

confirmed in their rank by General Order No. 103, dated May 30th, 1905.

3. Captain, W. W. Burland, 3rd Rgt.
 Captain, A. D. Redford, R. O.
 Captain, P. Bisailon, 85th Rgt.
 Captain, J. N. Begin, 61st Rgt.
 Captain, E. W. Bonham, 1st Rgt.
 Captain, J. E. Oulmet, 85th Rgt.
 Captain J. E. B. Normandeau, jr., 83rd Rgt.
 Captain, C. A. Palmer, H. C. Bn.
 Captain, D. J. Sandilands, H. C. Bn.
 Lieutenant, D. J. MacLean, 1st Rgt.
 Lieutenant, *H. B. Mussen, 1st Rgt.
 Lieutenant, *F. McL. Spry, 1st Rgt.
 Lieutenant, *T. S. Tippet, 1st Rgt.
 Lieutenant, *M. McD. Duff, 1st Rgt.
 Lieutenant, *H. R. Lordy, C. of Gdes.
 Lieutenant, J. A. Milot, 83rd Rgt.
 Lieutenant, *P. Durocher, 65th Rgt.
 Lieutenant, J. C. J. LeBoutillier, 65th Rgt.
 Lieutenant, E. Manseau, 61st Rgt.
 Lieutenant, J. E. Lareau, 85th Rgt.
 Lieutenant, A. Beauchemin, 64th Rgt.
 Lieutenant, *V. C. Buchanan, 5th Rgt.
 Lieutenant, *B. A. A. Dugas, 83rd Rgt.
 Lieutenant, *W. Ramsay-Smith, 5th Rgt.
 Lieutenant, *H. Barre, 65th Rgt.
 Lieutenant, *R. H. Jamieson, 5th Rgt.
 Lieutenant, *W. H. Clark-Kennedy, 5th Rgt.
 Lieutenant, *G. Menard, 83rd Rgt.
 Lieutenant, *S. G. Garraway, 1st Rgt.
 Lieutenant, *J. H. Dupuis, 65th Rgt.
 Lieutenant, *H. Merrill, 65th Rgt.
 Sergt.-Major, V. Tardiff, 65th Rgt.
 Col.-Sergt., A. L. Larose, 65th Rgt.
 Col.-Sergt., W. Langlois, 65th Rgt.
 Sergt., E. Brown, 85th Rgt.
 Sergt., M. McGaldrick, 1st Rgt.
 Sergt., E. Charbonneau, 65th Rgt.
 *In G.O. No. 103.

4. Answer already given.
 5. Answer already given.

CONTRACT WITH NORTH ATLANTIC TRADING COMPANY.

Mr. F. D. MONK. Before the Orders of the Day are called, I would like to ask my right hon. friend if he can give an answer to the question I put a week ago with regard to the protest received from foreign governments concerning the ten year contract for the transportation of immigrants from the continent of Europe to Canada. Has any protest been received? Have any representations been made to the government by the imperial government itself concerning that contract? When I put the question my right hon. friend said he would give an answer in a day or two.

Sir WILFRID LAURIER. So far as I know at present I am not aware that any representation has been made by the imperial authorities, but I am not sure whether any has been made by another government, whose name I have not in my mind at this moment.

Sir F. W. BORDEN.

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 supplies to be granted to His Majesty.

He said: Mr. Speaker, for the ninth time it is my privilege to present to the House the annual statement of the financial affairs of the Dominion, which is commonly called the budget speech. I much regret that the budget this year has been delayed to a somewhat late period, but the reasons which have occasioned this delay are within the knowledge of the House. In the early part of the session I was unavoidably absent in Europe, and on my return the House had taken up the consideration of two very important Bills designed for the purpose of creating two new provinces. It seemed desirable that these Bills should become law before the 1st July this year, and with a view to accomplish that purpose we deemed it necessary to put aside other matters and proceed with them as matters of the greater urgency.

For that reason the budget is delayed to an unusual date. I am glad to know, however, that this has not led to any considerable public inconvenience. It had been well understood that there would be no extensive tariff changes during the present session. It was well known that the government had announced their intention, before making any extensive revision of the tariff, to make an inquiry by a commission of ministers, and that commission not yet having had an opportunity to sit, it was well understood that during the present session we would not undertake any extensive tariff revision. That being the case, as I said a moment ago, I do not think any considerable public inconvenience has been caused by the delay of the budget. In view of the fact that no extensive changes are contemplated, and in view of the late period of the session at which we find ourselves, and I think I may correctly say, in view of the very general desire that public business shall now be rapidly expedited, I shall endeavour not to detain the House for as long a time as may have been necessary on the occasion of some previous budget speeches.

The public accounts for the year ending 30th June, 1904, have been in the possession of the House for a considerable time, and it will not be necessary to dwell very much on their contents. A brief reference is all that I shall deem it necessary to make. The outcome of affairs for the year in most respects does not differ widely from our anticipations; in some respects the figures differ, but not to an extent to cause any general remark. I estimated that the revenue for the fiscal year 1903-4, terminating on the 30th of June, 1904, would reach \$71,000,000; the actual revenue was \$70,669,816.82, a difference of \$330,183.18 less than the estimate.

Coming to the expenditure, the difference is more material. It is always more difficult to estimate the expenditure than the revenue, for this reason, that there are outstanding contracts running to the end of the year and sometimes overlapping into the next year, and it is not easy to determine how much money will be expended on any one of these works up to a given date. If the season proves particularly favourable for work, or if contractors are particularly energetic, they may do more work than is anticipated at an earlier stage of the year; and at the close of the year we may find it necessary to provide for a larger expenditure than we had anticipated at an earlier stage. At all events, at the close of the financial year to which I refer, we found that whereas the estimated expenditure was \$54,500,000, the actual expenditure was \$55,612,832.70, being an increase over the estimate of \$1,112,832.70. These figures have reference to expenditures chargeable to income and represent the ordinary expenditure of the year.

I shall not dwell upon the receipts of the year except to say that on the principal sources of revenue there was a gratifying increase. Customs, excise and post office all showed a considerable increase; and the only item in which there was a material decrease was in regard to Dominion lands, a decrease which was due to the reduced revenue received from the Yukon. This increased expenditure affected to some extent our estimate of the surplus which fell a little short of what I had anticipated. My estimated surplus for the year was \$16,500,000, the actual surplus was \$15,056,984.12, making a surplus less by a considerable sum than I had anticipated, but still the most magnificent surplus of \$15,000,000 and upwards, far and away the largest surplus ever recorded in the history of Canada.

