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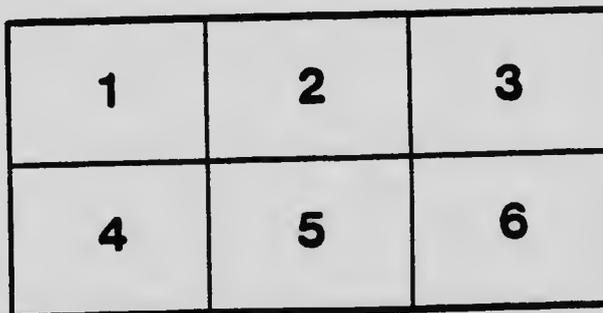
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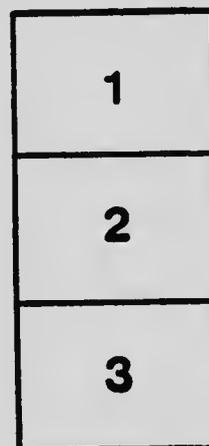
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CANADA

BUDGET SPEECH

DELIVERED BY

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

IN THE

HOUSE OF COMMONS

TUESDAY, MAY 22

1906

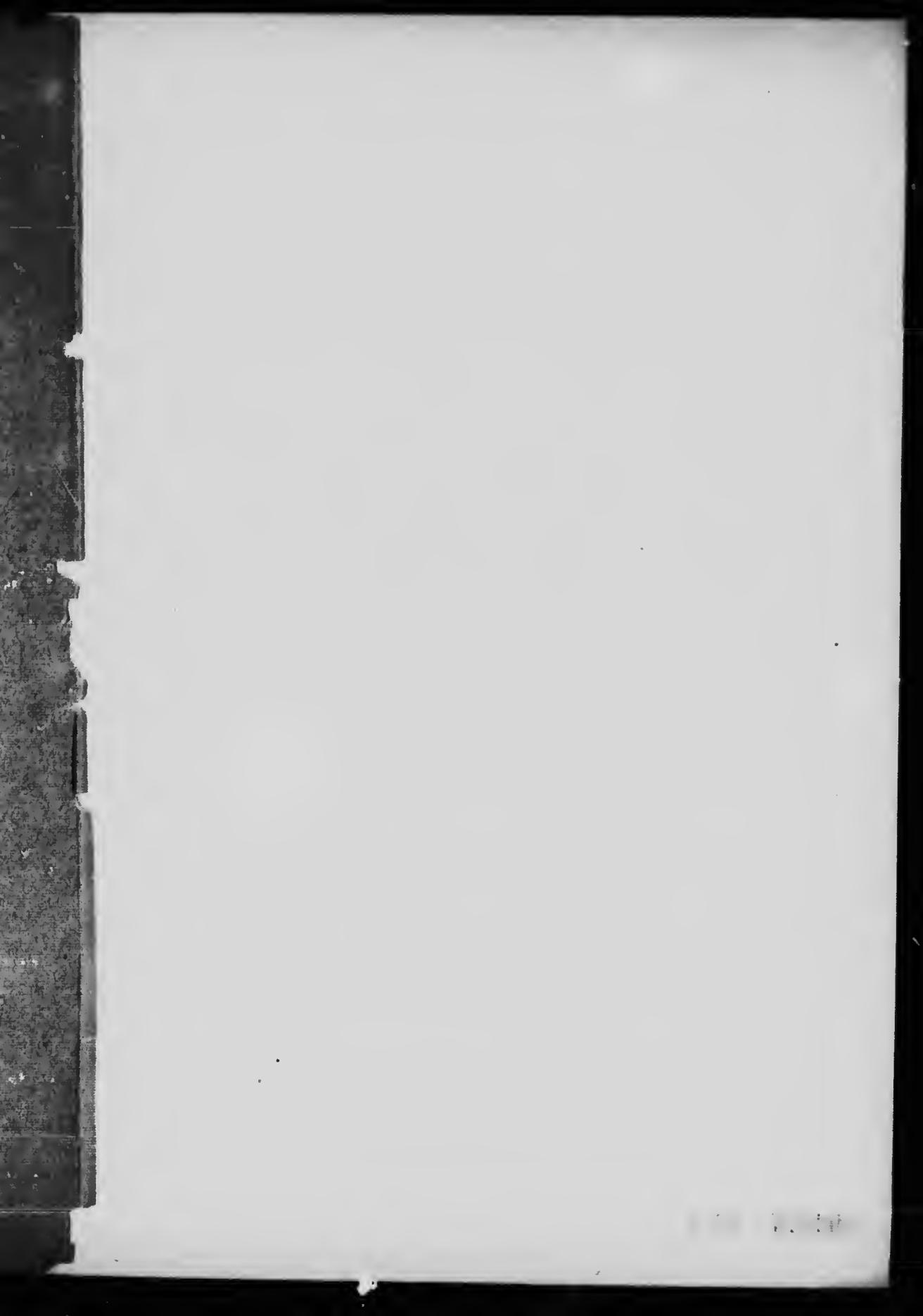


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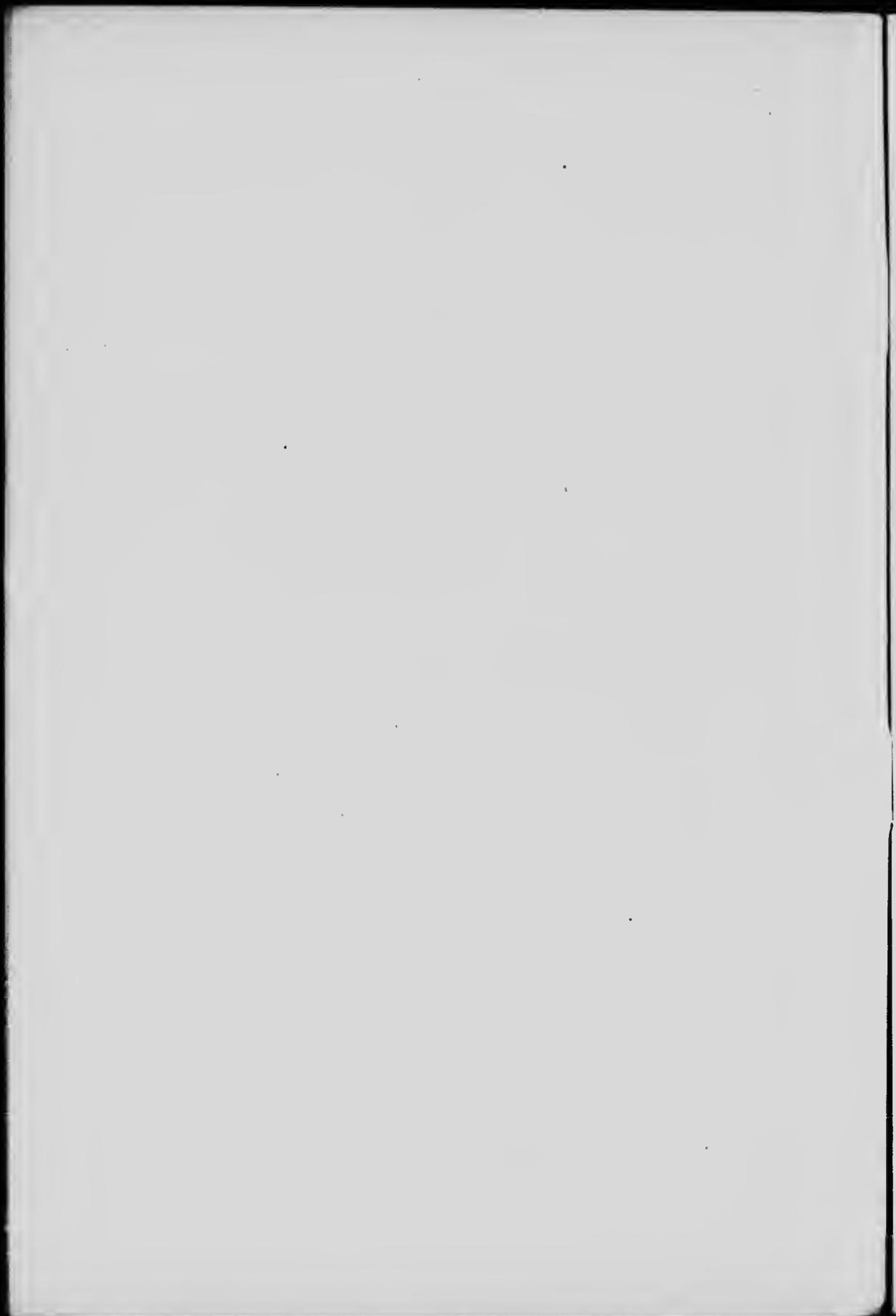


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BUDGET SPEECH

DELIVERED BY

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

IN THE

HOUSE OF COMMONS, TUESDAY, MAY 22, 1906

WAYS AND MEANS—THE BUDGET.

Hon. W. S. FIELDING (Minister of Finance) rose to move 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 for the tenth time to this House the annual statement of the financial affairs of the Dominion, I am sure that all the hon. members will rejoice with me that we can congratulate ourselves upon the continuance of that remarkable prosperity with which Canada has been blessed by a kind Providence for a very long period of years. In accordance with the custom of the budget speech, I shall find it necessary to refer to the financial affairs of three fiscal periods. First, we have to consider the affairs of the financial year 1904-05, which terminated on the 30th of June last; next we have to consider the affairs of the financial year now current, which will terminate on the 30th of June next; and then we may have to consider very briefly the affairs of the next financial year, or, to be more exact, the next financial period, which, in consequence of our proposed change of the fiscal year, will be a period of nine months, beginning on the first day of July next and ending on the 31st of March of the following year.

FISCAL YEAR 1904-5—REVENUE.

With regard to the affairs of the last financial year, the accounts have been in possession of the House for a considerable period and do not call for any very extended remarks. In one or two respects the outturn of the year was materially different from my own expectations. The revenue of the year was substantially the same as my anticipation, falling short by only a

few thousand dollars. The customs revenue showed an increase over the previous year of \$731,000, and in that year reached a figure more than double what the total customs revenue was only eight years ago. The post office revenue increased to the extent of \$473,000. The railway revenue increased by \$423,000. Against these increases there were several decreases. In the general classification of our services, the excise revenue showed a decrease of \$372,000; the Dominion lands showed a decrease of \$150,000, due chiefly to the falling off in the business of the Yukon, and in miscellaneous revenue there was a decrease of \$592,000. Notwithstanding these decreases, however, taking the whole revenue for the year there was an increase of \$512,955.85. This was a fairly satisfactory revenue. The increase was not so large as in former years, when it was going forwards by leaps and bounds, and the increase of each year was counted by millions; but on the whole it was not an unsatisfactory year. It would be correct to state that the year 1904-05, both with respect to its revenue and its trade, was a period of rest, when the country was apparently taking breath and preparing for the larger expansion which was close at hand.

