Washington, March 27.—The new Immigration bill was reported to the Senate this afternoon, and will be given the right-of-way next week. The chief item of interest to Canada is the restriction upon immigrants from Canada not born in the Dominion. No quota barrier is erected against native-born Canadians, but other immigrants from Canada will be treated as though coming from the land of their birth. Thus, a Canadian citizen born in England would be refused admission if the British quota were exhausted.

Senator Colt, Republican, Rhode Island, chairman of the senate immigration committee, interviewed by the Free Press this evening, said: "The underlying principle in the bill is restriction of immigration from all countries except our sister nations on this continent. We find, however, that European immigrants evade the quota provision of the Immigration Act by colonizing in contiguous countries, notably Cuba, and then come into the United States as citizens of such country. To stop this we provided all immigrants shall be treated as coming from their native land. We had no complaint about Canada, but the provision is general, and, of course, applies to Canadian citizens not born on this continent."

I desire to ask the government if they have any information which they can give to the House as to whether this discrimination against naturalized citizens is to be carried on.

Hon. J. A. ROBB (Minister of Immigration and Colonization): Until my hon. friend (Mr. Euler) brought this matter to our attention, I had not had any notice of it. I shall look into the matter to which it refers, and make a reply in a day or two.

## REDISTRIBUTION

On the Orders of the day.

Mr. McQUARRIE: Might I be permitted to ask whether it is the intention of the government to have a meeting of the Redistribution committee before the Easter adjournment? As a member of that committee I must protest against the unnecessary delay in getting down to business.

Hon. E. M. MACDONALD (Minister of National Defence): For the information of my hon. friend, I desire to say that a meeting of the committee will be called for the first of the week.

## RURAL CREDITS

On the Orders of the Day:

Mr. E. J. GARLAND (Bow River): A little more than three weeks ago a question was asked of the government by a member of this part of the House to ascertain when the government would place on the Table of the House the report of the commission on Rural Credits. Up to this date there has been no intimation as to whether the government had that report or when it would lay it on the Table. As this matter is one of vital importance to western Canada, and a solution must be reached this year, I would ask the government when we may expect that report and when the House will have it before them.



Hon. Mr. ROBB: Professor Tory, who is entrusted with investigating this matter, has not yet reported. As soon as he reports to the government we will be in a position to answer the question.

## THE BUDGET

### ANNUAL FINANCIAL STATEMENT OF HON. J. A. ROBB, ACTING MINISTER OF FINANCE

Hon. J. A. ROBB (Acting Minister of Finance) moved:

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

Mr. SPEAKER: I do not wish to be critical, but, according to Rule 17C, on Thursdays and Fridays when the Order of the Day is called for the House to go into committee of supply or of ways and means, Mr. Speaker shall leave the chair without putting any question. I suppose if I were to take the letter of the law, I would have to leave the chair, and the budget speech would be delivered in the committee of the whole House. I think I am living up to the traditions of the House by putting the question and proceeding as we have always proceeded before this rule came into force.

Hon. J. A. ROBB (Acting Minister of Finance): Mr. Speaker, in presenting the annual financial statement to parliament, I cannot refrain from expressing what I know to be the unanimous feeling of this House, our profound regret that the Minister of Finance (Mr. Fielding) is unable to be present to-day to deliver it himself. Last year that right hon. gentleman delivered his seventeenth budget speech, a record, I believe, unequalled by any other Minister of Finance within the Empire. When, upon the assumption of office by the present administration, the right hon. gentleman returned to his former post as Minister of Finance, it was at a critical period in the history of Canada. I am sure that the House will agree with me when I say that since then the Right Hon. W. S. Fielding has discharged his important and onerous duties with that ability, integrity and courage always characteristic of him during his long and distinguished career. Hon. gentlemen of all parties in this House will, I know, join with me in wishing him a speedy recovery from his present illness and an early return to his public duties.

Fiscal Year 1922-23—Revenue

The Public Accounts for 1922-23 were submitted to parliament during this present session. The consolidated revenues or ordinary receipts obtained during that year were $394,614,900, an increase of $12,662,513.-01 over the previous year.

