

THE BUDGET

ANNUAL FINANCIAL STATEMENT BY
HON. W. S. FIELDING, MINISTER OF
FINANCE.

Hon. W. S. FIELDING (Minister of Finance, member for Shelburne and Queens), moved:

That Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means.

He said: Mr. Speaker, eleven years have passed since I last had the pleasure of delivering the Budget Speech in this House of Commons. During these years, and particularly since the year 1914, a great change has come over the financial position of the Dominion. I am sometimes afraid that the full character and the consequence of that change are but inadequately appreciated and understood by the majority of our people. That Canada has built up a very large public debt; that the interest alone on that debt calls for an enormous sum of money, greater indeed than the total expenditure of Canada but a few years ago; that we have a large pension list; and that in various ways we have added enormously to our obligations, are facts well understood by all close students of our public affairs. I think they may possibly be understood in a way, a vague and hazy way perhaps, by the broader public whom we sometimes typify as "the man in the street." He has an opinion, no doubt, that things are a little more serious than they used to be; but I do not think he has quite appreciated the full consequences of the change. Some things are happening as in the good old days. The board of trade, the chamber of commerce, the city council, the town council, and all the other excellent organizations which exist for the advancement of the community, hold their meetings and pass their resolves. They decide at once that for some particular thing which is dearest to their hearts they must instantly have a large appropriation, and then they send sheaves of resolutions to that effect, sometimes following those up with delegations in carload lots to impress upon the Government the necessity of complying with their request. Have these people no notion whatever of the situation? It would hardly be fair to say that. Yes, they have a notion in a way; they have a formula of their own; and they will say to the ministers: "Gentlemen, of course we understand that the situation is a little more

anxious than it was wont to be; of course, there is need of economy. But the particular thing we want, everyone must admit, is entirely an exception to the rule." We are all in favour of economy for the other fellow, but we are not so ready to recognize the need of economy in the case of the things that are nearest and dearest to us ourselves.

I must to-day present two thoughts which are of paramount importance. The first is as to the need, the deep and earnest need, of economy. That means that we must appeal both to members of Parliament and to the people to pass what I may call self-denying ordinances. They must not expect all the things which in the good old days they got so readily,—it may be a railway, a bridge, a public work of some kind, a public building, a breakwater, a pier, or any one of the numerous things which we should all like to have, all in their way useful in the development of the community, all desirable, some of them even urgent under better conditions. But it is unpleasant to have to tell people, in most cases, that these things must for the present stand aside. The second thought is that, with all the economy that we can practise, there will still be need of severe examination into our taxation system. It is not pleasant to have to increase taxes, but the fact is that under our present taxation system, I am afraid, with all the economy we can practise, there will not be sufficient means to meet the various obligations of the country. And so we will have to ask the consideration of hon. members and of the public in order that there may be a proper appreciation of these new conditions that have arisen.

The accounts for the fiscal year 1920-21 have been published and distributed, so that one need not dwell upon them to any extent. The budget speech necessarily takes some account of three years—the year which has passed and for which we have the public accounts, the year that is sometimes current—in this case it happens to be just finished;— and we have to have some regard to the year ahead.

Income and Expenditure

For the year 1920-21 the public accounts show what is called a surplus, to the amount of \$73,268,391. Old members may recall the discussions that have taken place in this House from time to time with regard to the manner in which a surplus is declared. A Finance Minister who has

the good fortune to produce a surplus—I have had that good luck on a number of occasions—may find, and very often will find, that he meets with this criticism: Oh, you have no such surplus; you actually have run into debt during the year. The method in the past of showing a surplus has been to take what is called the ordinary expenditure of the country—the everyday expenditure, if I may so call it—and set against it the revenue of the year, which left you either a surplus or a deficit. If that revenue is more than the ordinary expenditure you will have a surplus; if it is less than the ordinary expenditure you will have a deficit.

But every year there are expenditures which do not appear in that calculation. The objection made in times past was well founded. It was and is a fact that there are always expenditures of a special character, and the criticism that has been made in times past is in that respect correct. The distinction that is drawn between capital expenditure and ordinary expenditure has often been a subject of debate. This much is clear, that where you have important public works, large undertakings—such, for example, as this building—they are a legitimate charge to capital account. There is very often much dispute as to what is a proper charge and what is not, but I have observed that notwithstanding criticism of that character, whenever a change of government occurred the new Minister of Finance coming into office fell into the old ways and claimed a surplus even when the country was running into debt.

It is not an unfair claim to make if the facts be clearly understood. It has always been the method by which our public accounts have been conducted. So when the accounts for 1920-21 claimed that there was a large surplus of \$73,000,000, the method of bookkeeping was being followed that had existed in the past, yet as a matter of fact during that year there was actually an increase in the public debt of \$92,000,000 and over, the difference, of course, representing the charges to capital and special account and that now ever-growing account, the railway service of the country.

If we turn to the year 1921-22, the year that has just closed, although the accounts are not quite complete we are sufficiently informed to be able to make a substantially correct statement of the outcome.

The income tax and business profits tax for this last year show an increase of \$14,276,774 over the receipts of the previous year. That, of course, is very grati-

fyng; but on the other side the Customs Department shows a decrease of \$57,000,000. The total revenue from all sources we place at \$381,271,000, against in 1920-21 \$434,386,000. There was, therefore, a very large decrease in the revenue of the year.

The expenditure charged to consolidated fund was \$348,145,000, a decrease of \$12,972,000, as compared with the previous year. With a revenue of \$381,271,000, and an expenditure on consolidated fund of \$348,145,000, there is therefore an apparent surplus, according to the method which I have spoken of, of \$33,125,000 on the year just closed. There were, however, other expenses on capital account of \$23,073,000, cost of loan flotations \$80,218, demobilization \$9,180,000. Then there are other payments which are classified as investments, active or non-active; only the active investments are taken in the reduction of the public debt.

The result of the operations for the year just closed is that while we have according to one calculation a surplus, we have to acknowledge an addition to the public debt of \$86,417,000.

For the fiscal year 1922-23, on which we have entered, on the basis of our present taxation I would estimate that the revenue would be \$332,629,000. In this we are including customs at \$103,000,000, which is \$2,500,000 less than the receipts of the past year. If our anticipations of improving business are realized, we should do a little better than this.

With regard to income tax we could not expect to be so fortunate. This tax is levied on the income of the past year, which was not a good business year; indeed, I think it was a year of exceptional depression, and the effect of that depression will be marked in the reduction of our income tax receipts for the present year. We received last year from income tax and from business profits tax \$101,500,000. We would not feel justified in estimating for the coming year more than \$60,000,000 from that source.

With a loss of revenue last year as compared with the previous year of \$53,000,000, and with a prospect of a shortage of \$40,000,000 on the income tax for the current year, the House will see that the situation is a very serious one indeed.