FISCAL YEAR 1904-5—EXPENDITURE.

So far as the expenditure of the year is concerned, the result was not so satisfactory. There was a considerable increase in the expenditure beyond the amount which I anticipated when I made the budget speech. Having regard to the late date at which the budget speech was made last year, we might naturally have expected that we would approximate more nearly than usually to the outturn of the year. As a matter of fact, the fiscal year had closed a few days before the budget speech was delivered; but the close of the fiscal year and the close of the accounts of the fiscal year are two very different things. In Great Britain the fiscal year closes on the 31st of March, and the accounts close immediately; all balances lapse, and the new year begins with the appropriations for the year. That is quite possible in a country like Great Britain, with a comparatively small area, a dense population, and means of communications by railway, telegraph and telephone, which are of course beyond the means of communication in a country of such vast extent as the Dominion of Canada. It was therefore necessary to allow a certain period after the close of the fiscal year for the closing of the accounts. As a matter of fact, after the close

of the fiscal year 1904-05 no less than \$17,000,000 came into the accounts between that time and the period allowed by the regulations for the closing of the accounts. The payments made between the closing of the fiscal year and the closing of the accounts last year were more than the total expenditures of the Dominion for several years immediately following the beginning of the union. While, therefore, it might seem, in view of the budget speech having been delivered at so late a date, that we should have come more closely than we did to the outturn, the fact is that, so far as the revenue is concerned, the results were about as anticipated, while the expenditure, both on consolidated account and on capital account, was considerably larger; so that the surplus was somewhat less than I had anticipated, and while we had hoped to close the year with a very moderate increase of the public debt, the close of the year showed an increase of the debt amounting to some \$5,000,000. But while the year was a less satisfactory one in that respect than we had hoped for, it was, as I have said, as respects its trade and finances generally, on the whole a satisfactory year, and only suffers by comparison with years preceding it, which were years of marked advance. It is worth remembering that now we are dealing in the budget of Canada with vast sums of money, much larger than those of former years, and it cannot be expected that our estimates will approach very closely to the actual expenditure.