The capital expenditure of the year 1904, came more closely to the estimate, and fell a little under it. In the budget of 1904, it was estimated that capital and special charges would reach some \$11,500,000; the actual expenditure chargeable to these items was \$11,244,711.80. The operations of the year in their relation to the public debt were on the whole very satisfactory. In the last budget I presented a review of the revenue and expenditure for a period of eight years. Dealing for a moment with our own expenditures, and leaving out of consideration certain entries which arose from the settlement of old long standing accounts between the Dominion and the provinces, confining my observations entirely to our own expenditures, I made the estimate that at the close of eight years it would probably be found that we had carried on the affairs of the government for that period without adding anything to the public debt, and I thought we might even hope for a little reduction of the public debt. That anticipation was not fulfilled to the

letter, but it was fulfilled to a very large extent. The increased expenditure to which I refer affected the calculation a little but the result is that looking at those eight years expenditures, leaving out of consideration the special entries in relation to the settlement of old provincial accounts which had to be dealt with, but which were no part of our expenditure and dealing with the matter in that light, we find there was an increase in the net public debt of Canada to the extent of \$278,232.94, or an average increase per annum for the eight years of \$34,779.11. While I make that statement, separating our own expenditure from the items connected with the readjustment of the old provincial accounts, if we include, as we must according to the figures published in our public accounts, the items readjusting the old disputed accounts between the Dominion and Ontario and Quebec, the net result will be that in eight years there is shown an increase of debt to the amount of \$2,370,285.83. Practically nearly all of that, as I say, is accounted for by the readjustment of old accounts with the provinces of Ontario and Quebec.

Now with regard to the surplus, I intimated in the review of eight years operation that our surpluses would probably amount to \$57,880,091.92. When the accounts were closed the actual total surpluses on the eight years operations was found to be \$56,437,076.04. The average surplus as estimated by me in the review to which I referred, was \$7,235,011.49; the actual average surplus on the closing of the accounts was \$7,054,634.50, a very gratifying statement.

Now sometimes questions are raised in this House, and more frequently outside, as to the manner in which our surplus is calculated. I have discussed this matter in the House before, and perhaps it is hardly necessary to refer to it again. Yet I remember that we are in the first session of a new parliament, and that there are many hon. gentlemen here who were not with us in former years, and perhaps it would not be unprofitable if I devoted a few minutes to a consideration of that question. It is sometimes argued by unfriendly critics that Canada should not claim any surplus in her accounts unless she has a revenue which enables her to provide for all expenditures of all classes, without any exception, and that there should be no distinction between capital account and income account. That is a criticism not unfrequently offered in the public press, and I wish to say that in my judgment that criticism is unsound, and I say further, that it is directly at variance with the views that have been entertained by every Minister of Finance of Canada who has ever occupied that position, without any exception.

The distinction between ordinary income and capital account has always been observed in our public accounts. And for

good reasons. In a country like Canada, with great works to provide for, it would not be reasonable to suppose that every year we could provide out of our ordinary revenue enough money to meet all the demands upon the federal treasury. In the life of the nation, as in the life of the individual, there are times when it is necessary to provide for something which cannot be provided for within the ordinary current expenditure. The man who rents a house pays his rental from year to year. He knows that he must provide for it in that way. But, if he buys the house he does not have to provide in the same way; it is a special disbursement; and he opens a capital account. That homely illustration of what a man will do in his private affairs explains exactly what the nation has to do in its greater affairs. There are great public works—the construction of canals, the subsidizing of railways, the erection of public buildings in the federal capital (for we do not charge outside buildings to capital account), and all these classes of large expenditures of special character, most of them for works of a permanent nature, are and have always been, charged to capital account. And I persist in the opinion I have often previously expressed—and I am supported by the opinion of every Minister of Finance of Canada who has held the office—that it is right and proper to make a distinction between ordinary and capital expenditure, or special expenditures which should be charged to an account other than that of ordinary expenditure. So, on the general principle of the distinction between income and capital expenditure, there is no difference between hon. gentlemen opposite and myself. My predecessors adopted the same principle that I adopt in this matter. The only possible difference between us will be as to the working out of the details of the account. There is one item only in the capital and special account which did not appear there in the days of our predecessors; and that is the item with respect to the bounties on iron and steel, and so on. In the days of our predecessors, and for a number of years in our own, these bounties were paid in the way of drawbacks from the customs revenue. That is to say, the customs revenue was never shown in the public accounts at its actual amount, but was subject to a deduction to the extent of the bounties that had to be paid. At that stage the bounties were not very large, and this method of treating the accounts was, perhaps not a matter of very great concern; although, as a matter of principle, in my opinion it was not the correct method. However, as I have said, it was established by our predecessors and continued for one or two years by ourselves. But when the amounts increased, as they did very largely, we thought there should be a change in

the method of dealing with them; and we decided that they should be charged to a special account, which is practically capital account, along with railway subsidies and expenditures of that nature. We regarded these bounties as temporary outlay intended to run for only a few years; and therefore they might be considered as special expenditures. However that may be, there is that difference between the accounts of our predecessors and our own—they charged these bounties practically to income, inasmuch as they deducted them from the customs revenue; we have charged them to capital or special account. And it is a fair question, as it has been in the past, whether that is or is not the proper method. What I wish to point out is that we need not dwell very much on that, because the difference between charging these bounties to income and charging them to capital would not affect to any considerable extent the question of the surpluses. If the surpluses had been small it might be possible by an analysis of the accounts, by transferring these items from capital to income, to show that there was no surplus at all. Happily, however, nothing of that kind has occurred. The surpluses have been large and generous. And if we transfer these disputed items—if I may call them disputed—from capital to income account, they do not make much difference in the general result. The net total surplus for eight years is \$56,437,076.04. If we throw out the bounties and charge them to income, we find that the net surplus for eight years has been \$53,107,692.77. The average yearly surplus as shown in our statements is \$7,054,634.50. If we leave out the bounties, the average yearly surplus has been \$6,638,461.59. So, though these bounties amount to a large sum in themselves, yet, whether you charge them to income or charge them to capital does not make much difference, comparatively speaking, so far as the surplus is concerned.

The question of the interest on our public debt is always of importance. In a country like Canada, it would be reasonable to suppose that there would be a considerable increase from time to time in the burdens the people would have to bear in the way of interest on the public debt. We are able to present a very gratifying statement on that point. The net amount of interest on the public debt is actually less than it was in 1897. By the net amount of interest I mean this: We first take the actual interest paid on the gross debt; then allow for the interest we receive from sinking funds and other investments, and the balance represents the net amount paid on the public debt, the actual burden upon the people for that service. The following figures will show the reduction in the net amount paid for interest on the public debt:

Reduction in net amount of interest on public debt—

1896-97.

Amount paid in interest on public
 debt \$99,999,018 1,199,999
 Received as interest on sinking
 funds and other investments.. 1,443,003 84

Net amount of interest, the real
 burden upon the people.. . . . 9,202,659 43

1903-04.

Amount paid in interest upon
 public debt.. . . . 11,128,636 72
 Received by way of interest on
 sinking funds and other invest-
 ments.. . . . 2,236,255 93

Net amount of interest on public
 debt, the real burden on the
 people.. . . . 8,892,380 79

So, the net amount of interest on the
 public debt to-day is \$8,892,380.79 as against
 \$9,202,659.43 in 1897.

Mr. FOSTER. What was the net pay-
 ment in 1903?