From these and other receipts we estimate a total revenue for the present year of \$332,629,000, based, of course, upon our present system of taxation.

The estimates of expenditure which we have submitted to Parliament called for a

total of \$466,983,359. Supplementary estimates yet to come will add something to this total, but I hope not much.

From our present sources of revenue we could provide for all our ordinary expenditure and have a modest surplus—in the way that surpluses are now made up—but there would still be a large expenditure on capital account and for the railways, and this would have to be provided for by additions to the public debt. That would not be a very cheerful prospect. We must soon begin to consider the question of the reduction of our public debt rather than aim to increase it. Great Britain with all her troubles has since the war paid off £500,000,000 of her public debt. The United States is making efforts to reduce her public debt. We have not only made no reduction, but we have to acknowledge a steady increase in the public debt every year since the war. Last year, three and a half years after the armistice, we increased our debt by \$86,500,000. If we cannot reduce our debt, we should at all events make strenuous efforts to guard against increasing it. We should endeavour to balance our budget, that is, to pay all classes of our expenditure. It would be a joy to me if I could tell the House that we have an expectation of that during the present year. I am afraid, however, the situation will not permit us to do so much. Let us ever recognize our obligation to move in that direction and make every possible effort toward the end in view. We cannot do this if we are content to rest on our present methods of taxation. Even if our estimates of revenue, which are conservative, should be exceeded—and I hope they will—we shall find ourselves short by a considerable sum. If we are to avoid that situation we must accept the responsibility of additional taxation.

The Public Debt

I want to call attention now to the increase of our public debt. Against the gross debt are set off what are called the assets of the Dominion. In former years practically all our assets were treated as good. When the amount was not very great in proportion to our business, perhaps there was no need of any discrimination, but when these assets, under the operation of our railways, grew to very large figures, it became desirable or necessary that there should be discrimination. My predecessor in office, very properly I think, made that discrimination by dividing

those assets into active and non-active. It makes no difference with regard to the general expenditure, but if only the good assets are set off against the gross debt we get a fairer statement of the real debt of the country. Now, we are continuing this method of treating the assets: we treat these railway moneys as loans. Perhaps there can be some just objection to that. The Grand Trunk and the Canadian Northern are now virtually owned by the Dominion of Canada, and when we advance money to them we are, in a sense, lending money to ourselves. When we represent these debts as assets, a keen critic might find some fault. But it may be that it will be necessary to continue that system; we are following out the accounts for 1922 in that way. There may be an advantage and a convenience in separating the railway operations from the rest of our expenditure. However, there is another view of the matter. We have a justification for charging to capital or to a special account some particular thing—the building of a railway, for instance. Various classes of public expenditure having permanent results may properly be classified as assets, may properly be classified under capital account. But if from year to year we are to provide for the ordinary expenses of the railway; if we are to provide for the deficit, the difference between receipts and expenditure; if we are also to provide large sums for interest on the bonds and other securities of these so-called railway companies—if we are to do that unflinchingly every year, with a reducing figure we may hope, it will be open to some to say, with much justice, that this is no longer a special account but part of the ordinary expenditure of the country; and if so, that ordinary expenditure should be included before we undertake to declare a surplus. However, as I said a moment ago, there may be some advantage in keeping the accounts of the railways for the present as separate and apart from the others. If we clearly and definitely understand the nature of the transaction, I suppose there may be no serious objection to it.

The net debt on the 31st March, 1914—I am taking that year as one of great events—was \$335,996,850. That was the accumulation of half a century of confederation. It included what remained of all the old provincial debts taken over by the Dominion. It included the construction of great public works. It included what we once thought were large expenditures. The

result of it was that that debt in 1914 was a shade under \$336,000,000. That was considered in its day a large debt, and many a speech was made in this House as to its magnitude, many a cautious member wondered how we were ever going to stand it. But what are we to say of it to-day in comparison with the enormous debt that we now have? As against a little less than \$336,000,000 in 1914, our estimated net debt on the 31st March of the present year was \$2,427,296,798. Our largest increase was in 1920—\$674,000,000; the smallest increase was in the year recently closed—\$86,000,000.

Loans

During the year four Canadian government loans have been floated. Three of these have been in the names of the railway companies and one a direct government obligation. We still keep up the theory of corporations in regard to these railways; the railway loans are issued in the names of the railway companies, with guarantees by the government. As a matter of fact, the government to-day are both makers and endorsers of those securities; so that practically they are now government loans. Three of these loans, therefore, have been railway loans guaranteed by the government; the fourth was a direct government loan, of which I shall speak in a moment. In July, 1921, there were sold \$25,000,000 of 6½ per cent Canadian Northern Railway bonds guaranteed by the government. These were sold at 92½; they were afterwards sold to the public at 96½. There was thus on that transaction a clear margin of profit to the buyers of 4 per cent—the spread between what the government got and what the investors who got them paid. This, I think, indicates that it was rather a better transaction for the buyers of the bonds than it was for the government. In September, 1921, a \$25,000,000 fifteen year 6 per cent loan of the Grand Trunk, guaranteed by the government, was placed. It was sold in New York to realize 92; subsequently it was issued to the public at 95½, a spread in this case of 3½ per cent—a little less than in the case of the previous loan, but still a pretty large margin for a transaction of that kind. A third loan was one of \$11,000,000, floated by the present Government in March of this year, \$11,000,000 of three year Canadian Northern Railway five per cent notes guaranteed by the Government. We needed \$11,000,000 to retire obligations of the Canadian Northern Railway arising in New York and London.

We thought the arrangements that had been made on former occasions for the sale of these bonds had not worked out to the advantage of the Government, and we adopted a different method; we invited tenders in New York for the loan, received the bids, awarded the contract, and sold these notes at 99.03. They were sold again to the public at 99½, a spread between what we received and what the investor paid of 59 cents on the \$100, as against \$4 on the hundred in one case and \$3.25 on the hundred in the other.

Then, we come to the \$100,000,000 5 per cent loan which we recently placed in New York. That loan was to run thirty years, with our right to redeem it, if we wished to do so, in twenty years. It was sold at 97½; it was afterwards placed on the market at par. Some reference has occasionally been made to commissions. I ought to say that the word is not appropriate. In all these transactions to which I have referred there was no question of commissions; the price mentioned in each case was the net price received by the Government. Our \$100,000,000 loan sold for 97½ net; there were no commissions or charges of any sort to reduce it. We shall probably need for our financial operations some further borrowing at no distant date. I am hoping that when the moment arrives the condition of the money market in Canada will be such that we can have a domestic loan. I think many people regard it as important that we should place our loans at home, because the interest then is payable to our own people. That is an excellent idea, but it may be pushed too far. There are times when it would be manifestly advantageous to Canada to go abroad. But to begin with, times are not so favourable now for placing loans at home. The loans which were so successfully placed a few years ago had for their support the war spirit and the war fever of the time. Men entered into these transactions largely from patriotic purposes, and they had money to invest in those days, for money was being made. That situation is not exactly repeated to-day. The last year has not been a good business year. Not many men have made money. Not many men have money to invest in government bonds to-day, and there is no longer the patriotic zeal for the war. A loan to-day must be looked upon as a cold-blooded proposition. It might be you would have to offer, to induce our Canadian people to invest in a loan, a higher rate of interest than could be obtained

elsewhere. On anything like even terms I should prefer the domestic loan, if the money is available.