FISCAL YEAR 1904-5—SURPLUS.

The result is that the surplus of the year, instead of being \$9,000,000 as I had anticipated, was \$7,863,089.81, a surplus in itself very satisfactory, and larger than the average surplus which this government has enjoyed during its term of office. The question of the surplus is always an interesting one, and so I have prepared a statement showing the surplus of each year from the time the present government assumed office down to the present date:

	Surplus.	Deficit.
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..	15,056,984 12	
1904-5..	7,863,089 81	

Taking the total surpluses for all these years, with the one deficit, we find that for the nine years there was a net surplus of \$64,300,165.85. That would give us an average surplus of \$7,144,462.97.

BOUNTIES AND THE SURPLUS.

A question is sometimes raised in the House and outside with regard to the manner of preparing this statement of surpluses in comparison with the statements in former years. I have pointed out more than once, and need only say briefly now, that the only point of difference between our manner of preparing this statement and the manner of our predecessors is with relation to the manner in which the bounties on iron and steel and other things are accounted for. In former years they were treated as drawbacks from the customs account. It seemed to us that there could be no drawback where there was no money paid; we did not like the system and we changed it. We thought it wise, as these bounties were considered to be but temporary expedients, that they should be charged to a special account, and so they have appeared in this special account ever since. It is not strictly a capital account; these items stand in the same position as a railway subsidy. It is sometimes contended that we should not have done that, and that these are proper charges against the income of the year. I shall not stop to debate whether or not that view is correct, but I put the point as I have done before, clearly before the House, and say that if it be deemed expedient to take that view, if it be considered proper that these bounties should be treated in that way, should have been charged up against the income for the year, then instead of having for the nine years an average surplus of \$7,144,000, the result would be that we would say we had an average surplus of \$6,526,233, and so it will be seen that even if we attached any importance to that criticism which is sometimes offered, in the result of the nine years' operations it does not make any extensive difference in the general statement of the surpluses of that period.

FISCAL YEAR 1905-6—ESTIMATE OF OUTTURN.

Coming now to the affairs of the fiscal year 1905-06, I estimate a revenue of \$79,000,000. The revenue for 1904-05 was \$71,182,772, so it will appear that I am estimating for an increase in revenue of \$7,800,000.

The estimated expenditure for the current year, chargeable to consolidated fund, I place for the present at \$66,500,000.

The expenditure of a similar character last year, 1904-05, was \$63,319,682, so it will appear I am estimating for an increase in the expenditure chargeable to consolidated fund this year of \$3,180,000.

I would have you observe, Sir, that I am estimating for an increase of revenue to the extent of \$7,800,000 and an increase in expenditure chargeable to consolidated fund of only \$3,180,000, an estimate which, if realized, will give us a considerable sum to be made available to assist the capital account.

With regard to the probable surplus of the current year, we have an estimated revenue, as I have stated, of \$79,000,000 and an estimated consolidated fund expenditure of \$66,500,000, and if these expectations be realized we shall close this year with a surplus of \$12,500,000. This will be one of the largest surpluses in the history of Canada. I think I am correct in stating that in only two preceding years, and that in our own time, has such a large surplus been shown on the year's operations.

With regard to capital expenditure for the current year, I estimate that it will reach \$15,500,000, which is practically the same amount as the expenditure of like character last year, that expenditure being \$15,484,000.

Having an estimated expenditure then on consolidated fund of \$66,500,000 and an estimated expenditure on capital account of \$15,500,000, this will make a probable total expenditure for the current year of close on \$82,000,000.

Mr. R. L. BORDEN. Bounties are included?

Mr. FIELDING. Everything, the bounties are charged in what is called capital and special account.

If we take from that the estimated revenue of \$79,000,000 and the available sinking funds of \$2,200,000, making a total deduction of \$81,200,000, we shall have a total addition to our net debt in the current year of \$800,000. I am hopeful that the result will be more favourable; I am hopeful that the expansion of trade will be such that the revenue will go somewhat beyond the \$79,000,000, and that we may close the year by squaring the account, that our receipts will cover our expenditures of all classes, and that we shall add nothing whatever to the public debt. However, it is well to be in that respect conservative, especially as my estimates in this way last year were

somewhat disappointing, and I prefer to have them on a conservative basis. From the figures I have given there may be a possible addition to the net debt at the close of the year of about \$800,000.

FISCAL PERIOD 1906-7.

Coming to the period of 1906-07, for the nine months, it is difficult to make any general estimate; we can only draw attention to the figures presented by way of estimates. The main estimates have already been submitted to the House, and they amount on consolidated fund account to \$51,594,532.72. There are capital account estimates amounting to \$16,342,015, of which \$10,000,000 is for the National Transcontinental Railway. To this must be added at a later period in the present session supplementary estimates as usual. I am not prepared to state what they will be, but I think I can assure the House they will not be excessive.

Mr. FOSTER. About what will they be?

Mr. FIELDING. Something over \$2,000,000, I think, for consolidated fund, but the estimates are in course of preparation, and, as my hon. friend (Mr. Foster) knows from his own experience, it is difficult to give more than an approximate statement in such a case. And then at or near the close of the fiscal year there is usually submitted a further supplementary estimate to wind up the affairs of the year. So that in any estimate we attempt to make, we shall have to take in these additional estimates which will have to come down in due course.

With regard to our possible revenue for the period of nine months, perhaps the safest way is to take the revenue for the corresponding period in the current year. Our revenue for the corresponding nine months of the current year (July 1, 1905, to March 31, 1906), amounted to \$57,015,562.68. We shall have in the coming fiscal period a revision of our tariff, and the effect that revision may have on the finances of the year is, as hon. gentlemen understand, difficult indeed to predict. I do not care to say more than that. I do not expect that these tariff changes, which it is hoped will be brought on at the autumn session, will have any disturbing effect on the public revenue, and if business continues good we can at least expect to have as much revenue in the nine months as in the nine months of this year. I should feel hopeful that business would increase and we would do better than that. I think it will be

found, if these expectations are correct, that within that period of nine months we shall have a sufficient revenue to meet all our consolidated fund expenditure and leave a material surplus, proportionate probably to the average surplus of recent years, and that that surplus will go to the diminution of what would otherwise be an addition to the public debt. I do not feel justified, at present, in going very fully into the affairs of the future period, but I see no reason why, with a reasonable expansion of trade, we should not have as prosperous a period as we have had in recent years for the full period of the twelve months.