Mr. FIELDING. In 1903 it was \$9,047,186.13. I come now to the year ending June 30, 1905. As a rule the budget speech deals with the current year. But we have to recognize the fact that, owing to the lateness of the budget statement this year, we are dealing with a year that has been completed, the fiscal year ending June 30 last—that is last week. Under the system followed in the mother country, it is possible, within a few days after the end of the fiscal year, to make up the statements of the year's business. It is not the practice there to delay for the settlement of any accounts. The accounts are closed as they stand at 31st March, and any outstanding accounts are taken into the transactions of the next year. That may be a convenient and useful way to deal with the accounts in a country like Great Britain, where they have a dense population, where the distances are short, the means of transportation very good and the operations of the national exchequer throughout the country are quickly brought under review. But it has not been found suitable to Canada with our vast territory and with great operations going on from ocean to ocean involving the collection of money at distant points. With territory so far from the capital as British Columbia and the Yukon, it would be found most inconvenient for us to close the accounts on June 30. We have, therefore, in the wisdom of parliament, and under all governments, deemed it well to allow time for closing up the accounts. Therefore, though our fiscal year ended a few days ago, it may be a couple of months before we can have a correct idea of the operations of the year. Nevertheless, as we have now just closed the year, we are in a better position to form an estimate as to its operations than

we would usually be. I find that the receipts of the Dominion up to the 30th of June as shown in the last ten days' statement—that means the receipts that have been brought to the notice of the Finance Department and have entered into the Dominion books; it does not mean the receipts everywhere, because there are receipts in distant parts of the Dominion which are not yet reported—the receipts which have passed through the books of the Finance Department up to the 30th of June—as shown by last ten days' statement—are as follows:

From customs.. . . . \$40,954,871 94
 From excise.. . . . 12,461,113 42
 From other sources.. . . . 16,058,772 18

Total.. . . . 69,474,757 54

I propose to add to this \$69,474,757.54, as the probable sum to be received into the Dominion treasury from the different operations of the Dominion where the money has been collected, an estimated sum of \$1,775,242.46 which will appear in the final adjustment of the accounts for the year. Therefore, I estimate the revenue for the year which has just closed at \$71,250,000 in round numbers. This, if realized,—and I hope it will be and possibly a little more—this will be an increase of something like \$600,000 over the revenue of the previous year; not a very large increase, but we are hardly in a position to expect that our revenue will increase in the future as rapidly as in the past, though I feel sure that there will be a steady wholesome growth.

Coming now to the question of the expenditure for the year which closed on the 30th of June last; the expenditure accounted for in the Finance Department to the 30th of June (as shown in the last ten days' statement) was \$50,279,597.13. I propose to add to that, as the probable additional outlay which will have to be made to complete the operations of the year, the sum of \$11,970,402.86, making the estimated total expenditure for that year, \$62,250,000 chargeable to consolidated fund account.

The actual expenditure for the year 1903-4 was, \$55,612,832.

It is apparent therefore that while we are estimating on a moderate increase of revenue—which I have placed at about \$600,000 though I am hopeful it will be better—we have to provide for a largely increased expenditure.

Mr. FOSTER. What were the figures of the expenditure last year?

Mr. FIELDING. The actual figures for 1903-4 were \$55,612,832, and the estimated expenditure for the year just closed I put at \$62,250,000, making the increased expenditure for the year chargeable to consolidated fund, \$6,637,167.

Now, under some circumstances that would be a statement which would give grave cause for anxiety and even alarm. To have a small increase of revenue and a large

increase of the expenditure is of course a reason for great watchfulness and care, but in this case, while we should be watchful and guard against any extravagance, and while an increasing expenditure with a moderately increasing revenue is a just cause for exercising more than ordinary watchfulness, yet, I am glad to say there is no cause for alarm because we shall be able to provide for that largely increased expenditure during the current year and yet have a very handsome surplus to our credit.

Some hon. MEMBERS. Hear, hear.

Mr. FIELDING. Estimating the consolidated fund revenue at \$71,250,000 and placing against it the consolidated fund expenditure of \$62,250,000, we find that notwithstanding our liberal expenditure of the past year we shall close the year with a handsome surplus of \$9,000,000; a surplus large in itself, small by comparison with our surpluses of \$14,000,000 and \$15,000,000 of recent years, but nevertheless larger than any surplus ever recorded in the history of Canada prior to the days of the present government.

The expenditure on capital account for the year 1904-5 as shown in our accounts to the 30th of June was: \$11,007,925.51. I add to that a probable further sum of \$1,492,074.49 making a total estimated capital and special expenditure of \$12,500,000.

Now we may consider the effect of the operation of this large capital expenditure, together with the consolidated fund expenditure I have mentioned, upon the question of the net debt. For this purpose we have of course to take into consideration all expenditures. The estimated expenditure on consolidated fund account then is \$62,250,000; the estimated expenditure on the capital and special account is \$12,500,000; making the total estimated expenditure of all classes for the year \$74,750,000.

Against this we place the estimated revenue of \$71,250,000, and the sinking funds \$2,250,000, which are expenditures on one side of the account, but which immediately pass into our assets and therefore do not increase our public debt. Taking into account then our total expenditure estimated for the year at \$74,750,000 and placing against it our revenue of \$71,250,000 and the sinking fund of \$2,250,000, we reach the conclusion that there will be in closing up the year's accounts an addition to the net debt of Canada of \$1,250,000.

Mr. HENDERSON. Cheer now?

Mr. FIELDING. Well, it would be a happy thing in the days of the friends of my hon. friend (Mr. Henderson), if they could have closed year after year with an addition of only one and a quarter million dollars to the net debt of Canada.

Some hon. MEMBERS. Cheer now.

Mr. FIELDING

Mr. FIELDING. If they could always have come out with no greater addition than \$1,250,000 to the public debt in a year, it would have been deemed a most gratifying statement by the Conservative party.

Mr. FOSTER. That all depends.

Mr. FIELDING. Yes. I am not trying to import a party element into this discussion. There were some years that my hon. friends opposite did have a surplus to their credit and the public accounts show it, and nothing is further from my purpose than to indicate to the contrary.

Mr. COCHRANE. You like to enjoy a little cheap applause when you can get it.

Mr. FIELDING. My hon. friend is not bound to join in the applause. There is nothing in the revised statutes of Canada which obliges him to join in it.

I think, Sir, when we have regard to the vast works that have been carried on, when we have regard to the very liberal expenditure in which Canada has been indulging, when we have regard to what my hon. friends opposite sometimes wish to call the lavish expenditure of the government, it will be a very gratifying statement of our affairs if at the close of the year which ended a few days ago it turns out that we have no addition to the public debt beyond \$1,250,000. I present that as a somewhat conservative statement; I am not without a hope that the result may be better, that we may even be able to come out square; but if there be an addition to the net debt of Canada on the operations of last year my judgment is that it will not exceed \$1,250,000.

Mr. SPROULE. You have not yet given us the net debt.

Mr. FIELDING. I have given my hon. friend the amount of the probable reduction of the net debt. The figures are given in the public accounts. The gross debt of Canada is about \$364,000,000 and the net debt about \$260,000,000. The exact figures will be found in the public accounts; I am giving the reduction or the addition as the case may be.