There is still another thought. Canada is still, I won't say an undeveloped country, but a partially developed country; Canada will still have to be a borrowing country for many years. We shall have to go abroad for capital. If we have too much money locked up in government bonds at home, there will be less money available for mortgages and industrial enterprises in this country. Much will depend on the condition of the money market. If there is an abundance of money, it may be wise for us to have a domestic loan. If there is not an abundance of money, it may be wise to go abroad, because if foreign capital is to be brought in it is easier for the government to bring it in probably than it would be for others. We may still hope, however, that conditions will favour a domestic loan when the moment arrives for us to make another move of that kind.

There is an interesting account that we have with the British government of which it is perhaps worth while passing mention should be made. In the early days of the war, arrangements were made by the government of the day with the British government whereby moneys were advanced by the Mother Country for the payment of our troops in England and France. For a considerable time that continued, and at one time we owed a very considerable amount to the Imperial government. In 1915, on December 31, we owed the British government almost \$141,000,000. Then a change took place. The British government desired to buy munitions and supplies of various kinds in Canada, and they arranged with the Canadian government that advances should be made in Canada to the charge of the British government. Since that point was reached, the account has

turned the other way, and we have ever since that been the creditor of the British government to a large amount. At one time, on the 31st of August, 1919, the British government owed us the enormous sum of \$333,000,000. On March 31, 1922, the year just closed, subject to some questions of readjustment with regard to exchange, Great Britain owed us on that date, \$117,859,630. Arrangements have now been made by which this account is to be paid off in installments of \$5,000,000 per month. We have received two payments of that character and no doubt in due course the whole matter will be settled.

Trade

Coming to the question of our trade, the effects of the depression of the past year are clearly seen in the returns of our import and export trade. As compared with 1921 our imports from the United Kingdom fell from \$213,000,000 to \$117,000,000, and our imports from the United States dropped from \$856,000,000 to \$516,000,000. Our exports to the United Kingdom held better, the amount for 1922 being \$299,000,000, and for 1921 \$312,000,000. Our exports to the United States showed the course of the decline, being \$293,000,000 against \$542,000,000 in the previous year. I do not wish to ask the privilege of the House to put in many statistical documents, but there is one statement prepared by our Bureau of Statistics which I shall ask the House to let me insert. It shows in a condensed form the trade of Canada with each country of the world for a number of years. It will not occupy a great deal of space, and it presents that aspect of the matter in a very quick form. If the House has no objection, I shall see that it is included in my speech.

(The following is the statement referred to): (See following page.)

IMPORTS AND EXPORTS BY PRINCIPAL COUNTRIES

	Twelve Months ended March		
	1920	1921	1922
IMPORTS FOR CONSUMPTION			
	\$	\$	\$
United Kingdom.....	126,362,631	213,973,562	117,134,570
Australia.....	1,371,775	791,980	1,041,027
Bermuda.....	55,604	78,959	98,246
British East Indies.....	16,236,412	14,307,404	8,928,420
British Guiana.....	7,412,931	9,085,108	6,166,664
British South Africa.....	735,948	146,798	127,738
British West Africa.....	174,928	104,719	19,202
British West Indies.....	12,114,790	14,833,746	8,113,453
Hong Kong.....	3,208,836	3,516,760	2,114,394
Newfoundland.....	2,146,414	2,886,203	1,387,766
New Zealand.....	3,494,600	4,219,965	1,783,500
Other British Empire.....	1,036,790	2,059,484	2,144,672
Argentine Republic.....	3,402,554	2,552,831	2,355,100
Belgium.....	911,407	4,693,368	3,817,931
Brazil.....	1,973,768	2,151,066	1,495,245
China.....	1,205,229	1,897,349	1,411,135
Cuba.....	17,585,528	30,743,239	13,042,568
France.....	10,630,865	19,138,062	13,467,803
Germany.....	44,255	1,547,685	2,006,513
Greece.....	729,830	817,157	1,033,981
Italy.....	999,040	1,745,330	1,387,370
Japan.....	13,637,287	11,360,821	8,192,238
Mexico.....	2,648,915	2,185,399	3,798,202
Netherlands.....	2,266,169	4,237,791	4,002,145
Norway.....	461,848	616,978	409,359
Roumania.....		688	688
Sweden.....	360,353	555,927	245,295
Switzerland.....	7,758,051	14,143,448	8,671,608
United States.....	801,097,318	856,176,820	516,105,107
Other Foreign Countries.....	24,464,047	19,592,235	17,302,386
Total imports.....	1,064,528,123	1,240,158,882	747,804,332
EXPORTS (CANADIAN)			
United Kingdom.....	489,152,637	312,844,871	299,361,675
Australia.....	11,415,623	18,112,861	10,678,600
Bermuda.....	1,249,020	1,523,992	989,113
British East Indies.....	6,762,259	6,388,898	2,341,175
British Guiana.....	3,109,381	3,594,118	2,298,105
British South Africa.....	8,649,756	14,648,879	3,890,390
British West Africa.....	1,067,639	666,576	144,778
British West Indies.....	10,869,276	13,030,225	9,976,969
Hong Kong.....	1,343,867	2,000,825	1,411,699
Newfoundland.....	16,175,443	16,676,728	9,317,639
New Zealand.....	6,987,008	11,873,000	4,128,531
Other British Empire.....	5,006,094	2,091,246	1,303,224
Argentine Republic.....	6,126,457	8,171,980	3,233,423
Belgium.....	28,463,855	40,252,487	12,359,300
Brazil.....	2,703,488	2,835,191	2,002,449
China.....	6,665,805	4,906,570	1,900,627
Cuba.....	6,329,783	6,573,768	3,974,432
France.....	61,108,693	27,428,308	8,208,228
Germany.....	610,528	8,215,337	4,509,547
Greece.....	29,588,984	20,834,577	5,247,035
Italy.....	16,959,557	57,758,343	15,335,818
Japan.....	7,732,514	6,414,920	14,831,520
Mexico.....	410,825	1,086,197	1,197,597
Netherlands.....	5,653,218	20,208,418	9,582,924
Norway.....	4,798,299	5,119,365	2,599,447
Roumania.....	12,953,605	3,801,584	15,383
Sweden.....	4,449,105	5,528,361	1,220,196
Switzerland.....	1,484,416	1,410,777	345,626
United States.....	464,028,183	542,322,967	293,906,643
Other Foreign Countries.....	17,636,780	22,842,332	13,928,587
Total exports.....	1,239,492,098	1,189,163,701	740,240,680

Trade Agreements and Negotiations

Several things have happened with regard to the tariff lately with other countries. An agreement was made by the late government, as the House will remember, with the British West Indies, which came into operation at an early date, and affected most of those islands. One of the islands, however, which remained outside for a considerable period, was Jamaica, but she has now joined the arrangement, and the agreement of that day is in force as between Canada and all the British West Indies.