INTERCOLONIAL RAILWAY—IMPROVEMENT IN ITS FINANCIAL AFFAIRS.

So much attention has been given to the affairs of the Intercolonial Railway—especially the financial affairs of that road—that the House, I am sure, will be pleased to have a statement of the operations of the road for the expired portion of the present year in comparison with previous years. It is well known—almost too well known—by the House that, for several years, the Intercolonial Railway has not had a very favourable balance sheet. In 1904, the road showed a deficiency of \$900,000, and in 1905 the deficiency on the year's operations was \$1,725,000. I have here a statement of the operations of the road for the ten months ending April 30 last, from which I find that the revenue for that period was \$6,265,218.14, and the working expenses \$6,380,923.92, showing a deficiency this year, on the ten months' operations, of \$115,705.78. I do not know whether my hon. friend the Minister of Railways (Mr. Emmer-son) will be able to keep up that gait until the end of the year, but, if he is able to do so, it will certainly make a great change in the finances of the railway. Let us hope—especially those of us who are from the lower provinces, and interested in the road more, perhaps, than the average of men—that my hon. friend, in his anxiety to make a good financial statement, will not overdo the business, and fail to give us the liberal train arrangements and reasonable facilities that the people expect from the Intercolonial Railway.

POST OFFICE SURPLUS.

The Post Office Department is one to which I wish to call attention, and it is one, I am glad to say, whose financial statement is of the most gratifying character. The prosperous conditions established by the former Postmaster General, Sir William

Mulock, have been continued by his successor, the present Postmaster General (Mr. Aylesworth), who is likely to be able to make even a more favourable statement than his predecessor. The Post Office surplus for 1904-05 was \$490,844.89—close upon half a million dollars. If the present Postmaster General could but repeat that operation for the present year, that in itself would be a very gratifying result, and one with respect to which he need not fear comparisons in the future as to his first year's operations as the head of the Post Office. But the figures I have obtained from that department go to show that my hon. friend (Mr. Aylesworth) will have a much better statement than that. I suppose the prosperity of the Post Office Department may fairly be taken as a barometer indicating prosperity throughout the country generally. At all events, my hon. friend is able to hand me this very gratifying statement for the nine months of the current year, ending 31st March last. In the other statements I have presented, I have been able to bring the figures down to a later date, but the Post Office accounts are adjusted quarterly, and it has not been found convenient to compile a statement covering figures later than the 31st of March. For the nine months ending 31st March there is a surplus of \$747,880; and my hon. friend the Postmaster General assured me that, upon careful calculation, he hopes to be able to close the year with a surplus for the Post Office Department of \$900,000. We cannot help contrasting for the moment—not in a party sense, for everybody in the House, I am sure, will join me in congratulating the country upon the happy comparison—we cannot help contrasting the financial condition of the Post Office with that of a few years ago. It is but a few years since Canada had a three-cent domestic letter rate, and a five-cent rate on letters to Great Britain; and yet, even with these heavy postal rates, the Post Office Department absorbed all the revenue it could collect and, at the close of the year, some \$600,000 or \$700,000 was usually required from the public treasury to make good the deficiency and keep the Post Office running. We have no longer a three-cent rate; Canada has penny postage within her own borders, and penny postage with the mother country. The Post Office Department no longer absorbs all its own revenue, no longer calls for \$600,000 or \$700,000 from the treasury. After affording the people a very liberal postal service, after giving reduced rates, after establishing the blessing—for it is not too much to speak of it so—of penny postage, the Postmaster General comes,

at the close of the year, asking nothing from the public treasury, but tendering the splendid sum of \$900,000 to assist the other public services of the country. Again, I hope that my hon. friend the Postmaster General will not become purse-proud. I do not think the country is dreadfully anxious to make a surplus out of the Post Office. I think, and especially in view of the heavy cost of the Post Office Department in previous years, that there will be a general feeling that, if the Post Office can be sustained with a moderate balance on the right side, that is all that the country will desire or expect. Therefore, I hope he will not gloat too much over his surplus, but will give attention to the extension of the postal facilities of the country, so that the people may reap the benefit in that way.

TRADE OF 1904-5.

While the trade statistics for the year 1904-05 show that the trade of Canada was maintained at a very high level during that year, there was no expansion as compared with the previous year, but, on the contrary, a slight falling off in the gross figures. The total trade for the year 1904-05, as appears from the report of the Minister of Customs (Mr. Paterson), was \$470,151,289, as compared with \$472,733,038 for the year 1903-04, and \$467,064,685 for the year 1902-03. The figures for 1904-05 show an increase in the imports of merchandise of over \$5,000,000, and a decrease in the exports of merchandise of \$7,500,000. The chief falling off in the exports of home produce was in the products of the mine and in agricultural products, the former to the extent of \$1,600,000 and the latter \$7,100,000. There was likewise a decline in the foreign produce exported to the extent of two million dollars. As I ventured to observe in the earlier part of my remarks, the year 1904-05 might be regarded as a period of rest, when the country was enjoying a breathing spell, and getting ready for the greater expansion which is close upon us. If the results of trade in the year were not entirely satisfactory—though it is not right to say that, for, compared with all but recent years, the statement was a very satisfactory one indeed, though it certainly suffers by comparison with one or two years when our expansion of trade was little less than marvellous—if there was a breathing spell in 1904-05, there is every reason to believe that the expansion we desired is now taking place. I have before me a statement of the trade for the past ten months, ending April 30th.

TRADE OF 1905-6.

While the statistics relating to our import and export trade of 1904-05 do not indicate any expansion, the returns of our trade up to the 1st May last are of a very gratifying character, as will appear from the following statement:

	IMPORTS ENTERED FOR CONSUMPTION.	
	Ten months to May 1, 1905.	Ten months to May 1, 1906.
Dutiable.. .. .	\$ 120,673,296	\$ 138,344,074
Free Goods.. .. .	79,304,078	86,913,502
Total.. .. .	199,977,376	225,257,576
Coin and bullion.. .. .	9,574,439	5,087,681
Grand total.. .. .	209,551,815	230,345,257

Coming now to the exports, a branch of business which to many in the House is perhaps more interesting than the other, I find the following results:

TOTAL EXPORTS.