A budget speech usually deals with two years: it deals with the year that has passed, the accounts for which have been before the public, and then it deals with the year current which is usually well advanced at the time the budget speech is delivered. This year we are in the exceptional position that the second year has closed and we are just entering this week upon a new year, the fiscal year which will end on June 30 next, of which only a few days have passed. It is not usual for the Minister of Finance to go very minutely into the affairs of that future year, chiefly because at the ordinary time for the making of the budget speech that year is quite remote. Just now, however, we are nearer to its affairs

than usual and to that extent we are in a better position to form an impression as to the outcome. We have had eight years of certainly very prosperous finance in Canada. The eight years' statement of expenditure which I have given must be gratifying to the hon. members on both sides of the House. Our operations of the past year are also in their general result very satisfactory. But we realize that we are now reaching a period when our revenue is increasing in only a moderate degree and when, nevertheless, we have to consider the question of a considerable increase in expenditure. It is necessary to guard against too lavish expenditure; surely a Minister of Finance must always appreciate that, but it would be equally possible to err on the other side. There is a saying which I have quoted once in this House, that wise expenditure is true economy. A single dollar squandered or spent corruptly is open to the greatest censure, but hundreds of thousands and even millions of dollars spent in useful public work, will be defended by every good citizen. Therefore while on one side we should guard against extravagant expenditure, I think in this period of the growth of Canada, in the midst of this period of great development, it would be a serious mistake to deny the public service the grants which are needed in order that the progress of the country may not be interrupted. The function, therefore, of a Minister of Finance is to find a happy medium, to guard on one side against wastefulness and extravagance and on the other side to see that the applications made by his colleagues and by the people of all sections of the country for increased expenditure shall not be refused if the proposed expenditures are reasonable and likely to assist in the general development of the country. Therefore we do not shrink, Sir, from bringing forward liberal expenditures for the coming year. We think that the liberal expenditures of the past have been one of the factors—how large a factor may be a matter of debate—but surely on both sides we can agree that the liberal expenditures of the past few years have been one of the factors which have made for this great development of which every Canadian citizen is so proud, and if that be the case we should be prepared to continue a liberal expenditure for useful purposes, guarding against extravagance and wastefulness. The demands upon the treasury of the country are great and varied. We have a vast territory with varying needs according to the varying physical conditions. In one part of the country it is the construction of a great railway which seems to be demanded to meet the requirements of the people; in another case it is the construction of a new canal or the enlargement of an old one; in another case it is the construction of a great armoury to afford the facilities required by our militia and to encourage the men who are giving their time and devoting

their energy to the study of the work of defending our country; in another it is the construction of public buildings to give an increase of necessary accommodation to the public officials and to stimulate the local feeling of the people and encourage them to go ahead with the improvement of their community; in another case it is the construction of a breakwater to protect the fishermen; in another case it is the construction of a wharf or a pier to bring the people of the community in which this work is placed within the reach of the various means of communication. In a country stretching from ocean to ocean, with widely differing needs, it is the function of the government to take into consideration all these wants and to endeavour to provide for them in a generous spirit. We have adopted that view and in the estimates that we have submitted to parliament we provide for a very liberal expenditure in the coming year. The question is: Can we afford that expenditure? We feel satisfied, Sir, that we can afford it, and that it is in the best interests of the country that to the extent of our appropriations we should meet the demands which come upon us from all parts of the Dominion. We have brought down for the next year main estimates amounting to \$58,495,187.70 on consolidated account. We have also brought down supplementary estimates on the same account amounting to \$8,394,710.60, making a total of \$66,889,898.30. But it is to be remembered that in the next session there will probably be a number of supplementary estimates to wind up the affairs of the year just as during this session a supplementary estimate was submitted to wind up the affairs of the past year. The final supplementary estimate for the past year amounted to something under \$5,000,000. I am therefore placing \$5,000,000 in my statement as the sum which we will probably have to ask for in the next session of parliament to close up the affairs of the year.

Mr. FOSTER. What was the amount of the supplementary estimate?

Mr. FIELDING. \$4,839,556. That includes the estimates brought down some days ago and which have now been passed for the year ending June 30, 1905. Thus in allowing \$5,000,000 for the next year we are providing a sum larger than that for which we asked the House in the final supplementary estimate in the last year.

Thus taking our main estimates as submitted and our supplementary estimates as submitted and allowing that next session we will have to add \$5,000,000 more by way of estimate for the year we shall reach a probable total appropriation for the year of \$71,889,898.30.

If we could look forward to the expenditure of that whole sum we anticipate that the revenue of the year would be equal to it and would enable us to pay the whole

bill and have a modest surplus. But of course experience has shown that you cannot spend the whole sum appropriated, for various reasons. It is found impossible to spend within the year all the money that parliament appropriates. Take for example the Department of Public Works; it is necessary that appropriations be made in order that you may authorize the proper officials to begin to make plans for public works, to take all the preliminary steps and to get ready, but with a vast territory to cover and a great deal of work to be done it frequently happens that the officials cannot overtake the work, and at the end of the year there is a very considerable sum of money which has been appropriated for works which will ultimately have to be built, to be expended within the fiscal year.

Experience shows, as my hon. friends opposite are aware, that necessarily very considerable sums lapse. I said a moment ago that even if there were no lapses we would still, I feel confident, have the revenue to provide for every dollar of our expenditures on consolidated fund account; but if we take into account the customary lapses, which will reduce the expenditure to a very considerable degree, I feel confident that at the close of this year, upon which we have just entered, we shall be able to provide for all our expenditures chargeable to consolidated fund and to have a very respectable surplus. I would prefer not to go into figures so far ahead, but I feel confident we shall have a very respectable surplus, and if it should prove to be, as it is quite possible with the development of trade, a large surplus, then to that extent, whatever the surplus may be, it would go against our capital expenditure and diminish the amount which would otherwise be added to the debt of the country.

Mr. FOSTER. Has the hon. gentleman made any calculation as to what the revenue will be?

Mr. FIELDING. Yes.

Mr. FOSTER. In its different parts?

Mr. FIELDING. No; I have not in detail. My general estimate is that there will be a moderate increase of revenue as compared with the revenue of the past year. I do not place it at a large amount. I think that as we have during the year which has just closed only had an increase of some \$600,000—perhaps it may reach \$700,000 or \$800,000—over the revenue of the previous year, I would not be justified in expecting a large increase in the coming year, but I anticipate the revenue of the coming year will be equal to the revenue of the past year, and that, roughly speaking, we will probably have a million more.

Now, in regard to our capital account, because I have been dealing so far with the question of the consolidated fund account,

only our main estimates provide for \$10,169,210, and our supplementary estimates for \$3,020,262.85. I add, as a probable supplementary estimate at the next session for the same year, \$1,500,000, making an estimated total appropriation—not necessarily a total expenditure—on capital account for this year of \$16,689,472.85. This is an unusually large appropriation on capital account, but the House must remember that we have now reached the point where we are beginning to provide for the construction of the Transcontinental Railway, and from this time forward we must expect to see in our annual appropriations very considerable sums chargeable to capital account which must be appropriated for the construction of that road. For example, in the estimated votes amounting to \$16,500,000 and a little more, which I place as the probable total of the votes on capital account for this current year, we have asked for \$3,632,212.85 on account of the Transcontinental Railway, and we must expect that from this on—

Mr. FOSTER. A part of which is a back debt already due.