We have many inquiries with regard to our relations with Australia. There have been communications for some time, under the late government, and under the present government, with the Australian government in relation to that. In the early days of our preferential arrangements, one of the Australian colonies received the benefit of the preference. New South Wales was a low tariff country and she was entitled to the preference. The neighbouring colony of Victoria had higher tariffs, and was not entitled to the preference. Soon after the Australian Commonwealth was formed a new tariff was adopted, which was less favourable than that of New South Wales, and from that time forward Australia has not had the benefit of our preference. Efforts have been made by the late government and by this to bring about a friendly arrangement between the two countries. Recently a member of the Australian government passed through Ottawa and we had an opportunity to discuss the subject with him. He manifested a warm interest in the matter and gave us every reason to expect that the Australian government would take a friendly view of our proposal. Thereupon we proposed to the Australian government that they should give us the preference which the United Kingdom enjoys, and we in return would give them the benefit of our preference. That proposal has not been accepted nor have we received any counter-proposal. However, we fully anticipate that some opportunity will occur for further negotiations, and our hope is that we will be able to make a satisfactory arrangement with the Australian Commonwealth.

Not many months ago this House ratified a treaty that had been made with France. It seemed to have been of a temporary character, contemplating a larger treaty at a later date. I believe the French Consul General approached the late government with a view to further negotia-

[Mr. Fielding.]

tions, but the time was not then deemed opportune and nothing was done. We have recently been asked by the French Consul General to take up the matter, and have intimated our willingness to do so. That is the way the matter stands at the present. I hope at no distant date we shall have some further negotiations, and possibly we may be able to revive the old treaty with France, or make some other treaty which will be fair and just to both sides.

Tariff Revision

Now I come to the question of tariff revision. In the Speech from the Throne His Excellency the Governor General said:

You will be invited to consider the expediency of making some changes in the Customs Tariff. While there are details of revision, the consideration of which will require time and care that are not at present available, there are features of the tariff which it is felt may properly be dealt with during the present session.

The work of tariff revision may be divided into two parts. What I shall call part 1, the part which most concerns the public, I think, is that which touches the revision in the direction of reduction, if there is to be a reduction, in the duties of customs.

That is probably the subject most keenly interesting both to those desiring the reduction and to those who do not desire it. The other part relates to what I may call readjustments in a different way. With the progress of time new conditions arise, new interpretations of the Customs tariff are given, new questions come before the Board of Customs, allegations are made that there is inequality between the duty on the raw material and the duty on the finished article. Many questions of that kind arise, not of wide concern to the public generally, but each of concern to some interest which is affected by it. There may be questions of that character to which we shall have to give attention at another time. Some of such there certainly will be, perhaps not so many as some people imagine, but with that portion of the question which relates to the matter of tariff reduction, we propose to deal at once.

The line upon which we ought to be expected to deal, and upon which we intend to deal, is expressed in a resolution that I had the pleasure of moving in this House a year ago:

That, while recognizing that existing financial requirements of the Dominion demand the maintenance of a Customs Tariff, the House is unable to concur in the declarations by the Government that the tariff should be based on the

principle of protection; the tariff is a tax, and the aim of legislation should be to make taxation as light as circumstances will permit;

That the aim of the fiscal policy of Canada should be the encouragement of industries based on the natural resources of the country, the development of which may reasonably be expected to create healthy enterprises, giving promise of enduring success;

That such changes should be made in the Customs duties as may be expected to reduce the cost of living, and to reduce also the cost of implements of production required for the efficient development of the natural resources of the Dominion;

That, while keeping this aim clearly in mind, the House recognizes that in any readjustment of the tariff that may take place, regard must be had to existing conditions of trade, and changes made in such a manner as will cause the least possible disturbance of business.

This resolution declares for tariff reduction—a tariff reduction that should be made with great care, guarding against any interference of a serious character with the business of the country. The policy so laid down is the policy we are prepared to carry out to-day. With the exception of one item, an increase for strictly revenue purposes, every change I shall propose to-day is a reduction in the Customs tariff; it is a revision downwards at every point.

British Preference

We maintain the British preference which the Liberal government established in 1897 and 1898. When that principle was adopted by the Canadian government it gave offence for a while to some of the people of other nations. Germany, in particular, took offence at it, and for a while undertook to penalize us because of the action we had taken. Other countries, perhaps, did not like it, but still took no very strong part against us. Germany and Belgium were in a particularly favoured position. Other nations had the benefit of what is called "Favoured nation treatment". That is, that any nation having what is called a "Favoured nation" treaty shall, at all times, be on even terms with any other nation. That is the general principle of what the favoured nation condition requires. Germany and Belgium had more than that. Germany and Belgium had made treaties—Lord Salisbury called them "those unlucky treaties"—under which they had a right to claim not only the same conditions that were extended to other foreign nations, but the same terms and conditions that were extended to our Mother Country. We had to get rid of

those old treaties before we could establish the British preference, and in the end we did.

In the United States some objection was taken, but not in an official way. There was a good deal of discussion in the American press as to this, as was said, "unfriendly act"; but the American government never took objection. When the matter came up they understood that it was entirely a question within our own family circle. And that is the situation to-day. We stand by the British Preference to-day, and the world recognizes that it is our right to make any arrangement we desire within the Imperial family without any other nation having cause to take offence at it. So we adhere to the British Preference in the arrangement we make, and the effect of the change that we make will be to increase, in some respects, that preference.

Trade with the United States

For many years we regarded the United States as pursuing an unfriendly policy towards Canada in tariff matters. I do not think it was ever deliberately intended to penalize Canada; but we were the nearest neighbour and the tariff policy of the United States unquestionably did seriously affect us, and produced a good deal of hostile feeling in Canada; for years we had reason to complain and we did complain. There came, however, a happier moment when a change occurred. There came a moment when the American government sent representatives to Ottawa to ask us to reopen negotiations, and see whether we could not come to a friendly arrangement. The result of that negotiation—first held in Ottawa and afterwards in Washington—was the making of a comprehensive agreement. It was not a treaty but a comprehensive agreement which was entered into in 1910-11 as the House will remember. I am wondering whether we did not miss the golden opportunity then.

There is a tide in the affairs of men
Which, taken at the flood, leads on to fortune.

The flood tide of goodwill in trade matters from our American neighbours came to us in 1910-11, but unhappily the Canadian people did not accept the agreement. I do not want to dwell upon that further than to have the fact clearly understood that though, in former years, we had reason to complain of unfriendly action, at that moment we had every reason to recognize

the fairness of the American government. A happy combination of circumstances arose then which has not arisen since; which perhaps may not come again. A Republican administration, an administration representing the party of high tariff, was in power at Washington; and yet that Republican administration had come to us with a willingness to give us what we thought was a fair deal. The Democratic party was traditionally a low tariff party; and so, with the Republican administration supporting the agreement, the Democratic party naturally gave it their good will. The agreement was confirmed by the American Congress. It was not confirmed by Canada, much, as I think, to the regret of many of the people to-day who at that time did not view it with favour. Now many things have happened since that time. The Democratic party coming into power established trade arrangements which, for some years, gave us some of the benefits which reciprocity would have given us. The Democratic tariff gave us a chance still to do business, and we did a very extensive business. Unfortunately, however,—no I should not say that; we do not want to meddle in the politics of our neighbours—the people of the United States in their wisdom turned out the Democratic party, and the Republican party were restored to power. Since they were restored to power they have introduced what is called the Fordney Emergency Act, which deals largely with agricultural products. That Act unquestionably worked great harm to the Dominion of Canada, and especially to our western provinces. There is no doubt in the world—we may frankly acknowledge it—that the trade relations that had grown up between the two countries were sadly marred by the Emergency Tariff Act, and our western country in some branches of industry—notably the cattle business—has suffered severely in consequence. Now there is another Tariff Bill at Washington—a bill that has passed the House of Representatives and is now before the Senate—which proposes to enlarge on the Fordney Emergency Act. It includes, I think, all the duties of that Act, and in some instances they are increased. It proposes to establish a schedule of duties which is very high indeed. We have no right to complain of our American friends for doing that; but if they assume that position they cannot expect us in Canada to be as willing as we otherwise would to deal liberally with them. If our American brethren try to persuade

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themselves that you can sell all the time and never buy, we can only regret that they are failing to understand an economic truth; but since they want to pursue that policy we regret it because it must affect our own attitude towards them. I have had the privilege of being at Washington to discuss this question. I have had the opportunity to say to the President of the United States, and to the leading Congressmen of the Union, that Canada, notwithstanding the events of 1911, was prepared to open negotiations. We were glad that we had a friendly offer before. We were sorry on account of the difference with respect to it amongst our own Canadian people. However, we thought that was past and gone. We thought that the Canadian people to-day were prepared—at all events we the Government of Canada were now prepared—to undertake negotiations with the desire to obtain something like the agreement of 1911. Anyhow we took that course feeling that it would bring about better relations, believing that good relations will be better for both countries. We do not say that we are dependent on the United States, and still less that the United States would admit that they are dependent on us; each country can live and prosper and flourish without the other, but both will live and prosper and flourish more if they have friendly relations and intercourse as good neighbours should. A distinguished American, who himself was closely identified with the reciprocity movement in 1911, said some months ago that if the reciprocity movement was ever to be revived it must come from Canada. The United States, having made a friendly offer which was rejected, could not be expected to come to Canada again. That was a fair criticism. It was our move; we have made the move, and we have intimated to the American government in the way that I have described, that we are quite ready to re-open negotiations, with every desire to make a friendly arrangement. Whether anything will come of that or not remains to be seen. For the present, while our American friends are not prepared to meet us in the generous spirit they did in 1910 and 1911, while, in their judgment, it is necessary to adopt the high tariff policy which is now before Congress and which, in all probability, will become law, they will surely admit that, at such a moment, they cannot reasonably expect us to make concessions towards them. Therefore, we propose to hold our hands in that respect

and to await the turn of events at Washington. We shall be open at all times to friendly negotiations; but for the present, we are about to make tariff reductions which we are not prepared to extend to them. Whether we shall later be able to extend any of them to the United States or not depends entirely upon the attitude which they assume. I think myself there is a hope for better things. The bill at Washington is not universally popular; there is very strong opposition to it, and there is a possibility that it may not pass. But at all events, I think—and I am sure the House will agree with me—that until we have a clear understanding of what our American friends are going to do, we should hold our hands as regards the United States.

The reductions which we are going to make are almost entirely in the British preference. We are not going, except in a few cases, to reduce duties on American goods, which come to us under the operation of the general tariff. There are a few things which we desire in Canada which can be obtained most conveniently from the United States. As regards agricultural implements, for example, to offer a reduction of the British preferential tariff on agricultural implements would only provoke a smile, because such things are not brought from Great Britain; they are made in the United States. In that case, and in a few similar cases, we reduce the tariff on American goods, that is the general tariff, because that is the tariff that applies; but speaking broadly and generally, our reductions are being made in the British preferential tariff and not in the general tariff which would apply to the United States.

Marking and Valuation

I shall come shortly to the details of what we propose in that direction. Meantime, let me say that there are some other features to which I wish to call attention. The budget of last year introduced a number of features which, though I am sure they were well intended by the minister who introduced them, did not work out well. They have proved to be unsatisfactory, and I think there is no question about that now. One of these provisions was an amendment to the Customs Tariff Act providing that all goods that were imported should, where possible be marked, stamped, branded and so forth, and penalties were imposed for failure to do this. The government which passed that regulation evidently had occasion to reconsider their judgment on the matter; at all events they were reluc-

tant to enforce it. The law required that the act should take effect on the 31st of October, 1921, I think it was; but when that date arrived, the then government decided that they would not enforce the act, and they gave notice by Order in Council that its enforcement was postponed until the 31st of December. When the 31st of December came, another Government was in power by one day—it got in on the 30th—and the Minister of Customs and Inland Revenue of the present Government shortly after advised that the thing was unworkable and that it be postponed until the present Parliament should be consulted. We are now in a position to determine what to do. Our opinion is that, as a general law, this provision should be repealed. We propose, in any particular case of an exceptional character, when there are reasons why articles imported from abroad should be marked, that we should have the right by Order in Council to deal with the matter; but we propose that, as a general law, this provision shall be repealed.

Another provision of that kind was with regard to the valuation of goods. The time-honoured system of Canada was that the value of goods for customs purposes was the fair market value in the country of production. That has been our custom for ages. A proposal was made last year to enact that the customs officer must determine the value; that the value for duty must be not less than the cost of production in the country which produces the goods, plus a fair profit. How an unfortunate customs officer, any one of the hundreds scattered throughout Canada, was going to be able to determine the cost of production of these things in a far-away country, I cannot readily understand, and still more would be his difficulty to determine what, under all the circumstances, was a fair profit. However that may be, we are of opinion that that also is an unnecessary interference with trade, and we propose to wipe it out.

Another regulation of a somewhat similar character dealt with the question of depreciated currency. The German mark, for example, is normally worth nearly twenty-four cents; it is actually worth today one-third of a cent. The act of last year provided that in no case should depreciation of currency be recognized below 50 per cent. That is to say, in the case of German trade, whatever might be the value of goods for customs purposes, the mark was to be declared worth 50 per cent of its original value; that is, roughly

speaking, it should be worth about 12 cents. The normal value of the mark is 24 cents; it is declared to-day to be worth 12 cents, whereas, the actual value to-day is one-third of a cent. What you do by this is really to multiply the duty by a fictitious value, to multiply it by 36 times to-day. That is to say, the thing which is worth only one-third of a cent, you say shall be worth 12 cents. That multiplies its value, as I said, 36 times. So, while you keep up the pretence of a duty of 35 per cent, you are actually taxing those goods 1,000 per cent. If you want to say that German goods shall be prohibited, say so; if you shrink from saying that in such a direct way, then put on the 1,000 per cent duty; but do not humbug the world at large by pretending that we have a duty of 35 per cent when the real duty is about 1,000 per cent.

Another feature of the matter to which I should like to draw attention is this: The design, no doubt, was to give an enhanced protection to some industries which desired it; but what was the effect? The late government have not succeeded in shutting out German goods. What they have succeeded in doing is in shutting out the Canadian merchant from an opportunity of doing direct trade and in obliging him to pay tribute to somebody else. For example, if a merchant in Holland buys goods in Germany, takes them to Holland and then sells them to a merchant in Canada, the invoice is expressed, not in German marks, but in the currency of Holland which is not depreciated. The Hollander is allowed to purchase the goods at their real value, and the Canadian merchant can go to Rotterdam and buy the goods; but he has to pay the real German price plus the cost of transportation to Holland, plus the Holland merchant's profit—that is, the invoice price of the goods. The Canadian merchant can bring the German goods into Canada in that way; but he cannot bring them in direct. He can do better than that: he can go to England, where there is no duty. The English merchant can buy the German goods at the real value of the mark; he takes them to England, and he sells them to the merchants in Canada at an English price. The merchant in Canada still gets the goods; he is getting them to-day; but he has to pay tribute to the merchant in Holland or in London, and the real effect of this is to prevent the Canadian merchant from doing a direct trade and to oblige him to pay

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tribute to somebody else. We propose to abolish the whole thing.

Another regulation at that time—it was a busy time in the Budget last year—contemplated the establishment of commercial agencies abroad and the requirement that a commercial agent of Canada should have his certificate attached to every invoice of \$100 or more. It could be seen at once that if that was to be effected, we would have to have a large army of commercial agents, scattered throughout the wide world. After adopting that, the government seem to have had some hesitation in applying it. They did not bring it into force at once. They provided that it should be brought into operation by order of the Governor in Council. They have never brought it into operation. To-day it is a dead issue and we propose to make it doubly dead by wiping it out.

We are making a numerous list of reductions. I shall not detain the House by giving every one. My recollection is that there are forty-nine or fifty items in the tariff that are affected. The resolutions to be placed on the Table immediately will give them all in detail. In the meantime I can state some of the particular items. Last year an arrangement was made whereby the duty on alcohol was increased to a very high figure. It is now \$9 per proof gallon. Provision was made that in the case of men engaged in the making of pharmaceutical preparations, where they are largely engaged in the business, and are put to the expense of keeping a bonded warehouse, they are allowed to get alcohol at \$2.40 per proof gallon as against the rate of \$9 charged others. Now, the druggists of Canada, a very large and respectable body, require alcohol in the making of various preparations, and they are obliged to pay a duty of \$9 per proof gallon for it, while the man who has a big warehouse and does business on a large scale pays only \$2.40. We think that is inequitable. It was a great mistake on the part of the late government to adopt that scale, and we propose now that the druggists of the country shall be allowed—and we think we can devise a scheme whereby this can be done—to obtain alcohol for their own legitimate purposes, for the manufacture of the preparations they make, at the same rate enjoyed by the large manufacturing concerns. Of course, it is a matter that might easily lend itself to abuse. I realized that, and my

first thought was that there might be a danger of that kind. The druggists of Canada, however, are a most respectable body. They are, as a rule, among our foremost citizens, being organized under provincial laws, and I do believe that they will be only too anxious to see that this privilege is not abused. We believe, at any rate, that we can surround it with devices that shall make it absolutely sure that the druggists will use the alcohol only for their legitimate purposes and in no other way. We are doing this in order to meet what we feel to be a reasonable demand on the part of a large section of the Canadian people.

Now I shall give an intimation of some of the reductions in duty that have been made. We are making some changes in the law respecting tobacco, and these I may as well mention. It is proposed to change the duties on cigarettes and cigars and on Canadian raw leaf tobacco when taken into a licensed tobacco or cigar manufactory. The excise duty on all weights of cigarettes is increased \$3 per thousand. The present rate is \$6 per thousand for cigarettes weighing not more than 3 pounds per thousand, and \$11 on cigarettes weighing more than 3 pounds. It is proposed to increase the rate in the customs tariff on imported cigarettes from \$4.10 per pound, and 25 per cent, to \$5.25 per pound and 25 per cent. It is estimated that the increase in both excise and customs tariff will give an additional revenue of over \$5,000,000 per annum, after allowing for a reduction of 10 per cent in the consumption owing to the increased rate. The consumption of cigarettes has grown to immense proportions in Canada, the number consumed last year being equal to 267 for each man, woman and child in the country. It is proposed to readjust the duties on cigars. This will have the effect of reducing the duties on the low priced, and increasing it on the higher priced, cigars. The intention is to impose a graduated rate according to the value of the cigars. At present there is a tax of \$6 per thousand irrespective of the value or character of the cigar. We want to introduce something like the principle of *ad valorem*, so that a cigar of medium character will still pay about the same rate, while the more expensive cigar will pay a higher rate. We think it is only reasonable that the cheaper cigars should be allowed to come in and be sold at a lower rate than the expensive cigars, and one effect will be to

increase largely the consumption of Canadian native leaf.

Then with regard to the duty on raw leaf tobacco. There is a duty of 5 cents per pound on raw leaf tobacco. At present raw leaf tobacco is of very low value. I was told the other day—possibly the case was an extreme one—that the value in some cases is little more than the tax, and therefore the tax seems to be a heavy burden. We propose now not to abolish the duty altogether, but to abolish it when the tobacco is taken into a licensed tobacco or cigar factory. We think that in that way it will lead to an increased quantity of native tobacco being used in the cigar factories, and when the tobacco is used in the factories we shall get the duty of 20 cents per pound. This, therefore, is a move that is intended to help the native tobacco industry, which we all desire to see flourish, while it will not involve us in any considerable loss of revenue.

Reductions and the Industries

There are some reductions in duties to which I desire to draw attention. These reductions of duties will benefit the several industries on the following articles. First, I take the farming industry, in relation to which reductions include:

	Per cent
Mowing machines, harvesters, binders and reapers, reduced under the general tariff.	2½
Cultivators, harrows, horse-rakes, seed drills, manure spreaders and weeders, reduced under the general tariff.	2½
Ploughs and threshing machines, reduced under the general tariff.	2½
Milking Machines, reduced under the general tariff.	5
Vegetable grading machines, reduced under the general tariff.	5
Nearly all other agricultural implements are reduced under the general tariff.	5

There is a corresponding reduction on these articles under the British Preferential Tariff, but practically all are imported under the General Tariff. Tractors for farm purposes valued at \$1,400 or less and parts thereof, are now free by Order in Council: It is proposed to make these articles free by Act of Parliament. Wrought iron tubing four inches and under in diameter is reduced five per cent under both preferential and general tariffs. Wrought iron tubing over four inches and not over ten inches is reduced five per cent under the preferential tariff. Tools are reduced five per cent under the preferential tariff. Harness is reduced 2½ per cent under the pre-

ferential tariff. Farm waggons are reduced 5 per cent under the preferential tariff and 2½ per cent under the general tariff.

For the dairying industry a reduction is made on paper milk bottle caps of 7½ per cent under both the preferential and general tariffs.

Glass Milk Bottles are reduced 5 per cent under both tariffs.

Dairy tin hollow-ware and cans for milk and cream are reduced 2½ per cent under the preferential tariff and 5 per cent under the general tariff.

Milking machines are reduced 2½ per cent under the preferential tariff and 5 per cent under the general tariff.

In regard to the fruit-growing industry, fruit-grading machines are reduced 2½ per cent under the preferential tariff and 5 per cent under the general tariff.

In the lumber industry there are several reductions. Machinery for saw mills is reduced 2½ per cent under the general tariff. Wrought iron tubing 4 inches in diameter or less is reduced 5 per cent under both tariffs. Tools and cantdogs are reduced 5 per cent under the preferential tariff.

For the mining industry. Porcelain parts of pumps are reduced from 20 per cent preferential tariff and 30 per cent general tariff to free under all tariffs. Wrought iron tubing 4 inches and under in diameter is reduced 5 per cent under both tariffs; and tubing over 4 inches and not over 10 inches is reduced 5 per cent under the preferential tariff.

For the fishing industry; Gasoline over .725 specific gravity and not exceeding .750 is reduced from 2½ cents per gallon to 1 cent under the general tariff. Manila rope not exceeding 1½ inches in circumference is made free of duty to all fisheries,—under the present tariff it is free only for holding traps used in the lobster fisheries. Oiled clothing is reduced five per cent under both tariffs. Oiled hats are reduced 2½ per cent under the preferential and 5 per cent under the general tariff.

The plumbing industry benefits by the reductions already stated on wrought iron tubing and tools.

For the general public there are a number of reductions. Certain liquid medicines, non-alcoholic, are reduced 35 per cent under the preferential tariff and 20 per cent under the general tariff. Cocoa, unsweetened, is reduced 1 cent per pound under the preferential tariff; cocoa, sweetened, one-half cent per pound under the preferential tariff, and

cocoa in powder form five per cent under the preferential tariff; and preparations are reduced 2½ per cent under the preferential tariff. On refined sugar the preference is increased from one-quarter off in the general tariff to practically one-third off.

Other reductions include the following:

	Per cent
Enamelled ware reduced under the Preferential Tariff.	2½
Window shades reduced under the Preferential Tariff.	2½
Cotton fabrics, gray, bleached or dyed reduced under the Preferential Tariff.	2½
Corsets and cotton clothing reduced under the Preferential Tariff.	2½
Flannels, lustres, mohair reduced under the Preferential Tariff.	2½
Alpaca and Italian linings reduced under the Preferential Tariff.	2½
Woollen fabrics, woollen clothing, cloths, doeskins, cassimeres, tweeds, coatings, overcoatings, and felt cloth, n.o.p. reduced under the Preferential Tariff.	2½
Rubber clothing reduced under the Preferential Tariff.	2½
Knitted goods reduced under the Preferential Tariff.	2½
Boots and shoes reduced under the Preferential Tariff.	2½
Collars and cuffs reduced under the Preferential Tariff.	5
Blankets, cotton, reduced under the Preferential Tariff.	2½
Clothes wringers—2½ per cent. reduction under both Tariffs.	
Dairy tin hollow-ware reduced 2½ per cent, under Preferential Tariff and 5 per cent under General Tariff.	

Automobiles are now entitled to be entered as settlers' effects by farmers only. It is proposed to admit automobiles valued at not more than \$1,000 by other settlers as well as by farmers. It is also proposed to admit boats for fishing purposes by settlers as settlers effects.

This is a long list, Mr. Speaker, and one which I hope will find favour with the House.

I have already intimated that while we could with our present taxation system meet what might be called ordinary expenditure, we are not content to do that. We could with our present sources of revenue probably meet what is called ordinary expenditure, possibly even some of our capital expenditure, but it is quite certain that if we do not adopt some other method of taxation we should be adding enormously to the public debt, and I think I speak the wish of the House when I say that that is a course to be guarded against. So we are proposing some new rates of taxation.

The sales tax we propose to increase by 50 per cent. We propose that automobiles up to \$1,200 shall pay a tax of 5

per cent, and those above \$1,200, 10 per cent. On confectionery we propose a tax of 5 per cent; on ale, beer, etc., 15 cents per gallon; on mineral waters and other soft drinks, 10 cents per gallon. Cheques now pay 2 cents. We maintain that 2 cents up to \$50, but we impose a tax of 2 cents on each additional \$50. We propose a small tax of 5 per cent on certain classes of insurance premiums which are not at present reached. We propose that telegrams and cables, which are now taxed 1 cent shall hereafter pay 5 cents. On transfers of stock which now pay 2 cents per \$100 share, we propose 5 cents. Beet sugar is to be subjected to an excise duty of 49 cents per 100 pounds.

The beet sugar industry is in a very fortunate position. The ordinary refiner imports his material from abroad and pays duty on it. The value he gets in the way of protection, if you call it such, is the difference between what he pays on his raw material and the duty fixed on the refined article. But in the case of the beet sugar refiner he has no duty to pay on his raw material at all, and therefore when the duty was increased, as it has been increased largely on sugar, he is getting the full benefit to an extent which he really does not need. We think he can well afford to pay a duty of 49 cents per 100 pounds, almost half a cent a pound on beet sugar made in Canada. This will not affect the price of sugar because the price is governed by the duty on the refined article, and that is not increased.

These taxes are all to be made under what is called the Special War Revenue Act excepting beet sugar which will be under the Inland Revenue Act.

I have already explained the change we propose in the cigar duty.

Last, but not least, we are going to ask the banks to bear some share of these new burdens which we all have to shoulder. There is at present a nominal tax of 1 per cent on the circulation of the banks, but when you come to the income tax you find that whatever the banks have paid as tax on their circulation as deducted from the income tax. We propose to abolish the exemption and say that the 1 per cent tax on circulation shall be paid and shall come into the revenue of the country. As the circulation in the beginning is really supplied by the Government—by the people of Canada, who give the banks large privileges in this way, we think this demand

they shall pay us 1 per cent tax on the circulation in not unreasonable is these hard times.

Financial Situation

I am not going to detain the House by referring to all the items dealt with. I shall lay the resolutions on the Table, and they of course will be scanned carefully by hon. members as opportunity occurs.

I have deemed it proper in this address to present very clearly what I regard as the gravity of the financial situation. I would not, however, have any one draw the impression that I have a gloomy view of the future. There is, happily, a brighter side. I have unbounded faith in the resources of our country and in the intelligence and patriotism of the Canadian people. The worst of the commercial and industrial depression is, I believe, over. Already the sun of better times is beginning to shine. I do not look for any rapid restoration to prosperity, but I believe that from this time forward there will be a quiet and steady improvement. Everywhere there seems to be hope and confidence that such improvement is coming. That hope and that confidence will have much influence in bringing about a better day. If Providence sends us a blessing of good crops this year, we may look for the beginning of the prosperity of former times. While we have diversified industries, all of them entitled to careful consideration, we shall do well to remember that agriculture is and will continue to be the occupation of the largest class of our people and the industry that has the widest influence on general prosperity.

No nation in these days liveth to itself. Whether we like it or not, every country is in some degree dependent upon events in other countries. It has been a topsyturvy world that we have been living in, and we cannot look for satisfactory conditions until the world generally recovers in some degree its balance. In our own country, if one thing more than another is necessary, it is the establishing of better relations between labour and capital.

Admirers of the British constitution claim as a virtue for it that wherever a grievance exists a way of relief can be found. Why should it not be so with labour and capital to-day? In nearly every relation of life we are obliged to submit to the judgment of authority. Why cannot labour and capital agree upon tribunals to which disputes can be referred? The lockout and the strike of to-day are evidences that our so-called civilization is

still far from perfect. Why should either labour or capital deem it necessary to resort to force? The general public, whose interests are so often affected by the conflict, have a right to expect that both capital and labour will endeavour to find a better way of settling their disputes. If labour at times seems to be unreasonable, let us not forget that in the days that have gone, too often the workingman, so-called, did not receive a fair share of the wealth which his labour created; too often he saw his employer grow rich and prosperous while the workingman had little more than an existence. There has been a happy change in this respect. We cannot return to pre-war conditions. The workingman's position has advanced. His standard of living has improved. He is unwilling to go back to pre-war conditions, and nobody should expect him to be content to do so. He has a right to expect better conditions for himself and his family than in former days. But he has duties to perform on his part. Labour has come to a sense of its power. Has it come to a sense of the responsibility and duty which should always accompany power? We cannot doubt but the mass of the working men, as we call them, wish to be good citizens of Canada. They hold interests in common with other classes of the community. They have wives and mothers and children and homes to protect, and protection for these can only come when law is upheld and order observed. There are so-called labour leaders who, unfortunately, preach the doctrine that the employer is the enemy of the workman. They preach the doctrine that the workingman should play an entirely selfish part, that his duty is to get all that he can in the way of wages and give as little as he can in the way of labour. Such men are a menace to the true interests of labour as well as to the interests of society generally. There are in Canada many labour leaders who refuse to preach these dangerous doctrines and who, while zealous in defending the interests of labour, are no less zealous in maintaining the interests of society. Let us pray that on this vital question capital and labour may alike recognize their responsibilities, that they may put aside every temptation to play a selfish part, and co-operate in efforts which will mark Canada in the eyes of the world as a land of peace, and progress, and prosperity.

[Mr. Fielding.]

RESOLUTIONS

I beg to give notice that upon the House resolving itself into committee I shall move the following resolutions:

Resolved, That it is expedient to amend the Customs Act and Amending Acts, including the Department of Customs and Excise Act (Chapter twenty-six of the Statutes of 1921), as follows:—

1. By repealing section six of the Department of Customs and Excise Act, being Chapter twenty-six of the Statutes of 1921, and amending section thirty-one of the said Customs Act accordingly.

2. By repealing section seven of the Department of Customs and Excise Act aforesaid, and amending section forty of the said Customs Act accordingly.

3. By amending section fifty-nine of the said Customs Act, as follows:

(1) By striking out subsection three thereof, and substituting therefor the following:—

"(3) Whenever the value of a currency has not been proclaimed, or whenever there is no fixed standard value, or whenever from any cause the value of a currency has become depreciated or appreciated, there shall be attached to the invoice of the goods imported the certificate of some Consul or Canadian Trade Commissioner, resident in such place or country, or the certificate of a Bank, showing the extent of such depreciation or appreciation, or the true value at the time of the exportation of the goods of the currency in which such invoice is made out, as compared with the standard dollar of Canada: Provided that the Collector of Customs and Excise may compute the value for duty at the rate of exchange certified by the Bank through which the same is drawn as current at the time and place when and whence the goods were exported to Canada."

(2) By amending subsection four of the section fifty-nine by adding after the word "Consul's" in the second line thereof the words "or Canadian Trade Commissioner's".

(3) By repealing section eight of the Department of Customs and Excise Act aforesaid and amending said section fifty-nine accordingly.

Resolved, That any enactment founded on the foregoing resolution shall be deemed to have come into force on the twenty-fourth day of May, one thousand nine hundred and twenty-two and to have applied to all goods imported or taken out of warehouse for consumption on and after that day and to have also applied to goods previously imported for which no entry for consumption was made before that day.

1. Resolved, That The Customs Tariff, 1907, be amended by repealing section 12A, added thereto by section 5 of The Customs Tariff Amendment Act, 1921, and by inserting in place thereof the following section.

12A. The Governor in Council may from time to time as he deems it expedient, order that goods of any description or class specified in such order, imported into Canada, shall be marked, stamped, branded or labelled in legible English or French words, in a conspicuous place that shall not be covered or obscured by any subsequent attachments or arrangements, so as to indicate the country of origin. Said marking, stamping, branding, or labelling shall be as nearly indelible and permanent as the nature of the goods will permit.