	10 months ending April 30, 1905.		10 months ending April 30, 1906.	
	Domestic.	Foreign.	Domestic.	Foreign.
	\$	\$	\$	\$
The Mine.. .. .	24,622,986	225,089	27,490,998	168,336
" Fisheries.. .. .	8,882,788	14,942	13,168,903	16,583
" Forest.. .. .	24,802,682	109,097	28,537,996	79,367
Animals and their produce.. .. .	53,082,323	521,543	56,645,364	583,759
Agriculture.. .. .	26,709,620	2,680,520	44,102,260	4,662,679
Manufactures.. .. .	16,811,351	2,809,535	19,748,497	2,310,115
Miscellaneous.. .. .	29,600	1,513,643	63,142	616,796
Total mdse.. .. .	153,941,403	7,774,369	189,757,157	8,437,585
Coin and Bullion.. .. .		673,825		7,202,956
Total exports.. .. .	153,941,403	8,448,194	189,757,157	15,640,541

Total exports, 10 months, 1904-5, \$162,369,597.

" " 1905-6, 205,397,696.

Customs Revenue, 10 months, 1904-5, \$33,747,857.

" " 1905-6, 37,507,464.

STATISTICS OF CANADA'S PROGRESS.

I have designed to avoid burdening the present budget speech with any elaborate statistics for several reasons. But I think it is desirable to present a few striking facts of ten year periods

whereby we can get a comprehensive glimpse of the great progress Canada has made during the past few years. To that end I present the following tables:

Miscellaneous statistics illustrating progress of Canada since 1875 :

Total Imports.

1875..	\$123,970,283
1885..	108,941,486
1895..	110,781,682
1905..	266,834,417

Total Exports.

1875..	\$ 77,886,979
1885..	89,238,261
1895..	113,638,903
1905..	303,316,872

Total Trade.

1875..	\$200,957,262
1885..	198,179,847
1895..	224,420,485
1905..	470,151,289

Deposits in Chartered Banks, 30th June.

1875..	\$ 61,094,860
1885..	95,030,429
1895..	182,688,227
1905..	468,571,648

Discounts—Chartered Banks, 30th June.

1875..	\$136,771,679
1885..	162,847,002
1895..	224,627,632
1905..	480,906,934
Overdue bank debts 30th June, 1895..	\$2,366,964
Overdue bank debts 30th June, 1905..	1,689,487

Notes of Chartered Banks in Circulation, 31st October.

1875..	\$ 25,599,831
1885..	34,576,246
1895..	34,671,028
1905..	76,890,863

Dominion Notes in Circulation, 31st October.

1875..	\$ 11,119,485
1885..	18,072,355
1895..	22,893,259
1905..	51,144,312

Miles of Railway in Operation, 30th June.

	Miles.
1875..	4,804
1885..	10,773
1895..	15,977
1905..	20,487

Railway Traffic—Tons Carried

1875..	return.
1885..	14,659,271
1895..	21,524,421
1905..	50,893,957

But, Sir, I should not dispose of these statistics without saying something regarding our revenue and expenditure, and making comparisons in the same way:

Consolidated Fund Revenue.	
1875..	\$24,646,715
1885..	33,797,001
1895..	33,978,129
1905..	71,182,772

Consolidated Fund Expenditure.	
1875..	\$23,713,071
1885..	26,037,060
1895..	38,122,005
1905..	62,219,622

Total disbursements of all kinds.	
1875..	\$22,868,910
1885..	49,163,077
1895..	42,872,338
1905..	78,804,138

Now, these figures show the enormous increase in our public expenditure, and sometimes that is made a subject of criticism more or less friendly, but sometimes adverse. We admit that there has been a great growth in the expenditure of the country, but we think that to some extent that expenditure has something to do with the great progress of the country. We do not mean to say that every dollar operates directly in the progress of the country, though indirectly it contributes. But in the main, the large public expenditure made under the administration of the present government has undoubtedly been one of the factors which have assisted in the development of the country, and we are able to point to statistics to show that if the expenditure of the country has increased, it has only been keeping pace with the expansion of our resources.

RELATION OF EXPENDITURE TO GENERAL PROGRESS. .

Let me point out that the total disbursements of all kinds increased from \$42,872,338 in 1895 to \$78,804,138 in 1905. This represents an increase of \$35,931,800 in the period, or about 83½ per cent, a very large figure, I frankly admit. But during the same period the increases in the following business features were as follows:

	Per cent.
Total trade..	109½
Consolidated fund revenue..	109½
Deposits in chartered banks..	156
Discounts to the public by chartered banks..	114
Tons carried by railways..	136

With these figures before me, I may fairly claim that, large as has been the increase in the public expenditure of Canada, it is an increase which has been necessary in order to assist in the development of the country, and the figures I have been able to show as to the expansion of trade, the increase in the banking business, the increase in the railways, all these items prove that the expenditure of the country has not increased beyond a reasonable amount, having regard to its expansion and development.

THE PUBLIC DEBT AND DEBT PER CAPITA.

The expansion of our expenditure and the question of our net debt are always necessarily associated. We think that the results of our policy in that respect are such as ought to commend themselves to the House and the country. It is not to be expected that in a country like Canada we can avoid additions to the public debt. On several occasions when it has been my happy privilege to present to the House the financial statement of the country's affairs, I have felt it my duty to warn the House that in a country like Canada, with such a vast territory, with so much to do, with so many avenues opening for development, it was not to be expected that our affairs could be carried on without some addition to the public debt.