Mr. FIELDING. Not for the Transcontinental Railway.

Mr. FOSTER. Part of it.

Mr. FIELDING. What is that?

Mr. FOSTER. For plans and surveys taken over from the Grand Trunk Pacific.

Mr. FIELDING. Whether that enters into one year or another is of no consequence. It all goes into the general account. The plans and surveys have been taken over by the commissioners from the company, and we have to take an appropriation to pay for them. Whether we put that in the appropriation for one year or another year is of no consequence. This is a charge which has not hitherto figured in our public accounts to any extent, but we must anticipate that from this time forward, from year to year, we will be called upon to provide large sums for this service, and I am inclined to think that the larger the sums we ask for, provided they are expended, the better the House and the country will be pleased, because the general desire on the part of hon. members on this side and, I would hope, of hon. members on the other side, although they did not quite agree with us as to the scheme, now that the scheme has been adopted, is that we should prosecute the work with all possible speed, complete the new road and see what good it is going to bring to our country. Therefore, I do not regard it as a matter of regret that we are obliged to ask for this large sum in our capital account for the current year, nor do I regard it as regrettable either that we shall be obliged every year, for the next five or six years, to include in our capital appropriation a very large sum

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on account of that railway. While the appropriation of these sums will necessitate the raising of considerable money for construction, they will not affect our general interest account as it appears in the public accounts for some years to come. In the General Railway Act of Canada the principle is recognized that interest during construction is a part of capital account. Every railway is constructed on that basis. That principle has been carried into the legislation respecting our Transcontinental Railway. The interest during construction is payable out of capital, and at the close of the construction period, it is all added to the capital sum, and thereupon the Grand Trunk Pacific pays us a rental based upon the total sum, including the interest. Therefore, during the period of construction, while the Dominion will have to pay the interest, of course, on all the sums it borrows, that interest will be charged, as respects the railway, in the capital account, and our ordinary interest account will not commence to bear any burden until after the construction period has been finished.

There is a very interesting feature in our financial affairs to which a passing reference may be made, because it is very suggestive. I allude to the remarkable increase which is shown in the public documents in respect to the issue of money orders in Canada payable abroad. Between 1884 and 1899 such orders amounted to between \$2,000,000 and \$3,000,000 yearly. For the year ended 30th June last they amounted to almost \$8,000,000. The countries for which the principal increases have taken place are the United States, the United Kingdom, Italy, Newfoundland and Japan. In the case of France, Germany, Norway and some of the other European countries, there are small increases. The most noticeable increase, however, is in the case of Italy, on which orders were issued in 1904 for \$546,283, whereas in 1900 the amount of such orders did not reach \$60,000. While part of the increase is due to increased business generally, a very large proportion of it is to be traced to the increased immigration, and that the people who are coming to the country are finding profit in their labours may be inferred from the remittances which are being sent to the lands of their origin. Money orders issued in Canada payable in other countries:

1899	\$2,466,772
1900	3,060,548
1901	3,631,969
1902	5,126,367
1903	6,107,124
1904	7,946,337

These figures would by no means indicate all the money orders which our new settlers, temporary or permanent, have sent abroad, because, of course, our banks do a large business and our express companies do a very considerable business in this respect, but the figures showing such a remark-

able growth in the issue of money orders are very suggestive as showing that the people who have come to Canada, whether permanent or temporary, are people who have found Canada a prosperous country, and who have earned enough to be able to send money abroad to the countries of their origin.

Mr. FOSTER. Has the hon. gentleman made any estimate as to what proportion of these money orders are what you might call settlers' orders or temporary labourers' orders?

Mr. FIELDING. It would be difficult to discriminate. In the case of the Italians, I think a very considerable sum would be temporary labourers' orders, because the Italians, as a rule, are not as prone to settlement as the peoples from other portions of Europe. It seems however, impossible to discriminate, except by taking the countries to which the money goes as an indication of the class of money orders. A considerable sum was probably sent by Italians, who are, as a rule, only temporary settlers; but even so, that indicates that they have found profitable employment in Canada and are able to send abroad a good report of it.

It is customary in the budget speech to introduce statistical information showing the progress of the country; but I shall refrain from doing that at present because it is not absolutely necessary, and because I desire to shorten the debate as much as possible. It will be sufficient if I say, with reference to the statistics of trade and commerce, the development of our banking institutions, the discounts in our banks, the transportation statistics of railways and steamboats, that all these classes of information go to show that Canada is continuing to enjoy a very large measure of prosperity.

With regard to the question of public loans, I am glad to say that we have only one temporary loan outstanding, namely, the loan of £600,000 sterling in treasury bills, which we placed a short time ago in London at the very satisfactory rate of two and a quarter per cent interest.

Mr. FOSTER. Does that include the cost?

Mr. FIELDING. No, but there is very little cost in temporary loans. That represents the rate to the bank. There may be some trifling charge in addition to that.

Mr. FOSTER. How long has that to run?

Mr. FIELDING. It is a six months loan to mature in September. We have the 4 per cent loan of 1875, £1,000,000 sterling, which will mature in London in November next. That is our only loan maturing this year. Next year there will be one of £2,500,000 and so on—large loans

maturing down to the year 1913. In almost every year down to that date we shall have some loans falling due. After that there will be quite a long period during which there will be no loans maturing; but for some years to come, we shall have almost every year to provide for these maturities. With regard to the loan of £1,000,000 sterling at 4 per cent interest which will mature on the 1st November next, our present opinion is that it will not be necessary to go on the London market for a general issue of securities. The conditions are more favourable than they were, but the war in the East has unsettled the market for a long time; and it may be found advantageous to Canada to carry on our £600,000 sterling loan and the £1,000,000 loan about to mature by means of treasury bills for short periods until peace is proclaimed and the market is in a more satisfactory condition. Then, if necessary, Canada may go on the general market. In the meantime, we think it will be advantageous to use our powers in the way of floating temporary loans, but that question will be determined in the light of events that may happen.

Attention has been called for some time in this House and in the public press to the subject of the large amount of foreign currency, notably United States silver, which is in use in Canada, and the very general desire has been expressed that some step should be taken to minimize what many regard as an evil or what, at all events is objectionable. If there were reciprocity in that matter, I suppose there would be less complaint. If our brethren across the line would accept our Canadian silver as we do theirs, there would be no interest in either party trying to export the silver currency of the other, but we find that across the border Canadian silver is not generally accepted. There may be some exceptional community where it is taken, but as a rule, it is not taken in the United States unless in the immediate border towns, while United States silver is very generally taken in Canada. We have therefore come to the conclusion that it would be well to take steps to send it back to the United States. There was a movement of that character some thirty-five years ago, as hon. gentlemen may recollect, but perhaps no one wants to plead guilty of remembering so far back.

Mr. FOSTER. I do not.

