it shall not exceed one-half of the ordinary duty.

Mr. R. L. BORDEN. Will the hon. gentleman state what the law is now ? I thought there was some provision as to charging a duty upon the regular price in the foreign country. I am not familiar with that, and I only ask for information.

Mr. FIELDING. I shall be glad to explain to the hon. gentleman the difference between the present law and what we propose. There is a provision in the existing law that where there is an under-valuation you can levy duty upon the true valuation. Suppose, for illustration, that an article of which the true value is \$100 is entered at \$80, you can impose the duty on the whole \$100. You get therefore an extra duty in that case, if you care to look at it in that way, to the extent of the rate of duty on the difference in value. In what we propose, you get the whole difference itself. If the article is sold at \$80 and if the fair market value is \$100, under the law as it stands to-day you get your duty of say 30 per cent on that extra \$20. Under what we now propose you not only get the duty on the full one hundred dollars, but an extra duty, which means the \$20 itself, subject to the limitation that it shall not be greater than one-half of the ordinary duty. Thus, if the duty is 30 per cent, the extra duty, or the special duty as I describe it, cannot exceed 15 per cent, and the whole duty could not exceed 45 per cent.

Difference  
between  
present law  
and what is  
proposed.

The principle is that we will impose as a special duty the difference between the true value and the unfair value. But we put a limitation on that, as limitations are put upon all forms of taxation. Our information is that the average of dumping in Canada represents about 15 per cent of value. There are some cases in which the dumping may be more and some in which it may be less; but from the best information we can obtain we think that the dumping averages a cent price, an unfair price, an illegitimate price, to the extent of about 15 per cent. With the limitation that we are putting on, it is a special duty corresponding with what we believe to be the average amount of dumping. I may say there is also a special clause with regard to a possible evasion of the provision by the consignee of the goods. Under the first clause of the resolutions we empower the Minister of Customs or the collector of customs, or any other officer—my hon. friend the Minister of Customs suggests that I had better read the provision so that it may go on the 'Hansard' at once:—

That whenever it shall appear to the satisfaction of the Minister of Customs or to any officer of customs authorized to collect customs duties, that the export price or the actual selling price to the importer in Canada of any imported dutiable article, of a class or kind made or produced in Canada, is less than the fair market value thereof, as determined according to the basis of value for duty provided in the Customs Act in respect of imported goods subject to an ad valorem duty, such article shall, in addition to the duty otherwise established, be subject to a special duty of customs equal to the difference between such fair market value and said selling price; provided, however, that the special customs duty on any article shall not exceed one-half of the customs duty otherwise established in respect of the article, except in regard to the articles mentioned in items 224, 226, 228 and 231 of schedule A, the special duty of customs on which shall not exceed fifteen per cent ad valorem.

The special duty.

The expression 'export price' or 'selling price' herein shall be held to mean and include the exporter's price for the goods, exclusive of all charges thereon after their shipment from the place whence exported directly to Canada.

The foregoing provisions respecting a special duty of customs shall apply to imported round rolled wire rods not over three-eighths of an inch in diameter, notwithstanding that such rods are on the customs free list: provided, however, that the special duty of customs on such wire rods shall not exceed fifteen per cent ad valorem.

Attempts to evade the effect of the provisions by system of consigning goods to be prevented by a special clause.

I have mentioned that there might be an attempt to evade the effect of these provisions through what is called a system of consigning goods, that is to say, the manufacturer would not actually sell his goods but he would consign them perhaps to himself or to an agent in Canada. He would comply for a moment with the conditions of the customs law, and then later on the dumping process might be completed. It is thought well to guard against such a contingency from the beginning ; so while we propose in the first clause that the customs officer shall have the power of levying this extra duty to which I refer, we have a special clause to provide that if there be any attempt to evade these duties by the method of consigning the goods, there may be an inquiry, and the Minister of Customs may be authorized to deal with these as the circumstances may require. That clause reads as follows :

If at any time it shall appear to the satisfaction of the Governor in Council, on a report from the Minister of Customs, that the payment of the special duty herein provided for is being evaded by the shipment of goods on consignment without sale prior to such shipment, the Governor in Council may in any case or class of cases authorize such action as is deemed necessary to collect on such goods or any of them the same special duty as if the goods had been sold to an importer in Canada prior to their shipment to Canada.

If the full amount of any special duty of customs be not paid on goods imported, the customs entry thereof shall be amended and the deficiency paid upon the demand of the collector of customs.

Regulations to be made by Minister of Customs.