And so at the present time, even if we had to show a large increase in the debt, I would not regard it as anything for which we need offer an apology. But, we shall be able to show, I think, that our additions to the public debt have not been excessive. Indeed, having regard to the work that has been done, I think that our additions to the public debt will be shown to have been very moderate. Reductions of the public debt are, however, not usual. Only on one or two occasions has it been my pleasant privilege to refer to such reductions. There were only two occasions in the previous history of the country upon which there was a reduction of the debt. In the year 1871 there was a reduction of \$503,224. In 1882 there was a reduction amounting to \$1,734,129. These two reductions amount to \$2,237,353. We have been more fortunate in that respect. In three years out of our nine we have had reductions of the public debt amounting to \$11,741,009. The net increase of the public debt of Canada during the nine years down to June 30, 1905, was \$7,726,732. Now, this, under any circumstances,

would be but a very moderate increase, but considering all that has been done throughout the country in the meantime, I think the surprise will be, not that we have that increase, but that the increase is not much larger. Not only have we been able to provide for large and liberal expenditures under what is commonly called consolidated fund account, but we have been able to provide for large and liberal expenditures in the way of capital and special account. During the nine years of this government, besides providing for the ordinary affairs of government which are embraced within consolidated fund account, we have spent no less than \$97,015,325 chargeable to capital or special account over and above the ordinary expenditure, and yet in that whole period we have only added \$7,726,732 to the public debt of this country.

	Capital Expenditure and other special charges.	Increase or Decrease of Debt.
	\$	\$
1897.....	4,622,996	+ 3,041,163
1898.....	6,501,755	+ 2,417,802
1899.....	9,689,134	+ 2,317,047
1900.....	9,742,187	- 779,639
1901.....	11,116,498	+ 2,986,196
1902.....	13,211,407	+ 3,349,085
1903.....	10,054,679	- 10,222,100
1904.....	16,642,214	- 739,270
1905.....	15,484,455	+ 5,356,448
	97,015,325	7,726,732

I have had a statement prepared by one of my officers in regard to the net debt of the country in proportion to the population. Of course, the question of the burden of our public debt must always be measured by the population which has to bear it. I have the statement of the population in each year and the statement of the net debt, showing what it is per head. Beginning with 1895 it showed a net debt of \$50.07 per head, and without reading all the intervening figures I come down to 1905. We had, according to this statement, a population of 5,616,969 and a net debt of \$266,224,166, which would be equivalent to a per capita net debt of \$47.39. If this be a correct statement of the situation, it would show that there has been a reduction of the net debt per head from \$50.61 in 1896

to \$47.39 in 1905, a reduction of \$3.22 per head in the net debt of Canada at the close of the last fiscal year.

Mr. FOSTER. What is your estimate of population?

Mr. FIELDING. I am going to correct this estimate, but I will give it to my hon. friend as I gave it—5,616,969. I have presented this estimate of population as obtained from the Department of Agriculture based upon mathematical calculation which they have been in the habit of making from year to year upon the ratio of increase as it is disclosed in the population as shown in the last census. It is the method whereby they make this statement from year to year. They have this mathematical rule, and whatever it works out they present to us as the statement of the population, but at the same time I will say that it is not a fair statement. If we take the population of 1901, which was set down at 5,384,745, and the population as set down in this statement in 1905, at 5,616,969, we shall find that this only allows for a total increase of 232,000 in four years. But at the same time our returns from the Department of the Interior show that we have received 472,000 immigrants into the country; so that, if we simply take the population of 1901, as shown by the census of that date, and if we add our 472,000 immigrants, that would give us a population of 5,857,084 on the 30th of June last without allowing anything for the natural increase of population. I am sure that hon. gentlemen on both sides will agree with me when I say that if we had in 1901 5,384,745 people, and if in four years we have brought in immigrants to the number of 472,000, making 5,857,084, and if we make a reasonable allowance for the natural increase of population in Canada, it is but a moderate and modest calculation to say that on the 30th June last we had in this Dominion of Canada not less than 6,000,000 souls. I know that there are some officials of the government who have gone into this matter, too, who will think that I am understating the figures of the population. They will think, and they will be able to show by fair methods of calculation, that the population of Canada on that date was somewhat larger, but I think it would be safe to say, and I hardly think it is a matter of dispute, that on the 30th June last the population of Canada was not less than 6,000,000 people.

Mr. FOSTER. Not including the Indians?

Mr. FIELDING. Yes, my hon. friend the Minister of Agriculture (Mr. Fisher) says that includes Indians. That is

the usual method of computation. If we take a population of 6,000,000 people on that date and take the net debt as it appears in the public accounts we shall find that the net debt per head on that date was not \$47.39 but \$44.37, a lower figure than that at which it has stood in the accounts of Canada at any time during the last twenty years.

Making this correction the following statement shows the amount of the debt at the close of each fiscal year since 1895 together with the extent of it per head of population:—

—	Population.	Net Debt.	Per Capita.	
			\$	cts.
1895.	5,054,255	253,074,927	50	07
1896.	5,107,918	258,457,432	50	61
1897.	5,162,121	261,538,596	50	66
1898.	5,216,899	263,956,398	50	60
1899.	5,272,258	266,273,446	50	50
1900.	5,328,205	265,493,606	49	83
1901.	5,384,745	268,480,003	49	86
1902.	5,441,885	271,829,069	49	95
1903.	5,499,632	261,606,068	47	57
1904.	5,557,991	260,867,718	46	94
1905.	6,000,000	266,224,166	44	37

PUBLIC LOANS.

In the matter of public loans this government has been remarkably fortunate. We have seldom had occasion to go upon the public market. Almost all of my predecessors have been obliged—properly obliged—to go somewhat frequently upon the public market for loans. This government has only issued one public loan during the nine years to which I have referred. In 1897 we issued a comparatively small loan of £2,000,000. We made a new record for Canada at that time. The psychological moment was chosen happily for the issuing of the loan. We were able to place a two and a half per cent loan on the money market at a price which yielded a very satisfactory result, the cost being 2.86 interest. It is but fair to say that there has been no moment since then at which we could have repeated that transaction. No other colony has attempted to issue a two and a half per cent loan and Canada herself would not have been able to have done it. We did seem to be exceedingly lucky in selecting the moment at which that amount was placed upon the market. In more recent years the condition of the money market has been less favourable. Many things, chiefly the great wars, have had to do with it. The

tremendous expansion in industrial life throughout the world has created a demand for capital and the supply of capital has not always been equal to the demand. Of course, money can always be obtained by good borrowers if they are willing to pay enough for it, but in view of the great demand for money for some years past there is a strong disinclination on the part of investors to purchase the higher grade of securities—securities which will only yield two and a half or three per cent. They have so many opportunities of investing their money at higher rates that they are not disposed to buy stocks yielding the lower returns. We have had evidence of that in the unsuccessful efforts made by various public bodies to raise money in the old country. As I have said, you can always raise money if you are willing to pay for it, but the experience of most governments and most large public bodies has been that for some years the conditions have been unfavourable. Perhaps the most notable example—an exceptional one some may say—was the Russian loan placed recently on the market for a sum of \$430,000,000. So unfavourable was the condition of the money market that Russia was obliged to offer terms which practically amounted to within a fraction of six per cent for the money. Of course Russia has suffered a great deal from the Japanese war; her prestige is not what it formerly was, but still Russia is a very great nation and nobody doubts that the securities of Russia will be redeemed in due course. The fact that this great nation has had within the past few weeks to pay six per cent for her money is at any rate an indication of the state of the money market.