Mr. FIELDING. But in the days of my distinguished predecessor, Sir Francis Hincks, the circulation of United States silver in Canada was regarded as very objectionable; and after long consideration, he determined to take steps to export it. And he did succeed in exporting a very large sum. From that time on, the circulation of United States silver, while pretty general, has not been anything like as large as in those days.

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Nevertheless, in view of all that has occurred, we think it desirable to take means for the shipment of it back to the United States. We do not desire that any one should refuse to take it, because that would interfere with trade; but we propose to provide that when that silver reaches the banks, it shall not be re-issued, and we propose to make an arrangement with the banks under which they shall ship it back to the United States.

Mr. FOSTER. Have you the power to deport it?

Mr. FIELDING. I believe that when we get to the line, there might be a question as to our power. If a man on the one side of the line wanted to send the silver across to the other, a very delicate international question might arise; but I intend taking the risk, notwithstanding the judgment of the distinguished judge in the province of Ontario.

Mr. URIAH WILSON. Will the banks take United States silver at par from their customers under such an arrangement?

Mr. FIELDING. Yes, we do not think it wise to attempt to charge any discount on it, because that might interfere with trade, especially along the border towns. Our method will be to arrange with the banks that they shall take the silver at its face value and then send it abroad. We shall pay them a special commission for that service, three-eighths of one per cent, besides which we will pay the express charges.

Mr. FOSTER. What for?

Mr. FIELDING. For the banks' own services, and besides the commission we will pay them the money they would be out of pocket by the expressage. Of course this country will receive a very material profit—though I do not think I would recommend the transaction on that ground—in substituting Canadian for United States silver. While in the coinage of gold there is no profit whatever, because a gold coin has only its intrinsic value and the stamp adds nothing to that value, in the case of silver coinage it is otherwise. In the case of silver, the value of the coin is very much in excess of the intrinsic value of the same quantity of that metal. Therefore every additional dollar of silver which is put in circulation by Canada is a source of profit to our country. I mention that incidentally though I do not think we should enter into an operation of that kind entirely for the profit. Nevertheless the costs we shall incur in the exportation of the silver will be met ten times over by the profit which Canada will make in the increased quantity of United States silver which will be replaced by our Canadian coinage. But when United States silver is used in the purchase of good Canadian products and thus helps

to make a profit for Canadian citizens, we do not prohibit its circulation.

Mr. FOSTER. If it does not, you do.

Mr. FIELDING. We propose to make the arrangement for one year, and my impression is that at the end of the year the quantity of United States silver in Canada will be so small that there will be no great profit in continuing the arrangement. But if experience shows that as we export the silver, it will come back very quickly, we shall only have to provide for continuing the arrangement.

Mr. FOSTER. Has the hon. minister made any estimate of what amount of the United States currency is here?

Mr. FIELDING. It is very difficult to estimate. The financial experts have very widely different opinions on that point. I find that in the days of Sir Francis Hincks, the amount in circulation ran from \$4,000,000 to \$5,000,000. But we are satisfied that there is no such sum in circulation in Canada at present. The highest estimate of United States silver in circulation in Canada given by a financial authority for whose judgment we have respect is \$900,000. I ought to say that other financiers of excellent judgment think that this figure is too high. An estimate given us by one gentleman, whose name I do not care to mention, but whose opinion would command respect in this House, is that the amount is not more than \$500,000. It will easily be seen that when two eminent bankers with the same source of information reach these widely different conclusions it is exceedingly difficult to make an estimate.

Mr. FOSTER. Was \$900,000 the highest estimate received?

Mr. FIELDING. It was the highest estimate made by any of the few whom we have consulted. Other bankers may place the figures even higher. But the highest estimate given by any whom we consulted was \$900,000. The opinion which we are rather disposed to accept is that during the year the amount will not exceed \$500,000. Of course, there is room for very wide difference of opinion. At all events, whatever the amount may be, every person in Canada who has United States silver and does not wish to use it has only to go to the nearest bank and get Canadian silver for it. The Canadian banks will not re-issue that silver; but will, under arrangement with our department, send it abroad to the United States, and we will give them in return our Canadian silver. So, if, hereafter, there is any United States silver current in Canada, it will be because the Canadian people prefer to have it. If they do, we do not wish to interfere with their preference.

Mr. R. L. BORDEN. If you practically provide that United States silver can be re-

deemed at any bank in Canada, would not that rather have a tendency to increase the flow of it into this country?

Mr. FIELDING. I do not see that anybody will have any object in bringing the silver into Canada for the purpose of getting Canadian silver for it. I cannot see where it will be a source of profit. The intrinsic value of the silver is the same in both cases, and on our side there is practically no discount on United States silver. The hon. gentleman's question is a perfectly proper one, but I think, that, on reflection, he will see that there is no inducement to parties to do as he suggests.

Now, I said in the earlier part of my remarks, that it would not be anticipated that there would be any extensive tariff changes this session, for the reason that it was well known that it was the policy of the government to have an inquiry into the tariff before extensive changes were made. That inquiry will be made by what is called the tariff commission, which is a committee, practically, of members of the cabinet. The advantages of a public inquiry will be quite apparent. True, we have in our possession, as every Minister of Finance must have, a large amount of information bearing on the tariff, which accumulates from time to time. Generally speaking, that information is given to the Minister of Finance privately—I do not mean necessarily to say confidentially. An individual interested in some branch of industry waits upon the Finance Minister and delivers himself as to his needs with respect to the tariff, and probably furnishes a document showing what changes, in his opinion, ought to be made. Sometimes information of this kind is given by deputations waiting on the minister. In that way we have a considerable fund of information. There is a decided advantage in having a public inquiry, so that if there be two sides to any question these two sides may be heard. It not infrequently happens that a manufacturer or producer comes and asks for something in regard to tariff changes which, when it becomes known to some other manufacturer or producer—not to mention the consumer—is regarded as objectionable, because of conflicting interests. There is a decided advantage therefore in having a public inquiry, so that the people who are interested in the tariff rates on one side or on the other, may know what representations are being made; and, if they see fit to do so, may come forward and present their views. We had an inquiry of that character, to a limited extent, in 1897. Unfortunately, we were very much pressed for time at that stage of our affairs, and we were not able to make that complete examination over the whole country that was desirable. We were not able to go west of Winnipeg. In all the principal cities in Ontario, Quebec and the maritime provinces and also in Win-

llege the commission held meetings and heard a great many people and received a vast amount of valuable information. Unfortunately we were obliged to return to Ottawa without going further west. That, of course, is something which we must avoid now. We must take care, in making the inquiry we are about to have, to hold meetings in all sections of the country, we must not fail to go out to that western country that we were not able to visit before. We shall, therefore, make it the business of the tariff commission:—to hold meetings in all the principal cities, possibly that 'principal' is a hard word to define, for they all think they are the principal cities of their several sections. Certainly that inquiry should be held in the capital of every province, and, in some cases, in other cities as well. In a great province like Ontario or Quebec, of course, it will be necessary to have several meetings; and in some of the smaller provinces it may be necessary to hold meetings in several places. However that may be, and without binding ourselves to details, it will be the policy of the government to have that inquiry made throughout the Dominion with the utmost care, with a view, if possible, to have the tariff brought before the House in revised shape at the next session. It is impossible to guarantee that; but it is our hope and full expectation that the work can be accomplished in time for the next session of parliament.