Other receipts, amounting to $8,479,310.30, which included $8,199,333.31 received from the Imperial government to cover exchange on repayments in London to the Dominion of Canada from July, 1920, to August 2, 1921, brought the gross revenue to $403,094,210.30.

Expenditure 1922-23

The expenditure side shows $332,293,732.09 for ordinary expenses. Capital, demoblization and other charges amounted to $18,314,-814.63, thus making the total disbursements for that year $350,608,546.72.

The surplus of revenue over total disbursements left $52,485,663.58 available for railways, Canadian Government Merchant Marine and other obligations amounting to $84,126.730.59. Of this amount $77,862,348.23 was required for railways and $5,979,856.08 for the Canadian Government Merchant Marine. The outcome of the year resulted in an increase of $31,641,067.01 to the public debt.

Fiscal Year 1923-24

Coming now to the year 1923-24 which has just closed, I might say that some time will elapse before all the returns for that year will come to hand and allow of definite results being determined. We can, however, make a fairly close estimate which should not differ materially from the actual figures when the books are closed.

Estimated Revenue 1923-24

By adding to the actual revenue received by the Department of Finance, up to and including 31st March last, the estimated amount of revenue yet to come, the accounts for that year, when finally closed, will show a total revenue of about $396,000,000, being an increase of $1,500,000 over the revenue of 1922-23.

The estimated revenue from customs duties will be $121,800,000, an increase of $3,700,000 over the previous year. From excise duties we expect $38,200,000, an increase of about $2,500,000. The estimated revenue from excise taxes will be $121,000,000, an increase of about $14,500,000. From income taxes we estimate $53,750,000, a decrease of about $6,000,000 as compared with the previous year. From delayed business profits taxes we will receive some $4,650,000, a decrease of $8,381,000. We estimate a revenue from interest on investments of $11,700,000, being a decrease of about $4,700,000, which is accounted for by the reduction in 1922 of some $56,000,000 in the indebtedness of the Imperial government to Canada.

Estimated Expenditure 1923-24

Turning now to expenditures, it is estimated that when all accounts are closed, the expenditure for the year on ordinary account will be $328,250,000, a decrease as compared with the previous year of $4,000,000.

Estimated Surplus of Ordinary Revenue over Ordinary Expenditure, 1923-24

Taking the estimated revenue for the year ended March 31, 1924, as $396,000,000, and the estimated expenditure chargeable to Consolidated Fund as $328,250,000, there will be a surplus of revenue over the ordinary expenditure of $67,750,000, available for capital special and other obligations.

Capital Expenditures, 1923-24

Capital expenditure for public works, including Marine department, will amount to $3,865,000, and capital expenditure for Railways and Canals, $8,305,000, making a total capital expenditure of $12,170,000, an increase of $2,362,000 over the previous year.

Special Expenditures, 1923-24

Special expenditures will amount to $8,390,-000, of which $740,000 will be required for demobilization accounts, and $7,650,000 for discount and cost of loan flotations.

Railway Loans

Parliament at its last session authorised $74,550,000 for loans to the Canadian National Railway Company, to be made by way of cash, or by way of guarantee, or partly one way and partly the other. These alternative provisions for meeting railway obligations as voted by parliament were first authorised during the session of 1921.

In July, 1921, $25,000,000 was raised by way of guarantee for Canadian Northern railway purposes; and in September, 1921, a further amount of $25,000,000 was raised by way of guarantee for purposes of the Grand Trunk Railway Company, making in all $50,000,000 by way of guarantee chargeable against the loan vote for 1921-22. During the fiscal year 1922-23, the government was in a position to meet the railway requirements by way of loans in cash. During the fiscal year just ended, $24,550,000 was paid to the railways by way of cash. We received $768,336 as a refund against the amount advanced in 1921-22 for purchase of rails.

The vote for the fiscal year was charged with $24,550,000, and the balance of $50,000,000 was raised in February last by way of guarantee and held by the Minister of Finance in a trust account, payments being made from time to time as necessity arose.

I may say that when loans are made by way of cash, under the arrangements made by the former Minister of Finance, they are treated as non-active assets and are, therefore, not taken into account when determining the net public debt. Moneys raised by way of guarantee, which places the government in the position of an endorser, do not presently affect the public debt in any way, as they are indirect obligations.