We have been fortunate in not having to go on the public market. With our abundant revenues which are exceeding our ordinary expenses, we have been able to provide largely for our capital account as well as for the ordinary expenses; we have not only been able to provide for our capital account but we have been able to provide to a considerable extent for the redemption of maturing loans.

TREASURY BILLS.

We have found it necessary from time to time to issue treasury bills. We believed it was more expedient to issue a short term treasury bill at a possibly higher rate for the moment than to issue permanent stock which would bear the results of the unfavourable conditions of the money market during the whole period of its life; and so we have from time

to time as the need might be issued treasury bills which with the aid of our liberal revenues have enabled us to carry on the public affairs. Hitherto, with the exception of the year 1897, we have not gone upon the general money market.

Mr. FOSTER. Can my hon. friend give us an idea of the treasury bills that have been issued and their cost?

Mr. FIELDING. We have now outstanding an issue of treasury bills of £600,000. These bills were first issued in March, 1905, at a cost of $2\frac{1}{4}$ per cent discount, a particularly favourable rate. They were renewed at a later stage for $3\frac{1}{4}$ per cent; they were again renewed for $3\frac{1}{4}$ per cent and they are now outstanding. These are the only treasury bills which are at this moment outstanding.

Mr. FOSTER. Was the last issue $3\frac{1}{4}$?

Mr. FIELDING. The highest for that issue is $3\frac{1}{4}$. We have had at other times issues which have passed out, and which bore from time to time a higher rate; I think we paid at one time as high as $3\frac{7}{8}$. In addition to this £600,000 of a temporary loan in the form of treasury bills we have an overdraft in the bank in London for £400,000. We had an issue of £800,000 of treasury bills maturing and we thought it was not wise to renew them at the moment. We were able to pay off £400,000 of them and the balance remains for the time being as an overdraft. Whether we shall let it remain in that position or whether we shall issue treasury bills is a point to be considered. We are awaiting a favourable opportunity.

Mr. FOSTER. What is that costing you now?

Mr. FIELDING. The arrangement we have with the bank is that the overdraft shall bear the Bank of England rate at the time being, whatever it may be. The bank rate recently was $3\frac{1}{2}$; it was raised a couple of weeks ago to 4; the last report which I read in the newspapers is that they expect easier money within a week or two and that probably the bank rate will be down again $3\frac{1}{2}$. Whatever the Bank of England rate from time to time may be, that is the rate we pay on our overdraft.

Mr. FOSTER. Where is that held?

Mr. FIELDING. It is held in London by the Bank of Montreal. These are our only temporary loans. At times, of course, our loans have been larger as our needs were, and they have been paid off and other bills issued from time to time just

as might seem to be necessary. We have, as I say, been very fortunate therefore in not being obliged to go upon the public money market, and I am satisfied that in that course we were wise, inasmuch as any issue we might have made of late of a permanent character would undoubtedly have had to bear an unfavourable rate. We are strongly impressed that it was good policy to issue treasury bills for a short time awaiting a favourable market so that we might hope to issue our securities at a better rate than would otherwise be obtained.

EARLY MATURING LOANS.

While in the past we have been fortunate in not requiring to go on the market; while we have been able to meet our needs with the aid of liberal revenues and treasury bills, it is not to be expected that can be continued for an indefinite time. We have now large maturing loans and we have also large obligations, particularly those arising out of the Transcontinental Railway, and as those obligations come upon us it is certainly very desirable we should meet them by the issue of a public loan. When the market is in a more favourable condition for that purpose we shall certainly deem it our duty to issue a public loan in the usual way. I shall give the House a statement of what these early maturing loans are, for they are considerable.

On the 1st November next the 4 per cent loan of 1876 amounting to £2,500,000 matures, and on the 1st May, 1907, the sum of £2,275,082-14-5 falls due. This latter sum represents the portion of the loan of 1874 that fell due 1st May, 1904, that was extended. Year by year from that date until 1910 arrangements will have to be made to meet maturing liabilities.

The total maturities to 1910 inclusive are as follows:—

November 1, 1906..	£2,500,000	0	0
May 1, 1907..	2,275,082	14	5
April 1, 1908..	1,500,000	0	0
November 1, 1908..	4,500,000	0	0
June 1, 1909..	5,000,000	0	0
January 1, 1910..	6,443,136	2	9
January 1, 1910..	4,000,000	0	0
October 1, 1910..	1,500,000	0	0
	£27,718,218	17	2

Since the following loans have matured and have been provided for as follows:—October 1, 1903, Intercolonial Railway 4 per cent guaranteed loan, £1,500,000 redeemed in cash.

October 1, 1903, Intercolonial Railway, 5 per cent unguaranteed loan, £500,000 redeemed in cash. April 1, 1904, Ruperts Land, 4 per cent guaranteed loan, £300,000 redeemed in cash. May 1, 1904, 4 per cent loan of 1874, £4,000,000. Of this £2,500,000 was extended for three years. November 1, 1905, 4 per cent loan of 1875, £1,000,000 redeemed in cash. It will therefore be seen that we have been providing for very considerable sums of our maturing liabilities and have been able to redeem them in cash, except in one instance in which we have carried over a portion of our loan as I have explained.

DEPORTATION OF UNITED STATES COINAGE.

I mentioned to the House a year ago that I had made an arrangement with the view that there should be a deportation of American silver. It was found that the amount of American silver in circulation in Canada was very large; and possibly as a matter of national pride, possibly in view of the fact that there is a profit on the circulation of silver, many hon. gentlemen thought we should take steps to supply the Canadian coin and displace the American. Towards that end the government made with the banks an arrangement which was somewhat slow in going into operation, and up to the present date the amount of silver sent out of the country is \$273,750. That has been practically all replaced by Canadian silver.

IMMIGRATION.

I have before me certain statistics of the immigration to the Dominion which I shall not burden the House with, but I would like to note, and I am sure the House will share with me in the pleasure of noting, a very interesting fact in connection with the immigrants who are now coming to Canada. Not only is immigration for the current year increasing, but it is increasing in a way that will be pleasing to us all as to the source whence these immigrants come. In the ten months of last year the number of immigrants recorded as arriving was 93,309, and in the ten months of the present year the number of immigrants arriving is recorded as 117,585. Therefore as regards the total figures the result is very gratifying indeed. But when we come to analyse the details of this year's immigration we find that while in the ten months of last year the immigration from continental Europe was 23,637, that immigration from continental Europe for the ten months of the present year is almost exactly the same figure or 23,739. The

figures are practically the same as those of last year. There has therefore been no increase apparently in our continental immigration. Turning to the immigration from the United States, we find that whereas last year the number of immigrants in the ten months to April 30, 1905, was 31,969, up to April 30 of the current year it had increased to 43,237. I know that some persons not always in Canada—and the farther away they are from Canada the more likely they are to take this view—entertain a doubt as to what will be the effect of so many people from the United States coming to our country. I believe I speak the mind of all who have been in the Northwest when I say that the people who have come from the United States are among our best settlers to-day. They are people accustomed to our western life, who understand how to manage the farm lands of the country, and as a rule people with a little capital and marked intelligence; and I have such a firm and abiding faith in the all-absorbing power of British soil and British institutions that I have no shadow of doubt whatever that these people will make some of the best Canadians in the country. If we turn to the figures of immigration from the mother country, we find an equally gratifying state of affairs. Last year, in the ten months which I am considering, the immigration from the United Kingdom numbered 43,703; while in the ten months of this year it amounted to 50,609. While, therefore, we are glad to welcome to Canada immigrants from the continent, I am sure we are all the more pleased to have so large a percentage of those from the mother land and the United States, who speak our language and are familiar with our laws.

REVISION OF THE TARIFF.

It was announced by the Prime Minister some time ago that the proposed revision of the tariff would not take place during the present session. I very much regret the circumstance which obliged him to make that announcement; but there seemed to be no help for it. We thought after that determination was reached that the House would have a shorter and quieter session.

Mr. FOSTER. Was it entirely the sprained ankle?

Mr. FIELDING. If the hon. gentleman can suggest any other reason, what would he say it was?

Mr. FOSTER. It is hard to get inside of the hon. gentleman's mind.

Mr. FIELDING. I can tell the hon. gentleman that so far as I am concerned, there is no other reason; but he has a vivid imagination, and perhaps he can find some reason which has not entered into our own minds at all.

PRESENT TARIFF CHANGES.

We have no changes of a material character to make in the tariff in consequence of the announcement of the right hon. the Premier. I have, however, one or two small resolutions to present, not for the purpose of making any change, but merely to confirm existing conditions. The first resolution is to extend for the further period of six months the exemption which is already provided for in our tariff as respects the duty on beet sugar machinery. It was represented to us that some factories were in course of construction at the present time or were projected and will go on during this season, and that if we allowed this extension, the industry would get the benefit of it. We therefore propose to extend that exemption to the 31st of December next. There is a similar exemption in the tariff with respect to machinery used for alluvial gold mining. It was inserted particularly for the encouragement of the gold mining industry in the Yukon Territory. We propose to extend the period of that exemption also to the 31st of December next. We also propose a resolution to confirm in the tariff an arrangement which has recently been come to with respect to the re-rolling of steel rails. It was represented to us some time ago by the Grand Trunk Railway Company that they wished to take up a lot of old rails and send them abroad to be re-rolled, and then bring them back to Canada and lay them on some of their branches, thus much improving the service. They represented that there was no place in Canada where they could get this work done, and they asked us to admit the re-rolled rails free of duty. We were not able to agree to that; but we agreed that if there was no establishment in Canada which could do the work, we would allow the rails to be sent to the United States to be re-rolled, and then brought back to Canada, and in that case we would not levy on them the full duty imposed on new rails, but a duty on the value of the labour put into the operation of re-rolling the rails in the United States. In accordance with

that arrangement a refund of duty was allowed to the Grand Trunk Railway Company with respect to a certain quantity of rails which they are importing under these circumstances. We think it desirable, however, that the matter should not be dealt with in that way, but in the form of a tariff resolution, which will provide that in the case of old rails that have been in use, which it is desired to send out of the country for the purpose of being re-rolled, they may be brought back to Canada on payment of a duty of 25 per cent on the value of the labour employed in this work in the United States, provided, however, that such arrangement shall not continue longer than until the establishment in Canada of any factory or mill equipped for the doing of this work; and when and so soon as it shall appear to the satisfaction of the Governor in Council that such a mill has been built in Canada, then this clause shall cease to operate, and all such rails shall be admitted at the general rate of \$7 a ton. The duty of 25 per cent on the value of the labour entering into the work represents about the duty of \$7 a ton on new rails, because the price of steel rails to-day is about \$28 a ton and the duty is \$7; so that while duty is specific, it is about equivalent to 25 per cent ad valorem. Therefore we propose at present to allow any railway company who wish to engage in a transaction of that kind to bring in the re-rolled rails under these terms and conditions.

TARIFF GENERALLY.

With respect to the tariff generally, hon. gentlemen are aware that two of my colleagues and myself, with sometimes some others—the Minister of Trade and Commerce was able to be with us only occasionally; but the Minister of Customs and the Minister of Inland Revenue, who is now the Minister of Marine and Fisheries, with the assistance of some other ministers in certain parts of the country—have made a very extended tour, and have inquired as far as possible into the desires of the people of all classes in relation to the tariff. In every part of the country the hearings were attended with a great deal of interest. People came from long distances to present their views, and I think they were satisfied with the manner in which they were received. We hope during the recess, if this session does not extend to too great a length, to take up that work, and at the November session, unless there should be delays in the present session to cause a change in that programme, we hope to bring forward a revised tariff—not one

which will make any great changes perhaps, but one which will meet such new conditions as have arisen; and we hope that we shall have the same measure of success that we have had in the past, in devising a tariff which will meet the requirements of all interests in the country, and that we shall have again a period of tariff stability under which the industries of Canada will go on and prosper as they have done in the past nine years.