As to the points at which the meetings will be held that will be made known in the same public way as in the former inquiry. Every organization, or for that matter, every individual who wishes to be heard will have ample opportunity. In one case, no doubt the manufacturers' organization will be ready to present their views; in another case the farmers' organization will make their representations. And so with the miners, the fishermen and others, as the case may be. Care will be taken to afford opportunity for every class who wish to present their views to come and state in what respect they think, either that the tariff is right and should be maintained, or that it is defective and what changes they believe should be made.

Mr. FOSTER. What is the personnel of the commission?

Mr. FIELDING. The Minister of Trade and Commerce (Sir Richard Cartwright), the Minister of Customs (Mr. Paterson), and the Minister of Finance (Mr. Fielding), made the last inquiry. We have not reached a conclusion as to the personnel of the coming commission. But, naturally it will be composed of the ministers who are associated with what I may call the revenue side of the government. We have not yet reached a conclusion on that point.

While the details of the tariff must necessarily be open for consideration, and while we are not in a position to make

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any statement whatever as to what will be the duty on any particular article, we are able to state now, by repeating what was said a year ago, the lines upon which we think the tariff revision should take place. Speaking last year upon this subject, I announced that it was the intention of the government to so change the tariff as to adopt what was known as the maximum and minimum system. I do not wish to say anything new on that subject. I will content myself with reading what I said a year ago, merely to remind the House of the matter. In the course of the budget speech last year I said:

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.

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 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 should 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, we can devise a tariff which will be in all its details fairly satisfactory to the country.

That, Sir, was the statement which I made a year ago, and which the House and the country, it is not too much to say, have accepted. I do not need to enlarge upon it to-day, but merely to say that the lines we then indicated we shall endeavour to fol-

low in the revision of the tariff as now proposed. But though we do not propose any extensive tariff changes there are one or two items that we do propose to deal with at once, because we have information that we think sufficient for the purpose. The items are not many, and they are not generally important, though no doubt each one is of some importance to the parties concerned. We propose to impose a duty on rolled oats of 60 cents per 100 pounds. That item is not specifically mentioned in the tariff now, it enters into a general classification with other things. We find that according to representations made to us, with the correctness of which we are satisfied, as the tariff now stands the duty on the raw material is actually higher than the duty on the finished article; therefore the change we propose will equalize the duties and remove that which the House will generally say would be an unjust discrimination.

Mr. FOSTER. Is that all it does?

Mr. FIELDING. That is all, it equalizes the duty. On the quantity of raw material it will even then equal the duty which will be levied on the finished article, and will only prevent the discrimination which now exists.

Mr. FOSTER. And if the oats are bought here?

Mr. FIELDING. Then of course it has no effect. But I am told that there has been a large increase in the importation of rolled oats, and our own mills have been idle because of this discrimination in the duties, and we are desirous of removing the discrimination.

There is another item to which I invite the attention of the House. The duty on dry white lead was placed in the 5 per cent list many years ago, at a time when there was no establishment in Canada producing that article. There has now been established in Montreal a very large factory.

Mr. R. L. BORDEN. What is the duty now?

Mr. FIELDING. It stands in the tariff at 5 per cent, at which it was placed many years ago at a time when it was considered almost a raw material, or what I might call a first process of manufacture; and there being no establishment in Canada for the manufacture of that article, no attention was drawn to it, and it remained on the 5 per cent list. But a large establishment employing a great many men has been erected in Montreal and is in readiness to go into operation. I am not sure but it is in actual operation at this moment, for the manufacture of dry white lead, and we see no reason why that establishment should not have the same degree of incidental protection or tariff advantage which other industries receive. Therefore we say that

in order that there may be no unfair discrimination against it, and that it may be put on terms of equality with other manufacturing industries we are dealing with, we propose to make the article of dry white lead 30 per cent, subject of course, to British preference. This is connected, I may say, with the manufacture of lead in British Columbia. The House will remember that we have encouraged the lead industry out there by certain legislation. We are now producing pig lead in Canada, and the effect of this will be that the pig lead made in British Columbia will be brought down to Montreal and, under a corroding process, will be manufactured into dry white lead. The increase of duty on this article which is, I may say, the raw material of paint manufactures, will involve an increase at present of the duty on what we call white lead ground in oil; and we propose to make that, instead of 25 per cent as it now stands, 35 per cent. As respects other paints, we take no action at present, but leave that matter to be inquired into by the commission. But under this change, this factory I refer to, will go into operation, and it will then only have about the same advantage which we give to other manufacturing industries in Canada.

We make a slight change in the duties on cement, not a very important one, though the parties interested may regard it as important. The duty on cement is now levied per 100 pounds, the weight of the package to be included in the weight for duty. British cement and Belgian cement are imported in casks and barrels the weight of which is very considerable, and on which the duty at present is levied. But where cement is brought in from the United States in bags, the weight of the bag is so trifling that there is practically no duty on the package; but there is considerable duty on the package where the cement comes in casks or barrels from Britain or Belgium. In order to remove that discrimination we propose to put a tax of 25 per cent ad valorem on the bags which contain cement, which duty we think will equalize the conditions with respect to British and Belgian cement.

We propose a change with regard to the wines of South Africa. South Africa has given us the benefit of preferential trade. We are sending a considerable quantity of Canadian goods thither, but so far South Africa has not been able to send very much to us. The government of Cape Colony has represented to us that our preferential tariff, the preferential system which they have accepted, while it gives us an advantage out there, has so far not proved very useful to South Africa, because the things they have to sell are not purchased in Canada to a considerable extent. We, however, suggest that under this change they might be able to send us with advantage to themselves the light wines of

Cape Colony and the sister African colonies. We admit the light wines of France at 25 cents per gallon. The wines of South Africa are somewhat stronger, and as our tariff is now arranged, would not come in at the same rate as the light wines of France. In view of the fact that we are sending a good deal to South Africa, and in view of the fact that we are desirous of encouraging reciprocal trade arrangements with our sister colonies, and as we desire to give them some opportunity to send their goods into Canada, we propose that the light wines of South Africa—not Cape Colony only, because, though the application comes from Cape Colony, we prefer to put it on a broader line—we propose that the light wines of the South African colonies forming the South African customs convention shall be admitted into Canada at the rate of 25 cents per gallon, the same rate as the light wines of France. How far this will encourage trade with South Africa, and how far it will substitute the wines of that country for the wines of other countries, is a question which the future will decide. But I think that as this suggestion has come to us from our brethren in South Africa, and as it will give them some benefit out of this preferential system, I think the House generally will agree with me in extending that advantage to them.

Mr. FOSTER. Might I ask the Minister of Finance whether Australia does not manufacture wines of about the same strength, and if so, is it the intention to discriminate in favour of one colony against another?