The action taken by the former Minister of Finance in treating cash loans to the Canadian National Railways as non-active assets is, I think, a very proper procedure, especially when such loans are for the purpose of meeting deficits whenever incurred, and interest charges.

Where moneys are required for construction purposes to better equip the railways for increased earning powers, there is no question that such obligations might be considered as proper capital charges, and, if necessary, be met by way of guaranteeing the issue of railway securities.

The railway issue of February last, guaranteed by the Minister of Finance, was to meet capital charges. A substantial balance is still held in trust by the minister and will be available for the railways for such purposes during the year 1924-25.

Since 1920 the following railway bond issues have been guaranteed by the Minister of Finance under special statutory authority, quite apart from the amounts provided in the annual votes of parliament for railway purposes:

| | |
|---|---|
| October, 1920—Grand Trunk Railway Company.. .. .. .. .. .. .. .. .. .. .. .. .. | $25,000,000 |
| December, 1920—Canadian Northern Railway Company.. .. .. .. .. .. .. .. .. .. .. | 25,000,000 |
| March, 1922—Canadian Northern Railway Company.. .. .. .. .. .. .. .. .. .. .. | 11 000 000 |
| August, 1923—Canadian National Railway Company—Serial Equipment Issue.. .. .. | 22,500,000 |

The $22,500,000 issue of 1923 is the first equipment issue carrying the government's guarantee. The bonds are secured on the equipment purchased and, in addition, guaranteed under the Guarantee Act of 1923. This was done so as to make the security more attractive to investors and secure the highest price. Previous equipment issues were obligations of the company, specifically secured by the equipment, but without any government guarantee.

## Public Debt

Turning now to the public debt. On March 31, 1923, our net public debt stood at $2,453,776,868.74. Our estimated ordinary revenue for the year just closed is $396,000,000. Our estimated ordinary expenditures of $328,250,000, and capital expenditures $12,170,000; special expenditures $8,390,000; railway loans $23,781,664; Canadian Government Merchant Marine loans $1,500,000, and loans to Quebec Harbour Commission, which are treated as a non-active asset, $500,000, together with an amount of $621,987 carried on the books of the department for Victoria Shipowners, Limited, which it is proposed to treat as a non-active asset in the place of an active asset as heretofore make the total charges $375,213,651. Our surplus of ordinary revenue over these expenditures will therefore be $20,786,349 to be applied towards the reduction of the national debt as it stood on March 31, 1923. To this must be added $1,317,000, being the amount of sundry outstanding indebtedness cancelled during the past year, and a further amount of $8,305,760.37 received in settlement of an adjustment of acknowledged book debts between the Imperial and the Dominion governments. These two amounts, totalling $9,622,760.37, together with the $20,786,349 surplus of revenue over total expenditures, reduce our net public debt as of March 31, 1923, by the amount of $30,409,109.37.

On March 28 last an adjustment of acknowledged book debts between the Imperial and the Dominion governments was effected. The Imperial government as shown by the books of the Department of Finance, were indebted to us in the amount of $66,779,597.42. On the other hand, the Imperial government held our bonds to an amount of $67,207,351.17, of which $2,000,000 were 3½ per cent bonds maturing 1925-28, and $65,207,351.17 were 4½ per cent bonds maturing 1925-45, the bonds being part of an issue made by Canada to the Imperial government in 1916. Negotiations were undertaken and settlement made by offsetting bonds issued to the Imperial government against their indebtedness to Canada. The unmatured bond issues were taken at the rate of 92.91 for the 3½ per cent issue and 87.48 for the 4½ per cent issue. A settlement was effected on a 5½ per cent basis, being the rate of interest Canada is paying on her outstanding Victory loans from which the moneys were obtained for advances to the Imperial government. The value of the bonds at these rates was $58,901,590.80, being $8,305,760.37 under their face value.

### Refunding Loan

On November 1, 1923, the 5½ per cent five-year bonds of the 1918 Victory loan issue amounting to $172,459,650 matured. In September last tenders were asked for an issue of a five per cent refunding loan. The highest bid, from a Canadian syndicate, was accepted, namely, $53,000,000 five-year bonds at 96.75 and accrued interest and $147,000,000 twenty-year bonds at 96 and accrued interest. Arrangements were made with the syndicate to give to holders of the maturing bonds the privilege of converting their holdings into bonds of the refunding issue. The price to the public was 99 for the five-year bonds and 98.25 for the twenty-year bonds. The maturity date of the refunding loan is October 15, 1928, for the five-year bonds, and October 15, 1943, for the twenty-year bonds. It was stipulated that the syndicate should associate with themselves the recognized bond dealers in Canada. All commissions to banks and brokers, advertising expenses and all other charges usually included in flotation expenses, were borne by the syndicate. Holders of the matured bonds took advantage of the offer to the extent of $59,388,200, leaving a balance of $113,071,450 to be redeemed in cash.

### Fiscal Year 1924-25

I come now to the fiscal year 1924-25. Estimates of revenue for the year upon which we have just entered cannot be made with any degree of accuracy. The revenue we would receive on the present basis of taxation would be materially affected by reductions in taxes which, in view of the most satisfactory outcome of the year just closed, it is proposed to submit to parliament. It is hoped, however, to offset any considerable reduction in the revenue by a most rigid economy in expenditures. The estimates now before the House show a very substantial reduction as compared with the estimates of last year. We shall no doubt have supplementaries, but rigid economy will be exercised in their preparation; and in this the government hopes for and expects co-operation from all sections of Canada.

### Canadian Trade—Merchandise Only

I desire, Mr. Speaker, to place on record tabulated statements illustrating the development of Canadian trade. For comparison I have taken the year immediately preceding the war, then the years 1922 and 1923, and eleven months ended February, 1924. With the permission of the House I will place these statements on Hansard.

Trade with the United Kingdom

| Fiscal Year ended 31st March | Imports for Consumption | Total Exports | Excess of Exports over Imports |
|---|---|---|---|
| 1914.. .. .. .. | $132,070,406 | $222,322,292 | $ 90,251,886 |
| 1922.. .. .. .. | 117,135,343 | 300,363,193 | 183,227,850 |
| 1923.. .. .. .. | 141,330,143 | 379,918,526 | 238,588,383 |
| Eleven Months ended Feb., 1924 (unrevised).. .. | 138,224,868 | 332,276,770 | 194,051,902 |

Trade with the British Empire

Including the United Kingdom

| Fiscal Year ended 31st March | Imports for Consumption | Total Exports | Excess of Exports over Imports |
|---|---|---|---|
| 1914.. .. .. .. | $154,526,846 | $246,032,121 | $ 91,505,275 |
| 1922.. .. .. .. | 149,109,253 | 347,450,451 | 198,341,198 |
| 1923.. .. .. .. | 179,638,805 | 440,993,115 | 261,354,310 |
| Eleven Months ended Feb., 1924 (unrevised).. .. | 178,619,198 | 408,714,744 | 230,095,546 |

Trade with United States

| Fiscal Year ended 31st March | Imports for Consumption | Total Exports | Excess of Imports over Exports |
|---|---|---|---|
| 1914.. .. .. .. | $396,302,138 | $176,948,299 | $219,353,839 |
| 1922.. .. .. .. | 515,958,196 | 304,104,177 | 211,854,019 |
| 1923.. .. .. .. | 540,989,738 | 380,347,721 | 160,642,017 |
| Eleven Months ended Feb., 1924 (unrevised).. .. | 540,461,296 | 397,369,390 | 143,091,906 |

Trade with all Foreign Countries

| Fiscal Year ended 31st March | Imports for Consumption | Total Exports | Excess of Imports over Exports |
|---|---|---|---|
| 1914.. .. .. .. | $464,667,152 | $209,405,103 | $255,262,049 |
| 1922.. .. .. .. | 598,695,079 | 406,476,558 | 192,218,521 |
| 1923.. .. .. .. | 622,940,439 | 504,302,722 | 118,637,717 |
| Eleven Months ended Feb., 1924 (unrevised).. .. | 627,794,090 | 556,223,251 | 71,570,839 |

Total trade with all Countries

| Fiscal Year ended 31st March | Imports for Consumption | Total Exports | Excess of Imports over Exports |
|---|---|---|---|
| 1914.. .. .. .. | $619,193,998 | $455,437,224 | $163,756,774 |
| | | | Excess of Exports over Imports |
| 1922.. .. .. .. | 747,804,332 | 753,927,009 | 6,122,677 |
| 1923.. .. .. .. | 802,579,244 | 945,295,837 | 142,716,593 |
| Eleven Months ended Feb., 1924 (unrevised).. .. | 806,413,288 | 964,937,995 | 158,524,707 |

It will be observed that these statements show:

1. Canadian trade with the United Kingdom;
2. Canadian trade with the British Empire, including the United Kingdom;
3. Canadian trade with the United States;
4. Canadian trade with all foreign countries; and
5. A summary of total Canadian trade with all countries.

This brief statement showing the steady growth of Canadian trade with the nations of the world must be gratifying to Canadians.

During the fiscal year ended March 31, 1914—four months before the outbreak of the Great War—Canada had a total foreign trade of $1,074,631,222, with an excess of imports over exports of $163,756,774. To that extent the balance of trade was against Canada. The fiscal year ended March, 1922, shows a total foreign trade of $1,501,731,341. The difference between exports and imports was only $6,122,677, but the balance was favourable to Canada. In the fiscal year ended March, 1923, we had a total foreign trade of $1,747,875,081, with a favourable balance of $142,716,593 over imports. In other words, Canadian foreign trade had increased 60 per cent over that of 1914, an unfavourable trade balance of $163,756,774 had been converted into a favourable balance of $142,716,593.

Returns for the eleven months ended February, 1924, indicate continued healthy growth of Canadian foreign trade. Already both imports and exports exceed those of 1923, and the balance of trade favourable to Canada on eleven months' business is $158,524,707. Statistics indicate that each succeeding year Canadians are increasing the percentage of products marketed in the finished or semi-finished condition, thus providing more labour for our own people and higher class freight for Canadian railways.

We now come to the resolutions which I am about to submit to the House proposing Customs tariff changes, and reductions under the Special War Revenue Act. These resolutions will show a substantial reduction in taxation. For purposes of brevity and clearness I shall place the proposed changes in groups according to the classes affected.

Customs Tariff and Consumption or Sales Tax Reductions

Farming Industry

| Items | Preferential Tariff Old rate | Preferential Tariff Proposed rate | General Tariff Old rate | General Tariff Proposed rate |
|---|---|---|---|---|
| Mowing machines, harvesters, binders, reapers.. .. .. .. .. .. | 7½ | free | 10 | 6 |
| Cultivators, harrows, horse-rakes, seed drills manure spreaders, and weeders.. .. .. .. .. .. | 10 | free | 12½ | 7½ |
| Ploughs, threshing machines and complete parts thereof.. .. .. | 10 | 5 | 15 | 10 |
| Farm or field rollers, post hole diggers, hay loaders, stumping machines, grain crushers, potato-diggers, hay tedders and other agricultural implements | 10 | 5 | 15 | 10 |
| Farm wagons.. .. .. | 10 | 5 | 17½ | 10 |
| Fertilizers.. .. .. .. .. .. | 5 | free | 10 | free |
| Axes, scythes, sickles or reaping hooks, hay or straw knives, edging knives, hoes, rakes and pronged forks.. | 15 | 10 | 22½ | 20 |
| Shovels and spades. .. | 20 | 10 | 32½ | 20 |

It is proposed to remove the sales tax from all the foregoing items grouped under the heading of Farming Industry and also from binder twine. Fertilizers are already exempt.

Materials for Agricultural Implements

It is proposed to give to manufacturers of agricultural implements "free entry" on pig iron, bar iron and bar steel when used in the manufacture of mowers, binders and reapers, in lieu of a drawback of 99 per cent. The "free entry" is also extended to these raw materials when used in the manufacture of cultivators, harrows, horse-rakes, seed-drills, manure spreaders and weeders. Materials which enter into the cost of the aforementioned items and other implements on which the duty is to be reduced will be entitled to entry at 7½ per cent under all tariffs.

It is proposed to grant a drawback of 99 per cent on materials and parts of implements on hand imported prior to this date which will have entered into the cost of all agricultural implements on which the duty is to be reduced. It is also proposed to exempt from the sales tax all the articles and materials to be used in the manufacture of these agricultural implements, as well as goods consumed in the process of manufacture.

Fruit Growing Industry

| Items | Preferential Tariff Old rate | Preferential Tariff Proposed rate | General Tariff Old rate | General Tariff Proposed rate |
|---|---|---|---|---|
| Spraying machines, fruit or vegetable grading machines, pruning hooks, pruning shears. | 10 | 5 | 15 | 10 |

It is proposed to remove the sales tax from the foregoing items and also from nicotine sulphate and spraying preparations.

Poultry Industry

| Items | Preferential Tariff Old rate | Preferential Tariff Proposed rate | General Tariff Old rate | General Tariff Proposed rate |
|---|---|---|---|---|
| Incubators for hatching eggs, brooders for rearing young fowl.. | 10 | 5 | 15 | 10 |

We propose removing the sales tax from these items as well as from poultry feed.

Dairying Industry

| Items | Preferential Tariff Old rate | Preferential Tariff Proposed rate | General Tariff Old rate | General Tariff Proposed rate |
|---|---|---|---|---|
| Milking machines, centrifugal machines for testing butter fat, milk or cream.. .. | 10 | 5 | 15 | 10 |

The sales tax is to be removed from the foregoing items and also from cream separators and parts thereof, and extract of rennet.

Mining and Quarrying Industry

| Items | Preferential Tariff Old rate | Preferential Tariff Proposed rate | General Tariff Old rate | General Tariff Proposed rate |
|---|---|---|---|---|
| Rock drills, percussion coal cutters, coal augers, stamp mills, ore and rock crushers, and rotary and coal drills.. .. .. .. .. .. | 15 | 10 | 27½ | 20 |
| Coal-washing machinery, coke-making machinery, and machinery and apparatus for use exclusively in the distillation or recovery of products from coal tar or gas.. .. .. .. | 20 | 7½ | 30 | 12½ |
| and from | 15 | 7½ | 27½ | 12½ |

It is proposed to remove the sales tax from the foregoing items grouped under the heading of mining and quarrying. In addition the sales tax is to be removed from mining cars and other similar appliances used for mining or quarrying, and from explosives.

Lumbering Industry

| Items | Preferential Tariff Old rate | Preferential Tariff Proposed rate | General Tariff Old rate | General Tariff Proposed rate |
|---|---|---|---|---|
| Saw-mill machinery.. .. | 15 | 10 | 25 | 20 |
| Logging machinery which includes logging cars, blocks and tackle, yarders and pratically all machinery used exclusively for logging operations.. .. .. .. | 15 and 20 | 10 | 30 and 27½ | 20 |
| Logging wagons.. .. .. | 17½ | 5 | 25 | 10 |

The sales tax is also to be removed from the foregoing items pertaining to the lumbering industry.

Fishing Industry

All marline for the fisheries is to be made free of customs duty; heretofore only barked marline has been free.

We propose that the sales tax on rubber boots shall be reduced from 6 per cent to 2½ per cent. Rubber boots, as hon. gentlemen know, are used extensively in the fishing industry.

Barked marline for the fisheries is already exempt from sales tax, and, as a result of the change we are proposing, all marline for the fisheries will become exempt from the sales tax.

Breadstuffs and Provisions

It is proposed to remove the sales tax from the following articles:

Cereal foods, macaroni and vermicelli, sago and rice.
Meats, salted or smoked.

The sales tax is being reduced from 6 per cent to 2½ per cent on biscuits, canned vegetables, canned fruits, jams and preserves.

Boots and Shoes, including rubber footwear

We propose to reduce the sales tax from 6 per cent to 2½ per cent.

The sales tax will be removed from milk foods.

Materials Consumed in Process

Woollen, and many other manufacturing establishments will benefit by a proposed clause which will provide that materials, consumed in process of manufacture or production, which enter directly into the cost of goods subject to the consumption or sales tax, will be exempt from the sales tax.

Well-drilling machinery and apparatus

The sales tax is to be removed.

Crutches are being made free of both customs and sales tax.

Traction ditching machines: The value for "free entry" purposes is being increased from $3,000 to $3,500. Under existing conditions traction ditching machines are admitted free up to a valuation of $3,000 each. When that valuation was fixed, that apparently was the value of the machine, but since then it has increased, and the government propose to increase the value for free entry from $3,000 to $3,500.

Consumption or Sales Tax

In addition to the reductions already mentioned, the sales tax is to be reduced from 6 per cent to 5 per cent. In the case of every item that comes under that tax, the maximum charge will be 5 per cent.

For the better protection of the revenue the sections referring to manufacturers doing business under $10,000 per year will be repealed. The removal of the $10,000 limit in connection with small manufacturing concerns will do away with difficulties in administering the act.

The list of exemptions from the sales tax is to be enlarged. The following are some of the principal articles affected:

Well-drilling machinery and apparatus;
Books for the blind;
Scientific and text books;
Printed text books authorized by the Department of Education of any province in Canada;
Milk foods and prepared cereal foods;
Nicotine sulphate;
Disinfecting, dipping, and spraying preparations;
Church bells;
Chain;
Agricultural implements (of which details are given elsewhere);
Saw-mill and logging machinery (details given elsewhere);
Surgical instruments and appliances for hospitals;
Carbolic oil for creosoting lumber;
Insulin;
Cream separators;
Philosophical apparatus for use in schools and colleges.
Binder twine.

In connection with the discount on importations under the British preferential tariff into Canadian ports enacted at the last session of parliament, it is proposed that in computing the ad valorem rate of duty on tea purchased in bond in the United Kingdom, the value for duty shall not include the amount of the customs duty payable on tea for consumption in the United Kingdom. When the British duty was added it brought the value up so high that the computed rate did not exceed fifteen per cent and therefore was not entitled to the discount.

As a result of these proposed changes it is estimated that there will be a reduction in customs and sales tax revenue of $24,000,000.



Whatever division of opinion Canadians may have, surely we share a united confidence in the future of our country. We have great natural resources. We have certain basic industries, upon the success of which depend the growth of all other industries, and the greater development of our trade. Of these basic industries, I would place agriculture, in all its varied branches, first. Next to agriculture, I would place our forests, our minerals and our fisheries. A real national policy is a policy that will encourage the growth and development of these basic industries. The more of the products of the farm, the fisheries, the mines and the forest we have going to market, the greater will be the earnings of our transportation companies—the greater the purchasing power of the nation and as a consequence we shall have factories running full time and tradesmen working overtime to supply the needs of those who will have money to buy. In that belief, Sir, we submit to-day proposals to lighten the burden of taxation on these primary, basic industries. Our budget shows a reduction in debt of $30,000,000 last year, and a reduction in taxation of $24,000,000 this year. It is confidently expected that this reduction will give such impetus to trade that it will result in greater development and prosperity to all the provinces of Canada.

## RESOLUTIONS

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

Customs Tariff

1. Resolved, That the Customs Tariff, 1907, be amended by adding after paragraph (d) of section four the following as paragraphs (e) and (f) of section four:

(e) Extend the benefit of the British Preferential Tariff to any territory administered under a mandate of the League of Nations by any British country, to which British country the benefit of the British Preferential Tariff has been extended; and from and after the publication of such Order in Council in The Canada Gazette the British Preferential Tariff shall apply to goods the produce or manufacture of such territory, subject to the provisions of this Act.

(f) Withdraw the benefit of the British Preferential Tariff from any territory administered under a mandate of the League of Nations which has received said benefit; and from and after the publication of such order in The Canada Gazette, the General Tariff or the Intermediate Tariff, as mentioned in the said order, shall apply to goods the produce or manufacture of such territory subject to the provisions of this Act.

2. Resolved, That it is expedient to amend The Customs Tariff, 1907, by adding at the end of section five thereof as enacted by Chapter forty-two of the statutes of 1923 the following proviso:

Provided that in computing the ad valorem rate of duty on tea purchased in bond in the United Kingdom, the value for duty shall not include the amount