Provision is made that regulations concerning that matter may be made by the Minister of Customs, and there is a clause providing that it shall not apply to articles subject to excise duty, because they do not properly come under the conditions to which I am calling attention.

Mr. HAGGART. Before the hon. gentleman leaves that subject I would like him to answer this question. Supposing an importer goes into the States and buys goods, say \$100 worth, for \$75. He enters them for customs duty in Canada at \$100. He has bought these goods at \$75, we will say, or \$50. How are you going to reach that case ?

Mr. FIELDING. In that case we will inquire what is the ordinary selling price in the United States for the consumer in

the United States. The ordinary selling price in the United States will fix the true value, and the \$75 that he pays will be deemed the sacrifice value, and we will tax him on \$25 up to the limit I have mentioned, not exceeding one-half the existing duty.

Mr. HAGGART. The minister does not understand. The importer has bought those goods at a proper price, at one-half the value in the United States. How are you to know that he has purchased them at that price when he enters them here at their full value?

Mr. FIELDING. I suppose any system we could possibly devise would be open to some criticism. There are a thousand things in the Customs Department about which these questions might be asked, but we find the Minister of Customs and his officials have ways of discovering these things. I do not imagine that a clause of this character can be administered without some difficulty, but that is no reason why the clause should not be enacted.

CAREFUL INQUIRY NEEDED BEFORE ENTERING UPON A POLICY OF  
NUMEROUS CHANGES.

I have now presented to the House all the provisions which we propose to make in relation to the tariff. The tariff is a delicate and complicated piece of machinery which requires careful handling. It would be very easy by rash and ill-considered changes to create a serious disturbance in the business affairs of the country. We believe that in the changes we have made, we have dealt with the matters of greatest urgency. We believe that we have gone far to meet the legitimate demands which have been presented to us for revision of the tariff.

Changes made deal with matters of greatest urgency.

As respects the other articles in the tariff with which we have not dealt, and of course there are a great many, all I can say is that we do not claim for a moment that the tariff is perfect, but we do say that before we should enter upon a policy of numerous changes there should be a careful inquiry and that inquiry we are prepared to make so that if there are inequalities or other defects in the tariff we shall be able to remedy them in due course.

In other cases careful inquiry needed.

Mr. BELL. In what way is it intended to make the surtax operative ?

Mr. FIELDING. Does my hon. friend refer to the special duty that I am speaking of ?

Mr. BELL. No, I do not refer to that, but to the general tariff.

Mr. FIELDING. We have made no change regarding the surtax. It remains as it is at present.

Mr. BELL. That is the German surtax ?

Mr. FIELDING. Yes.

Mr. BELL. But I understand that the hon. minister stated that he is going to have a maximum tariff imposed on certain imports, maximum tariff and a general tariff.

Maximum,  
minimum general  
tariff and  
British  
preference  
indicate the  
lines of a  
fuller revision.

Mr. FIELDING. No ; I said that in the working out of the general revision of the tariff to take place later, I thought it would be well to set forth each individual item and set forth the difference in rates which we might see fit to establish. In that case there would be a maximum general tariff, a minimum general and British preference. But that does not refer to any thing that is to be done at the present time. It is simply an indication of the lines upon which we should proceed in regard to the fuller revision of the tariff. As to how we shall deal with the surtax that will depend on what the state of matters may be at the time. If there be a special state of things we shall have to get special legislation concerning it.

Mr. BELL. I thought that in the earlier part of my hon. friend's speech in which he was referring to the tariff, he stated that he was about to adopt practically what would be a maximum, a minimum and a regular tariff.

Mr. FIELDING. No, that all refers to the manner in which the detailed revision of the tariff will be brought about later. It had no reference to anything we propose to-day. We have practically that system to-day because we have the German surtax, the general tariff and the British preferential tariff. The change that I was suggesting was that it would be well to set these forth in separate columns, dealing with each item separately.

## THE TARIFF GENERALLY.

I have submitted to the House all that the government have to propose on this great question. We quite realize the difficulties connected with tariff changes ; we quite realize the difficulties which business men experience in regard to the tariff ; and while we have been willing to consider all reasonable requests, while we have been anxious to meet the legitimate demands for changes, we have always had a strong opinion that there was a great deal of merit in a policy of tariff stability. I have met many manufacturers who, while they wanted some particular change, frankly said that rather than go into any broad changes in the tariff policy, they would submit to what they considered a disadvantage for a little while longer, because they recognized that frequent tariff changes are not desired by business men.

A great deal of merit in a policy of tariff stability.

Our tariff has been in operation since 1897 with a very few changes. It would not be surprising if changed conditions should necessitate changes in the details of this tariff. We believe that in what we have proposed to-day we have met the most urgent matters which have been presented to us. We believe we have met to a large extent the complaints which have been made by our manufacturers by the introduction of this policy in regard to dumping or slaughtering.

Changed conditions necessitate changes in details.

We believe that in the form in which the tariff will stand when these amendments have been adopted, as I trust they will be by parliament, the tariff will be in a condition which will give general satisfaction to nearly all classes in this country. But as respects the items with which we have not dealt, we do not for a moment assume that the tariff is perfect. We admit that in a number of instances circumstances may have arisen under which, after proper investigation, it may be necessary to make further changes.

Present tariff will give satisfaction to nearly all classes in the country.

We are prepared as I have said to make a careful inquiry into all these things, such a careful inquiry as every business man must desire should be made before such policy is introduced into this House. But, I think we are justified in saying that in the main, we have, by introducing and devising tariff measures to meet the conditions of the country, given a reasonable assurance to the country now and in the future that this government

Prepared to make careful inquiry.

can be relied upon, while guarding against monopolies, trusts and combines, to give reasonable aid to the legitimate industries of the country, and to adopt a tariff policy, which will not only be a policy for the benefit of the manufacturers, but a policy, which, while giving them all due consideration, will have regard also to the interests of every class and section of the people and of every province in this great Dominion.

I beg to move :

That it is expedient to amend 'The Customs Tariff, 1897,' to the following effect :—

Notwithstanding anything contained in schedule D, the minimum duty on the under-mentioned articles shall be as follows :—

Manufactures as described in item 394 of schedule A (excepting blankets, flannels, bed comforters and counterpanes) composed wholly or in part of wool, worsted, the hair of the alpaca, goat or other like animal, 30 per cent ad valorem.

Twine and cordage of all kinds, n.e.s., 20 per cent ad valorem.

Notwithstanding anything contained in schedule D, the maximum duty on the undermentioned articles when imported under the British preferential tariff shall be as follows :—

Tableware of china, porcelain or other clay, 15 per cent ad valorem.

Common and colourless window glass,  $7\frac{1}{2}$  per cent ad valorem.

The words 'pails and tubs of wood' shall be omitted from item 330 of schedule A.

Item 323 of schedule A shall be amended by adding the following words :—

Provided that the minimum value of an open buggy shall be forty dollars and the minimum value of a covered buggy shall be fifty dollars.

Schedule C shall be amended by adding the following :—

642 St. llions and mares of less value than fifty dollars each.

Item 203 of schedule A shall be repealed and the following substituted therefor :—

203. Plate glass not bevelled, in sheets or panes not exceeding seven square feet each, n.o.p., 10 per cent ad valorem.

203a. Plate glass not bevelled, in sheets or panes exceeding seven square feet each and not exceeding twenty-five square feet each, n.o.p., 25 per cent ad valorem.

Duties on the undermentioned articles shall be reduced as follows:

Silk fabrics when imported by manufacturers of men's neckwear for use exclusively in the manufacture of such goods in their own factories under regulations to be made by the Minister of Customs, 10 per cent ad valorem.



Items 22, 151, 170, 171, 172, 173, 175 and 178 of schedule A shall be repealed and the following substituted:—

22. Paraffine wax candles, 25 per cent ad valorem.

151. Paraffine wax, 25 per cent ad valorem.

170. Illuminating oils composed wholly or in part of the products of petroleum, coal, shale or lignite costing more than 30 cents per gallon, 20 per cent ad valorem.

171. Lubricating oils, composed wholly or in part of petroleum, costing less than twenty-five cents per gallon, 2½ cents per gallon.

172. Crude petroleum, gas oils (other than benzine and gasoline) above 40 Beaume gravity, at 60° temperature, 1½ cents per gallon.

173. Oils, coal and kerosene distilled, purified or refined, naphtha and petroleum, and products of petroleum, u.e.s., 2½ cents per gallon.

175. Lubricating oils, n.e.s., and axle grease, 20 per cent ad valorem.

178. Vaseline, and all similar preparations of petroleum for toilet, medicinal or other purposes, 25 per cent ad valorem.

Molasses, the produce of any British country entitled to the benefits of the British preferential tariff, in the original package in which it was placed at the point of production and not afterwards subjected to any process of treating or mixing shall be free of duty; the package also to be free: provided, however, that this shall not apply to molasses to be used for the purpose of distillation.

The following articles now dutiable shall be transferred to the free list:—

Goats, for the improvement of stock, under such regulations as may be made by the Minister of Customs;

Whale oil soap;

Plain basic photographic paper, baryta coated, for albumenizing or sensitizing;

Hydro-fluo-silicic acid;

Glass cut to size for the manufacture of dry plates for photographic purposes, when imported by the manufacturers of such dry plates for use exclusively in the manufacture thereof in their own factories;

Ferment cultures to be used in butter making;

Printing presses of a class or kind not made in Canada;

Machinery of a class or kind not made in Canada for the manufacture of linen;

Machinery of a class or kind not made in Canada for the manufacture of brass goods such as are mentioned in item 492, schedule B;

Well drilling machinery and apparatus of a class or kind not made in Canada for drilling for water and oil; not to include motive power.

Artificial teeth;

Quassia juice.

Crude petroleum, fuel and gas oils, 40 Beaume gravity or less, at 60° temperature (.8233 specific gravity).

The free admission of machinery and appliances of a kind not made in Canada for use exclusively in alluvial gold mining, as authorized by section 4 of chapter 15 of the Acts of 1903, shall be continued until the first day of July, 1905.

Item 608 of schedule B shall be amended by striking out all the words after 'the United Kingdom' in the third line.

The following proviso shall be added to sub-section 'a' of item 7 of schedule A:—

Provided that bottles and flasks and packages of gin, rum, whisky and brandy of all kinds, and imitations thereof shall be held to contain the following quantities (subject to the provisions for addition or deduction in respect of the degree of strength) viz:—

Bottles or flasks and packages containing not more than one gallon per dozen, as one gallon per dozen;

Bottles, flasks and packages containing over one gallon, but not more than two gallons per dozen, as two gallons per dozen;

Bottles, flasks and packages containing over two gallons per dozen, and not more than 3½ gallons per dozen, as 4 gallons for 15 bottles, flasks or packages.

Item 462 of schedule B shall be repealed and the following substituted:—

462. Philosophical and scientific apparatus, utensils, instruments, and preparations, including boxes and bottles containing the same, of a class or kind not manufactured in Canada, when especially imported in good faith for the use and by order of any society or institution incorporated or established solely for religious, philosophical, educational, scientific or literary purposes, or for the encouragement of the fine arts, or for the use or by order of any college, academy, school, or seminary of learning in Canada, and not for sale, subject to such regulations as the Minister of Customs shall prescribe.

That whenever it shall appear to the satisfaction of the Minister of Customs or of any officer of customs authorized to collect customs duties, that the export price or the actual selling price to the importer in Canada of any imported dutiable article, of a class or kind made or produced in Canada, is less than the fair market value thereof, as determined according to the basis of value for duty provided in the Customs Act in respect of imported goods subject to an ad valorem duty, such article shall, in addition to the duty otherwise established, be subject to a special duty of customs equal to the difference between such fair market value and said selling price: provided, however, that the special customs duty on any article shall not exceed one-half of the customs duty otherwise established in respect of the article, except in regard to the articles mentioned in items 224, 226, 228 and 231

fifteen per cent ad valorem.

The expression 'export price' or 'selling price' herein shall be held to mean and include the exporter's price for the goods, exclusive of all charges thereon after their shipment from the place whence exported directly to Canada.

The foregoing provisions respecting a special duty of customs shall apply to imported round rolled wire rods not over three-eighths of an inch in diameter, notwithstanding that such rods are on the customs free list: provided, however, that the special duty of customs on such wire rods shall not exceed fifteen per cent ad valorem.

If at any time it shall appear to the satisfaction of the Governor in Council, on a report from the Minister of Customs, that the payment of the special duty herein provided for is being evaded by the shipment of goods on consignment without sale prior to such shipment, the Governor in Council may in any case or class of cases authorize such action as is deemed necessary to collect on such goods or any of them the same special duty as if the goods had been sold to an importer in Canada prior to their shipment to Canada.

If the full amount of any special duty of customs be not paid on goods imported, the customs entry thereof shall be amended and the deficiency paid upon the demand of the collector of customs.

The Minister of Customs may make such regulations as are deemed necessary for carrying out the provisions of the foregoing sections and for the enforcement thereof.

The special duty mentioned in the preceding sections shall not apply to goods of a class subject to excise duty in Canada, nor to imported goods entered for consumption prior to the eighth day of June, 1904.