Mr. FIELDING. At the present time, yes, because Australia does not give us the benefit of any preference, South Africa does give us the benefit; therefore my hon. friend will agree with me that this is a proper discrimination. The colony of New South Wales formerly had a preference with Canada, but after the Australian colonies were united into a commonwealth, of course their tariff conditions changed and our preference ceased. I may say that we all appreciate the desirability of having preferential trade with our brethren in Australia, and we have taken steps to let them know that we are quite willing to make a preferential arrangement with them. If they are willing to make such arrangements with us, the item of wines will be one of the matters within our offer. But for the present, inasmuch as Australia does not give us a preference and as South Africa does, we propose to extend this benefit to the South African colonies.

The item of settlers' effects is one that has given some trouble during the past year, owing to a rather forced interpretation which some parties have been trying to give to the exemptions which we allow. We provide that settlers' effects shall be

admitted free. It may surprise the House to know that the contention has been raised that a contractor coming across from the United States with a large amount of apparatus as a construction plant, is entitled to bring that in as settlers' effects.

Mr. FOSTER. He is an alien labourer.

Mr. FIELDING. He might not be. Whether he be an alien labourer or not we do not think he should bring his contractor's outfit in as ordinary settlers' effects and bring it in free of duty. We propose to strike out the item of settlers' effects and re-enact it in very nearly the same terms but with some changes so that it shall include the things which we all admit are properly settlers' effects, but that it shall not admit free of duty articles destined for sale in Canada or such things as contractor's outfits.

There is a provision in our Act for the temporary admission of machinery for the manufacture of sugar from the beet root, and there is also a provision for the admission of machinery of a class or kind not made in Canada to be used exclusively in alluvial gold-mining. It has been represented to us that this latter item is of the greatest importance to certain sections of our country, and notably to the Yukon, and that by extending this for a further period we would assist in the development of the Yukon. We propose therefore that both these concessions shall be continued until July 6th, 1906.

There is one other item which calls for remarks. In the last budget statement we proposed a change in the duties on British West India molasses, which was placed on the free list with the condition that it must come by direct vessel. It has been represented to us that that works a hardship on our sister colony of Newfoundland. Newfoundland sends out ships laden with fish to the West Indies which bring back molasses destined usually for the Newfoundland market, but whenever there is a surplus of that for the Newfoundland market the Newfoundlanders desire to send it to Canada, and it usually comes in by Halifax or St. John or other ports. Under the reading of our tariff as it now stands that would not be treated as a direct importation. We think it would be unreasonable to take an extreme view of this matter, having regard to the trade we already have with Newfoundland and having regard also to our desires to have the most friendly relations with our sister colony and the hope that some day she may see fit to join her fortunes with ours. We think under these circumstances that any suggestion Newfoundland may make with a view to improve our trade relations should be met in a good spirit and we propose to so amend that clause as to make it clear that molasses imported from any British country, although it passes through the colony of Newfoundland, when in the original package

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shall be deemed to be imported direct and shall be entitled to free admission.

These, Sir, are all the tariff changes which I have to announce to the House.

Mr. BERGERON. Is there anything with reference to cotton?

Mr. FIELDING. Cotton? My hon. friend has not been reading some of the cotton reports in the press.

Mr. BERGERON. I am asking my hon. friend if he makes any change?

Mr. FIELDING. There is nothing. Many representations have been made to us of course with reference to various tariff items. We have dealt with some of these as to which we are reasonably satisfied our sources of information are complete. As respects the others we think it will not be too much to ask them to wait until the meeting of the Tariff Commission when all these things will be looked into with the utmost care, and with a single eye to trying to do what is best for the interests of the country generally.

In conclusion, may all I am sure be proud of the great progress that Canada has made in the past and we can be no less proud that the conditions to-day are of the most hopeful character. I do not think that business is quite as keenly active to-day as it was a year or two ago. It will be correct to say that there is perhaps a larger degree of caution amongst our business men than there was, but that on the whole the condition is wholesome. Our industrial concerns as a rule are in good shape. There may be a few exceptions, as to which we have to make inquiries and see whether or not their difficulties are caused by the tariff, but speaking of the conditions of the country generally they are exceedingly satisfactory as I think hon. gentlemen on both sides will appreciate. The outlook in every respect then is hopeful. The reports of the present condition of our crops in all parts of the Dominion are of the most encouraging character, and we have every reason to have great hope and great faith in the results of the present year's farm operations. From all parts of the country the crop reports are even more than usually favourable, and I think our industrial condition in the main is good. With every prospect of an abundant harvest on land and sea, with our industrial establishments fairly well occupied, with immigration flowing into the country as it is, with the eyes of the world centred upon Canada as never before perhaps to the same extent, with the record of the past, with the outlook for the future, there is no reason why every Canadian should not feel the utmost confidence in the future of the Dominion.

With regard to immigration in the Northwest, to that country to which so much attention is now given, I am sure it must be a source of gratification that the flow of immi-

gration is large and continuous. I am aware that there is some discussion, perhaps a legitimate criticism, as to whether indeed we are getting too many people into that country, and as to whether or not there should not be greater discrimination. However that may be I will say that—and I am sure on reflection hon. gentlemen on both sides of the House will have the same feeling—I have an abiding faith in the great powers of Canada and its institutions to receive and to absorb and to assimilate these people of all nationalities and make them instruments for the working out of a great future for the country. Nevertheless I appreciate the view which prevails I believe on both sides of the House that we should be particularly anxious to bring into that country a larger percentage of British immigrants. We are hopeful and have faith in the ability of the country to absorb the foreigner, but strong as our faith of that kind is it should not prevent our putting forth special efforts to bring into the country immigrants who are from our motherland. I am sure that in expressing that opinion I am but echoing the view of my hon. friend the Minister of the Interior (Mr. Oliver) who in entering upon his new office, full of promise of great future usefulness in his administration of that territory will, I am confident, take that view put forth every effort that is possible on his part in order that we may build up that country and make it what we all hope it will be, a populous and prosperous part of the great Dominion.

When the House resolves itself into Committee of Ways and Means I shall move the following resolutions:

1. That it is expedient to amend the Customs Tariff, 1897, as amended by subsequent Acts, to the following effect:

Schedule 'A' is amended as follows:

Item 158—Strike out the words 'dry white and'

The following items to be inserted:

8. (a) Wines of all kinds, except sparkling wines, containing not more than forty per cent of spirit of the strength of proof, whether imported in wood or in bottles (six quart or twelve pint bottles to be held to contain a gallon), when the produce or manufacture of any British colony or territory in the South African Customs Union Convention, twenty-five cents per gallon.

50. (a) Rolled oats, six-tenths of a cent per pound.

158. (a) Dry white lead, thirty per cent ad valorem.

158. (b) White lead ground in oil, thirty-five per cent ad valorem.

Item 187 is repealed and the following substituted:

187. Cement, Portland and hydraulic or water lime, in barrels or casks, the weight of the package to be included in the weight for duty, twelve and one-half cents per hundred pounds; in bags, twelve and one-half cents per one hundred pounds together with twenty-five per cent ad valorem on the bag.

Schedule 'B' is amended by repealing item 455 and substituting the following: